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AUDIT | TAX | ADVISORY

Monthly Updates on Tax

08 March 2025

# TAX NEWS LETTER

## Oman's Evolving Business and Tax Landscape – February 2025 Highlights

Oman continues to make strategic strides in economic diversification, fiscal stability, and sustainable investment. Key developments this quarter include:

### 1. Corporate Tax Reform for Multinationals

Oman has implemented a 15% corporate tax rate on multinational enterprises in line with the OECD's BEPS 2.0 framework. This ensures equitable taxation and strengthens Oman's global tax compliance posture.

### 2. Draft Income Tax Law Revisions

Amendments to the income tax law are underway to enhance fiscal transparency while remaining attractive to foreign investors. In 2024, Oman generated USD 3.6 billion in tax revenues, reflecting strong public finance performance.

### 3. Push for Digital Tax Compliance

The Oman Tax Authority is advancing digital transformation through mandatory e-filing and the phased rollout of e-invoicing. Businesses must invest in digital readiness to remain compliant and efficient.

### 4. Green Energy and Sustainability Projects

Oman is positioning itself as a regional hub for renewable energy, with landmark projects such as the HyDuqm green hydrogen initiative and the upcoming plastic recycling facility in Sohar. These ventures align with global ESG trends and open new investment avenues.

### 5. Economic Growth and Oil Revenue

Stronger-than-expected oil revenues have led to a fiscal surplus, enhancing Oman's economic resilience and encouraging investor confidence.

#### Key Implications for Businesses:

- Align with the new 15% corporate tax for MNEs.
- Upgrade systems for digital tax filing and future e-invoicing.
- Evaluate participation in sustainability and clean energy projects.
- Monitor legal and tax reforms closely to manage compliance risk.





## Oman VAT Developments – 2025 Updates

Oman's VAT system remains stable with a 5% standard rate, but recent regulatory changes necessitate operational review.

### Executive Regulation Updates

- Place-of-supply rules for telecom services now reflect the location of actual consumption.
- VAT exemptions expanded to include non-banking financial services.
- Penalties for non-compliance have increased, reinforcing the importance of timely and accurate VAT reporting.



### E-Invoicing Timeline Adjusted

The mandatory e-invoicing implementation has been postponed. However, voluntary adoption is encouraged as a preparatory step. Businesses should begin aligning internal processes and systems with the upcoming digital requirements.

### Business Considerations:

- Review VAT classifications and exemptions in light of updated rules.
- Enhance documentation processes to meet revised invoice and reporting requirements.
- Prepare for a smooth transition to e-invoicing later this year.



## Conclusion

Oman's tax environment is undergoing significant modernization, creating both challenges and opportunities for businesses. Coupled with global audit reforms under ISA 315, this evolving landscape requires a proactive, well-informed approach to compliance and strategic planning.

Premier Brains Global remains committed to helping clients navigate these developments effectively—through expert audit support, tax advisory, and digital readiness services.

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



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