

Key things to know about tax in Oman



Agenda



01

OTA structure changes & latest trends

04

Customs and Excise tax updates

02

Double Tax Treaties

05

International Tax – Pillar 2

03

E-invoicing and VAT updates

06

Personal Income Tax

With you Today



Gaurav Kapoor
Tax Partner
PwC Middle East - Oman



Hafez Yamin
ME - ITX Technology Leader
PwC Middle East



Almoutasemballah Shalatony
Director – Indirect Tax
PwC Middle East - Oman



Anusree Lakshminarayan
Senior Manager - Direct Tax
PwC Middle East - Oman



Fatma Al-Rawahi
Senior Manager - Direct Tax
PwC Middle East - Oman

1

Latest trends on tax audits and refunds

Several structural enhancements at the Oman Tax Authority

- **Rulings Section** – To provide legal clarity
- **Tax Awareness Section** – Public education
- **Large Taxpayers and SME Unit** – Tailored services to the specific taxpayers
- **Risk Management and Analytics** – Data driven audits and compliance support

Latest trends on tax audits and refunds

- Emphasis on tax compliance
- New approach to assessment and inspections
- Likely to be a focus on joint tax reviews
- Taxpayers must be prepared to provide information across taxes
- Tax Objections Department – Impartial dispute resolutions
- There is an increasing focus on reconciliation:
 - Returns vis-à-vis financials
 - Import VAT as per VAT returns (paid or postponed) vis-à-vis import VAT paid as per Customs

2

Tax Treaties

- **Oman is steadily expanding its Double Taxation Avoidance Agreements (DTAAs) network**
- **Currently has DTAAs with more than 39 countries**
- **Recent DTAAs :**
 - **Cyprus** – Signed on 8 December 2024 (yet to be ratified)
 - **Tanzania** – Signed on 15 December 2024 (yet to be ratified)
 - **Bahrain** – Signed on 15 January 2025 (ratified in September 2025)
 - **Kazakhstan** - signed on 29 May 2025 (yet to be ratified)

***Useful links :**

PwC Worldwide Tax Summaries

<https://taxsummaries.pwc.com/oman/corporate/withholding-taxes>

Oman Tax Authority website

<https://tms.taxoman.gov.om/portal/web/taxportal/double-tax-agreements>

3

E-invoicing and VAT updates

What is E-invoicing?

- Electronic invoicing (e-invoicing) is the **preparing, sending, receipt and storage of invoices in electronic format** without the use of paper invoices as tax originals.
- Scanning incoming paper invoices or exchanging electronic invoice messages in parallel to paper-based originals is not e-invoicing from a legal perspective.”

Why for business?



Issue and exchange the invoices electronically



Enhance transparency and tax compliances



Simplify procedures for taxpayers.



Accelerate digital transformation in the Sultanate of Oman

Why for governments?



