



## VAT UPDATES 2025

# KEY CHANGES AND WHAT BUSINESSES NEED TO KNOW

As we enter 2025, Oman's Value-Added Tax (VAT) system continues to evolve with updates aimed at enhancing compliance and streamlining tax processes. Here's an overview of the latest developments and what they mean for businesses operating in the Sultanate.

## VAT Rate Overview

Oman's VAT rate remains mostly at 5%, one of the lowest among GCC countries. Implemented in April 2021, this rate applies broadly to goods and services, with specific exemptions and zero-rated supplies in line with the GCC VAT framework. Businesses should ensure they understand which categories qualify for exemptions to maintain compliance and optimize their operations.

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## Updates to VAT Executive Regulations

Recent amendments to the VAT Executive Regulations introduce several key changes:

- **Place-of-Supply Rules:** The rules for telecommunications and wireless services now align with the actual place of consumption, improving clarity for service providers.
- **Stricter Penalties:** The Oman Tax Authority (OTA) has increased penalties for non-compliance. This highlights the OTA's focus on strengthening tax compliance.
- **Invoice Issuance Deadline:** Businesses now have greater flexibility in meeting documentation requirements, easing administrative burdens.
- **Expanded Financial Services Exemptions:** Exemptions now extend beyond banks and insurers to other financial service providers. Businesses in this sector should review their eligibility under the revised provisions.



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## E-Invoicing Rollout Postponed

The introduction of mandatory e-invoicing, initially scheduled for early implementation, has now been delayed. Businesses are encouraged to prepare for the transition by adopting voluntary compliance measures. E-invoicing is expected to enhance accuracy, reduce fraud, and streamline tax reporting once fully implemented later this year.

## Implications for Businesses

These updates reflect the OTA's commitment to aligning Oman's VAT system with international best practices while addressing local challenges. To ensure compliance and avoid penalties, businesses should:

- Review internal invoicing and reporting processes to align with updated deadlines and requirements.
- Adopt technology solutions in preparation for the upcoming e-invoicing mandate.
- Stay informed about sector-specific exemptions and regulatory changes to minimize VAT liabilities.

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## Conclusion

The changes to Oman's VAT system in year 2025, mark significant steps toward improving the country's tax infrastructure. Businesses that proactively adapt to these updates will not only ensure compliance but also position themselves for smoother operations in an evolving tax landscape.

To stay ahead of these changes, businesses should consult with tax professionals or attend workshops and seminars organized by the OTA. If you need assistance navigating these updates, feel free to reach out for expert guidance at [sanjay.tiwari@premier-brains.com](mailto:sanjay.tiwari@premier-brains.com).

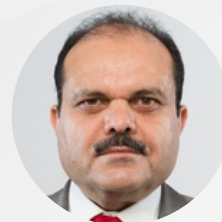
**"Reach out and let's connect!"**



SAID NASSER AL SAADI  
Partner



RISHI AGGARWAL FCA  
Partner  
M.: +968 9629 2633  
E: [rishi.aggarwal@premier-brains.com](mailto:rishi.aggarwal@premier-brains.com)



SANJAY TIWARI  
Partner  
M: +968 9980 6612  
E: [sanjay.tiwari@premier-brains.com](mailto:sanjay.tiwari@premier-brains.com)

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### Contact Us



**+96896292633**

[info@premier-brains.com](mailto:info@premier-brains.com)

[www.premier-brains/oman.com](http://www.premier-brains/oman.com)