



## Oman: Voluntary Income Tax Obligation for Small Business - SME

The Tax Authority is committed to enhancing taxpayer compliance with the Sultanate's tax laws. They have adopted a voluntary commitment strategy, which involves reducing the burdens and obligations, particularly for small-scale commercial, industrial, and service enterprises. These businesses and institutions that fulfill the legal criteria are officially recognized as registered entities. The agency is currently conducting multiple media-based awareness campaigns to promote tax knowledge, particularly among younger taxpayers.



### **Encouragement for Small Businesses to Adhere to Legal Obligations:**

The tax authority encourages individuals and entities subject to taxation to willingly adhere to all the stipulated tax laws' requirements. We can outline these obligations as follows:

1. Register and regularly update information on the tax authority's online portal.
2. Electronically file accurate tax returns within the prescribed deadlines.
3. Timely remit any owed tax amounts when they become due.

### **Tax Advantages for Small Enterprises:**

1. A reduced tax rate of 3% instead of the standard 15% on their annual taxable income.
2. Full exemptions for businesses where the owner or one of the partners is directly involved in management, or for businesses employing at least two Omani nationals.
3. Simplified accounting records and the use of a simplified tax declaration form (Form 17), eliminating the requirement for audited accounts from an accredited audit firm.

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### Small Businesses and Income Tax:

As previously discussed, income tax laws incorporate provisions that specifically address small enterprises. These regulations establish a distinct section for the taxation of businesses. To qualify, the entity must be an Omani corporation or company and satisfy the following criteria:

#### Terms & conditions

The establishment is confined to engaging in commercial, industrial, artisanal, or service-related activities, with the following exceptions:

- Business involved in maritime and air transportation
- Banking involved in maritime and air transportation
- Banking, insurance and financial institutions.

Its registered capital in the commercial register at the start of the tax year must not exceed 60,000 Omani Rials.

The total income generated by the end of the tax year should not surpass 150,000 Omani Rials.

The average number of employees throughout the tax year should not exceed 25. This calculation includes all employees, regardless of their role, type of work, location, or compensation method.

Contact us to discuss how we can help you with the implementation of VAT in Oman:



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