Achieving the goals of Oman Vision 2040



More accurate and faster invoice processing



Reducing costs by minimizing paper use

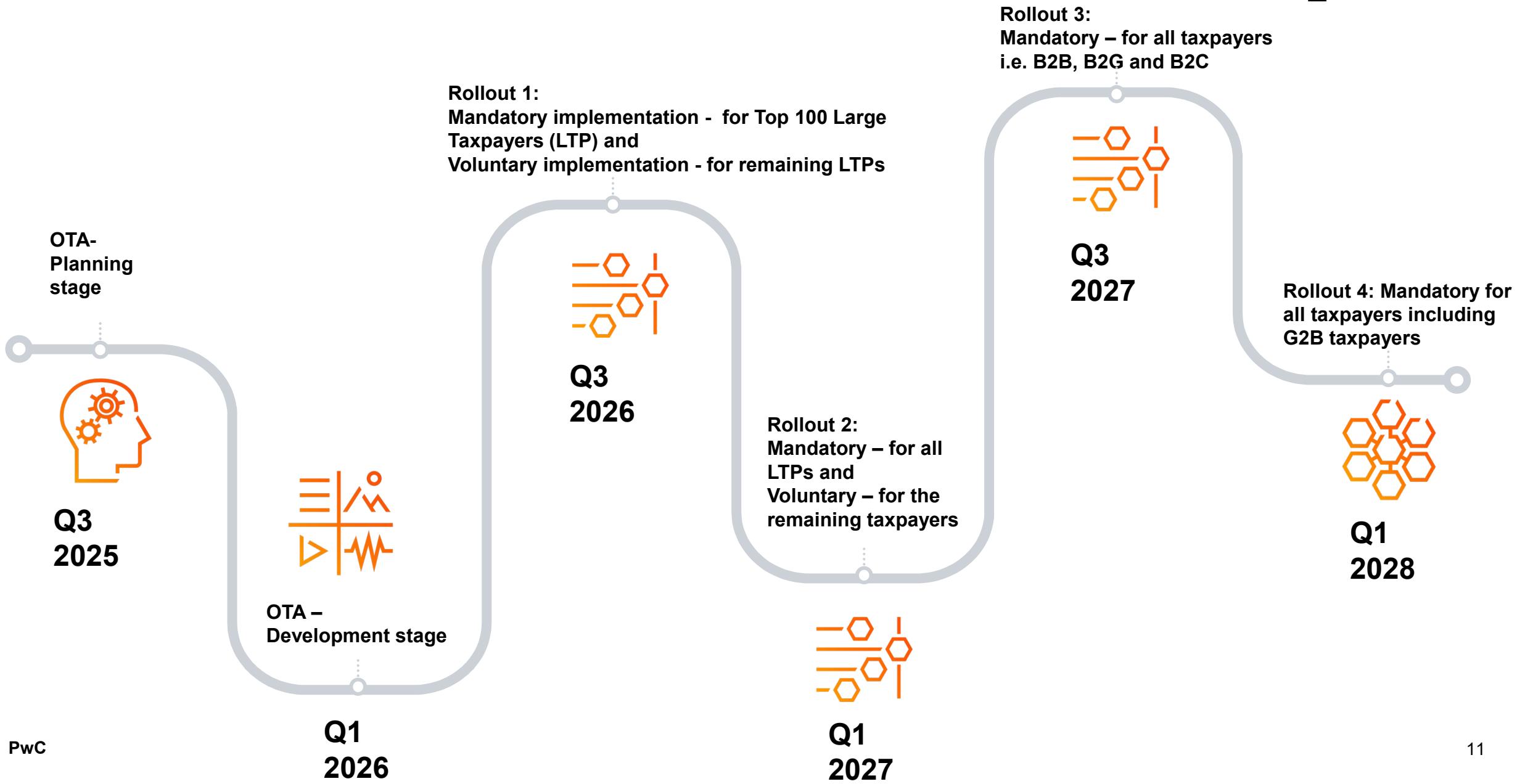


Strengthening trust between businesses and customers

E-invoicing in Oman

- The Sultanate's plans for E-invoicing are gathering pace, following the precedents set in Saudi Arabia and the United Arab Emirates. At this stage we understand that the Oman Tax Authority ('OTA') aim to adopt the PEPPOL 5-corner model for e-Invoicing, and that the timeline for introduction is short.
- The OTA plans to launch E-invoicing in Oman "from Q3 of this year" 2025. Full project rollout is expected to be completed by the end of 2028.
- The Tax Authority has sent to certain taxpayers a survey of E-invoicing readiness, which we understand will be used through the e-Invoicing Project to monitor progress.
- Several training and query solving workshops have already been planned by the OTA – watch this space.

Oman: E-invoicing Journey Planner



First Phase Selection Criteria

In the first phase of the Electronic Invoicing Project, (100) companies will be selected based on:

Business Size

And number of
number of
transactions

Diversity of

Economic sectors

Technical readiness

And system
Integration

Tax Compliance and

Cooperation with the
Tax Authority

Willingness to

Support the
experimental phase

Geographic distribution

Across the Sultanate
of Oman



Oman Tax Authority E-invoicing Business Readiness Survey



Business Readiness Survey for E-Invoicing Implementation

جهاز الضرائب
TAX AUTHORITY

The Tax Authority is implementing the E-Invoicing (Fatoury Project) as a strategic step to enhance transparency and efficiency in business transactions. We kindly request your cooperation in completing this survey accurately, as your input is essential to understanding business readiness and providing necessary support for implementation.

Completing this survey is mandatory and very important for the success of the project.

