



Sultanate of Oman

Tax Authority

Brief of Income Tax in the Sultanate of Oman

Taxpayers:

- Establishment that carries on commercial, industrial or professional activity independently.
- The Omani company, whether commercial, civil or otherwise.
- A permanent establishment of a foreigner who is active in the Sultanate through a fixed place, whether directly or through an agent of his. In its judgment, any foreign person shall perform advisory services or other services in the Sultanate for at least 90 days within a period of 12 months
- Enterprise: The individual institution or the Omani company (General partnership, or Limited partnership, limited liability) in which the following conditions are met:
 1. To limit their practice to commercial, industrial, artisanal or service activities and to exclude professional activity, air and sea transport activities, banking and insurance business, financial institutions, and the extraction of natural resources.
 2. The capital registered in the Commercial Register at the beginning of the tax year shall not exceed R.O. 60,000.
 3. The gross income achieved at the end of the tax year shall not exceed R.O. 150,000.
 4. The average number of employees during the tax year should not exceed (25) Employees.

Registration:

Every taxpayers shall be registered with the Secretariat General of Taxation at the Ministry of Finance through notification of the relevant data on the form prepared for this purpose within sixty days from the beginning of its establishment or commencement of the activity, whichever is earlier, whether by presenting the risks directly at the Secretariat's headquarters or registering through its electronic portal. In case of failure to register, the law shall authorize the Secretary General of Taxation to impose a fine not exceeding RO 2,000.

Returns:

» The law requires all Taxpayers (except the Enterprise) to submit two returns for any tax year to the General Secretariat for taxes on the forms prepared for this purpose:

- The provisional return is submitted within three months of the end of the tax year.
- The final return shall be submitted within six months of the end of the tax year. The audited accounts shall be accompanied by an auditor licensed by law to practice his profession of accounting and auditing in the Sultanate.
- » The law exempts the enterprise from submitting the provisional return, but the final return should be submitted within three months from the end of the tax year, and the law exempts the enterprise from submitting audited accounts.

Taxpayers may submit the declaration either directly at the secretariat's office or fill out the declaration forms via their electronic portal.

In case of failure to submit the provisional or final return within the time limit of each of them, the law authorizes the Secretary General of Taxation to impose a fine not exceeding R.O. 2000, and a fine may be imposed if the real income is not declared in the final return.

Taxable income :

Where any taxable person is subjected to tax, his income shall be taxable and shall mean the total income derived from any activity or sources in or outside the Sultanate and includes all profits or gains resulting from the activity of any kind, including capital gains and any accidental income, The award shall be the

deduction and loss according to the law and any income exempted by law or other law.

Expenses for the deduction:

All expenses that are incurred for the purpose of total income, whether paid or due for the tax year will be allowed the following expenses may not be deducted:

- Non-revenue related expenses.
- Reserves and provisions other than provisions for loan losses for banks and financial institutions licensed to practice banking in the Sultanate and some technical allocations for insurance companies.
- Capital expenditures except those which are deducted in accordance with the law.
- Expenses associated with the realization of income exempt from tax in accordance with the law or any other law.
- Income tax payable or paid in the Sultanate or in any other country.
- Costs or losses if the costs or compensation for the loss is recovered by contract, insurance policy, judgment or otherwise.
- Loss arising from the disposal of securities listed on the Muscat Securities Market.
- Any amounts deemed by the Secretariat General of Taxation to be inappropriate in relation to the value of the services provided or any other considerations related to such services.

Loss carry Forward :

- The loss from previous years may be carried forward and deducted for a period not exceeding five years from the end of the taxable year in which the loss was realized. However, the loss from the exercise of exempted activity may not be deducted from the tax according to the law or any other law, with the following item.
- For Omani companies and companies that have received a temporary exemption according to the law, their net losses incurred during the exemption period are deducted and carried forward for any number of years until their net loss is fully settled.

Assessment :

Assessment by the Secretariat General for taxes on any taxable income shall be as follows:

- If the final return is made, the tax assessment shall be made within three years from the end of the tax year during which the final declaration was made. In all other cases, the taxable income or loss stated in the declaration shall be regarded as accepted.
- If the final return is not submitted, the assessment shall be done within five years from the end of the tax year for which the final return was not submitted.
- The Secretariat shall notify by writing to taxable persons to the addresses registered with the Secretariat General of Taxation, which shall include specifically the amount of the taxable income, the date of the tax, the amount of the tax due and the due date to be paid.

Tax Dispute :

- The law gives any taxable person the right to dispute the assessments of the Secretariat and any decision that may be disputed as follows:
- Objection to the Secretary General of taxation must be submitted within 45 days from the date of receipt of the notification.

- Appeal to the income tax committee formed by the Ministry of Finance within 45 days from the date of receipt of decision the objection.
- Access to the judiciary through the establishment of a tax lawsuit before the competent court of first instance appealed the decision issued by the committee within 45 days from the date of announcing the decision of the committee. The Secretariat General of taxation and taxable to appeal the ruling of the Court of First Instance by appeal to the Court of Appeal and then challenged before Supreme Court.

In the matter of the consideration and adjudication of a tax case before the courts, the provisions of the Code of Civil and Commercial Procedure shall be applied in respect of which no special provision is provided in the law.

