

VALUE ADDED TAX (“VAT”) IMPLEMENTATION ON 16th APRIL 2021

You may be aware that Oman is implementing Value Added Tax (VAT) at the standard rate of 5% except for items that are specifically zero rated or exempt, with effect from 16th April 2021. This will apply to most supplies of goods and services supplied from this date.

1. What is VAT?

Value Added Tax (VAT) is an indirect tax that is being imposed on the supply of goods and services. VAT will apply at the rate of 5% to most goods and services supplied in the Sultanate of Oman by any person/business required to be registered for VAT, except where a supply is specifically zero rated or exempted under the VAT Law.

2. How does VAT apply to Meethaq products and services?

VAT will apply to most of our products and services in line with the prevailing VAT law. This will apply to fees, commission/bank charges that are charged by the bank from 16th April 2021. VAT will not be charged on profit paid by customers on their facilities. Generally, all margin based products will be exempt from VAT.

3. I am a Meethaq customer. How will VAT affect me?

VAT is applicable to supplies made to individuals as well as companies. The Bank has updated its schedule of bank charges to clearly show the bank charges and the applicable VAT amount for each product/service. The schedule of bank charges is uploaded on the bank website effective from April 16 2021. To know more visit:

https://www.meethaq.om/en/about/Documents/Tariff_Booklet_En.pdf

4. Will VAT be implemented on products or facilities I applied for before April 16th?

Even if you have an existing agreement or contract for a product or service and it was entered before 16th April 2021, VAT may still apply on fee and charges applied by the Bank on or after the effective date of VAT implementation in Oman.

5. How can I know more about how VAT will apply to Financial Services?

The Oman Tax Authority has published information on the Law and the relevant Executive Regulations in respect of VAT that show how VAT will operate in Oman and provide more clarity on how VAT will apply to certain financial services. We suggest you visit the Tax Authority website to know more <https://tms.taxoman.gov.om/portal/web/taxportal/vat-tax>

6. I am a small business owner. Will VAT be applied on my banking transactions by Meethaq on the 16th April 2021?

Based on decision number 3/2021 issued on 4th January 2021 by the Oman Tax Authority, any taxable business that has an annual turnover in excess of the threshold of OMR 1,000,000 is required to register and charge VAT with effect from 16th April 2021.

In the view of the applicability of the above guideline to Meethaq, we are required to charge and collect VAT on accrual or receipt (whichever is earlier) basis for any taxable services we provide that are subject to VAT.

7. What is Meethaq's VAT registration number?

Meethaq VAT registration number is OM1100012379. The official certificate is available on our website

https://www.bankmuscat.com/en/about/Documents/bmforms/VAT_Registration_Certificate.pdf

8. Do I need a VAT registration number?

If you are a taxable person making taxable supply of goods and/or services in the course or furtherance of business in Oman and whose taxable annual supplies turnover exceeds or is expected to exceed the VAT registration threshold specified by the Tax Authority from time to time, then you are required to register for VAT and charge VAT on taxable supplies made by you from the relevant effective date applicable to you. Please consult with your tax advisor for applicability of the VAT law to your business.

9. Why is a VAT registration number required?

In order for a business to recover VAT, where it is eligible to do so, it will require the Bank to issue a compliant tax invoice in the format prescribed in the VAT Law and the relevant Executive Regulations. Such a 'tax compliant invoice' should also carry your VATIN, without which it may result in VAT becoming an additional cost for your business. Hence, if you are a business required to register for VAT you must obtain a VATIN and have it updated our records.

10. How will the tax invoices be sent to businesses?

Tax Invoice(s) will be sent by the bank via email to the email ID registered in your bank account. Please ensure that your email ID is registered/updated in your account(s).

11. How can a business provide its VAT Registration Number to the Bank?

- Visit the nearest branch with a request letter on company letterhead signed by an authorized signatory requesting the bank to update VATIN details in respective account(s) along with VAT Registration Certificate copy & recent Commercial Registration copy.
- Meethaq may take up to 3 working days to update your account with your Tax Identification Number ("VATIN").

12. Will I see the VAT amount in my bank statement?

Yes. Your bank statement will show the bank charges and the applicable VAT amount as two separate entries.