All data will be treated confidentially and used solely for the purpose of this project.

Company Name: *

Commercial Registration (C.R.) No. *

If you are using dedicated E-invoicing solution, which product/solution are you using? *

- Pagero
- Edicom
- Avalara
- Odoo
- ClearTax
- CygnetOne
- Other

Can your current system create electronic invoices in a structured data format (e.g. XML)? *

- Yes
- No
- Requires development

Does your company have the IT infrastructure (internet, devices, and servers) to support integration with the E-invoicing system? *

- Fully ready
- Partially ready
- Needs upgrade
- Integration is not possible

What is your primary method for sending invoices to customers? (You can select more than one option) *

- (mailed) Paper invoices
- PDF invoices (emailed)
- EDI (Electronic Data Interchange)
- Via a third-party portal/platform
- Other

What type of support do you need from the Tax Authority? *

- Awareness & training
- Technical support
- Legal guidance
- Other

Section 5: Additional Notes

Please provide any comments or suggestions to facilitate the implementation of E-invoicing in your company.

1. Business Sector: *

Please fill out the number of transactions for the year 2023 as shown below:

Total number of invoices issued annually (with Oman VATIN): *

Total number of invoices issued annually for B2B transactions: *

Total number of invoices issued annually for B2C transactions: *

Total number of invoices issued annually for B2G transactions: *

Number of invoices received annually: *

Section 2: IT Infrastructure and Systems

Does your company currently generate invoices electronically (Ex. XML, UPL format) or digitally (Ex. PDF, excel, word format)? *

- Yes
- No

What is your primary method for sending invoices from suppliers? (You can select more than one option) *

- (mailed) Paper invoices
- PDF invoices (emailed)
- EDI (Electronic Data Interchange)
- Via a third-party portal/platform
- Other

Section 3: Organizational Readiness and Awareness

To what extent your organization is aware about E-Invoicing requirements? *

- Very high
- Moderate
- Limited
- None

Does the company currently generate and submit E-invoices to a Tax Authority in any other country? *

- Yes
- No

Does the company have IT/Finance staff who can support the project? *

- Yes, fully ready
- Yes, but they need training
- No

Section 4: Expectations and Required Support

What are the main challenges your company expects in implementing E-Invoicing? *

- Technical costs
- Staff training
- System integration

Purpose of the Survey

Assess Business Readiness

- Evaluate how prepared businesses are to adopt and implement e-invoicing systems.
- Identify gaps in infrastructure, processes, or technology that may hinder compliance.

Understand Awareness Levels

- Measure the level of understanding among businesses about e-invoicing regulations and requirements.
- Determine if further education or communication is needed to ensure smooth implementation.

Improve Communication

- Strengthen engagement between the Tax Authority and the business community.
- Provide a feedback channel for businesses to share concerns or suggestions.

Amendment to the Oman VAT Executive Regulations

- On 20 April 2025, VAT refund procedure outlined for 'armed and security forces'.

Oman VAT refund for non-resident businesses

- Non-resident businesses can approach the Oman Tax Authority for refund.

OTA Audit & Assessment

4

Customs and Excise

Customs Updates

- Implementation of 12-Digit HS Code in Industrial Licensing (2025):** The Ministry of Commerce, Industry, and Investment Promotion (MoCIIP) in Oman has announced the upgrade of customs tariff codes used in industrial licenses from the 10-digit Harmonized System (HS) to a 12-digit format. Industrial entities are required to review and update the HS codes registered in their industrial licenses to the new 12-digit format before the deadline of 31 January 2025.
- Launch of the Bayan 2.0 Customs Platform (2024):** Oman's Directorate General of Customs launched an upgraded version of its Bayan electronic customs clearance system. Bayan 2.0 introduces enhanced automation, improved user interface, and integration with GCC Unified Customs procedures.
- Implementation of Advance Cargo Information (ACI) System (2024):** Oman Customs began requiring advance electronic submission of cargo information for all shipments entering Omani ports and airports. The ACI system is designed to improve risk management, facilitate pre-arrival processing, and align with WCO SAFE Framework standards.
- Updated List of Prohibited and Restricted Goods (2024):** Oman Customs published an updated list of prohibited and restricted goods, including new controls on dual-use items, certain chemicals, and electronic devices. The update aligns with international conventions and GCC regulations.