Tax Rates:

- The tax rate upto tax year 2016 is as follows:

o The first thirty thousand Omani riyals	nothing
o Exceeding R.O. 30,000	12%

- The tax rate as of tax year 2017 tax year is as follows:

o Enterprise	3%
o Other Taxpayers	15%

- Companies engaged in the field of oil exploration is 55% with respect to income from the sale of oil.

Payment and collection of the tax due :

» The law obligates taxpayers to pay the due and payable tax either from the initial or final declaration or the assessment at the dates stipulated in the law for each of them. Payment shall be in one of the following ways:

- Cash for receipt.
- Withdrawal of bank checks in favor of the General Secretariat of Taxation at the Ministry of Finance.
- Deposit the amount due in the current account open in the name of the General Secretariat for taxes for this purpose provided that a certified copy of the deposit slip issued by the bank deposited with him.
- Issuing a written order for bank transfer from the debtor's account or tax liable to the Secretariat General of Taxation, with notification thereof, and the payment of the tax in this case shall not be taken into account unless the amount is credited to the trust fund.

» The failure to pay the tax on the dates specified by law shall include the following:

- An additional tax of 1% per month of the amount of unpaid tax payable and payable for the period from the date of payment until the date of payment in full.
- Collecting the tax by following the procedures prescribed for administrative execution under the system of collection of taxes, fees and other amounts due to the units of the administrative apparatus of the State.

Tax Refund:

The Taxpayers shall be entitled to recover the tax paid in excess at any time within five years from the end of the tax year in which the right to recover arose upon a request submitted to the Secretariat General for Taxes.

Exemption from tax:

» Exemption for certain types of income:-

- Dividends received by the company, the Omani company or the established establishment for its shares, shares or contribution to the capital of any Omani company.
- Profits or gains from the disposal of listed securities on the Muscat Securities Market.

» Activities exempt from tax:-

- Income earned by the Omani corporation or company from practicing maritime transport activity.
- Income derived by any foreign person from the exercise of maritime or air transport activity subject to reciprocity.
- Income generated by investment funds established in the Sultanate in accordance with the Capital Market Law or the funds established abroad to deal with Omani securities listed on the Muscat Securities Market.
- Exemption of industrial projects (industrial enterprises) for five years (non-renewable) in accordance with the rules and conditions approved by the Council of Finance and Energy Resources.
- Exemptions shall be applied only by a decision issued by the Minister responsible for financial affairs, in accordance with the conditions and controls and following the procedures prescribed by the executive regulations of the law.

» The establishments in which the conditions set forth in page 1 shall be exempted from tax. The owner or one of its partners shall be fully engaged in the fulltime or establishments employing at least two Omani persons. The exemption shall be obtained by submitting the final declaration of the establishment for each tax year.

Withholding Tax:

A tax is levied on certain types of income that are realized in the Sultanate for any foreign person who does not have a permanent establishment on the following:

- Royalties.
- Consideration for conduct of research and development.
- Consideration for the use or the right to use computer software.
- Fees for management or performance of services
- Dividends on shares or interests

Any taxpayers or any Ministry, organization, public institution or other public legal entity or other administrative unit of the State shall pay or credit in the account any amounts of income referred to above, shall deduct at the rate of 10% of the total amount paid or credited and shall submit to the Secretariat General within a period not exceeding fourteen days from the end of the month in which the payment or the account was made, on the form prepared for this purpose.

Taxable rights and obligations:

- Taxpayers rights:-
- The Secretariat General of Taxation and all its employees shall maintain the confidentiality of documents, documents, data and information related thereto.
- The right to determine the first accounting period for less than 12 months and exceed this period up to a maximum of 18 months. It is also possible to amend the date specified for the end of the accounting period while practicing the activity after obtaining the approval of the Secretary General for taxation.
- The tax due and payable may be paid in installments in accordance with the conditions, rules and guarantees specified by the executive regulations of the law.
- Exemption from the additional tax - which is due to delay in payment of the tax due and due to be paid on the due date for payment - in whole or in part in accordance with the rules determined by the executive regulations of the law.
- Redemption of the tax paid in excess of five years from the end of the tax year during which the right to redemption was established.
- Transfer and deduction of loss for five years from the end of the tax year in which the loss was achieved.
- The right to correct or modify the final return if the original return is wrong within three years from the date of its filing.
- The dispute over the assessment that the Secretariat is trying to determine the amount of the tax starting from the objection with the Secretary General of taxes and then the appeal to the Income Tax Committee and then resort to the judiciary.
- Omani corporations and companies that have branches outside the Sultanate and paid foreign tax abroad have the right to deduct this tax from the tax due on their income in the Sultanate.

Taxpayers obligations:

- Registration with the General Secretariat for taxes and filing of declarations and payment of tax due and payable in accordance with the dates specified in the law.
- Issuing the tax card.
- Preparation of the attached accounts for the final return of the accrual basis applied in the financial accounting, except for which the Secretariat agrees to follow another basis of the accounting principles.
- Keeping records and accounting books in Rials Omani. It may done in any foreign currency on the basis of a permission from the Secretariat General for Taxation.
- Keep all records and accounting books and documents from which the accounts to be submitted with the tax return for at least ten years from the end of the accounting period related thereto.
- To respond to the Secretariat's request for taxes within the time limit specified in the notification of the submission of data, documents, accounts or accounting or other records relating to the tax liability to him or to any other person subject to tax.
- Deduction of the deduction tax from the source on the amounts paid to any foreign person who does not have a stable establishment in the Sultanate and which is subject to this type of tax and to supply it to the Secretariat on the date specified in the law.