Excise Tax Updates

- Digital Tax Stamps (DTS) Scheme (2025):** Oman is expanding the Digital Tax Stamp (DTS) system for excisable products. Effective 1 June 2025, all carbonated drinks, energy drinks, and other excise beverages (including alcoholic) entering Oman for local sale must bear activated digital tax stamps. **From 1 November 2025**, the distribution of these products without digital stamps in the local market will be prohibited. Notably, sweetened drinks have been excluded from the DTS scheme until further notice, while alcoholic beverages have been added to the list of products requiring digital tax stamps.
- Excise Tax Pricing and Refunds (2024):** The Oman Tax Authority (OTA) has discontinued the use of Standard List Prices for excise tax purposes. Taxpayers must now determine and evidence their own Retail Sales Prices for excisable products. OTA provides refunds on excess excise tax paid on exports of excisable goods manufactured in Oman and offers the option for an ab-initio waiver of excise tax on such exports.

5

International Tax – Pillar 2

Latest Pillar 2 developments:

- Royal Decree No. 70/2024 issued on December 31, 2024.
- **15% minimum effective tax rate** applies to multinational groups.
- Oman will implement the Qualified Domestic Minimum Top-Up Tax (DMTT) effective from **1 January 2025**.
- The detailed provisions and guidelines will be outlined in the Executive Regulations. The regulations are expected to be issued this year, with the filing requirement anticipated in **2027**.

6

Personal Income Tax

Overview of the Personal Income Tax Law of Oman



22 June 2025 - Royal Decree No. 56/2025 issued

Tax on worldwide or Oman income (R vs. NR)

30 June 2025 – Published in Official Gazette

76 articles

Within one year – Executive Regulations to the law are expected

11 categories of income

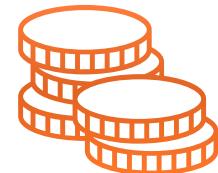
1 January 2028 – Personal income tax set to be implemented

16 categories of exemptions from tax



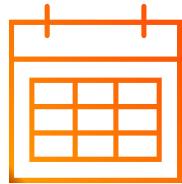
Overview of tax computation (PIT)

Gross income (cash & kind)	XXXX
Less – standard Deductions (42k)	(XXXX)
Net income	XXXX
Less	(XXXX)
Exemptions	(XXXX)
Costs	(XXXX)
Losses	(XXXX)
Taxable income	XXXX
Tax due @ 5%	XXXX
Less – Foreign tax credit / WHT	(XXXX)
Net tax payable	XXXX



1. Salaries and wages;
2. Self-employment;
3. Leasing business;
4. Royalties;
5. Interest;
6. Returns of stocks, shares, and bonds, and the returns from their disposal;
7. Returns from the disposal of real estate assets;
8. Pensions and end of service gratuities;
9. Prizes;
10. Grants & gifts;
11. Membership bonuses.

Tax Filing



When To File?



Who can file?

Annual tax return to be filed within **6 months** from the end of the tax year, **if gross income exceeds 42,000 OMR**

Revised return within 30 days of discovering error or omission – within 3 years of filing original return

Interrupted resident – at least 60 days before interruption.
(exemption available for specific circumstances)

Cessation of tax return – GI falls below 42k – for one tax year – with notification to OTA.

Taxpayer

Employer

Executor of the estate

Other Key Elements



Tax Assessment within 3 years / 5 years
Estimated assessment – 3 years

Withholding Tax / TDS on salary
Withholding Tax / TDS on other income – 20% of tax due if income exceeds 20K (R); 100% of tax due (NR)

Record retention – 5 years

Reassessment, objection, tax abeyance, appeals

Penal provisions and settlement

Calculation in OMR and VAT deductibility

What next?



Start preparing now—2028 is closer than it seems

Prioritize cross-functional alignment: HR, Tax, Finance, Payroll

Perform PIT impact, workshops, and policy setup

Stay alert: More guidance expected by mid-2026

Thank you

© 2025 PwC Oman. All rights reserved. PwC refers to the [territory]
group of member firms and may sometimes refer to the PwC network.
Each member firm is a separate legal entity. Please
see www.pwc.com/structure for further details.