

Free Sample or Gift

VAT is going to be introduced to the Oman economy latest mid of April 2021. This particular segment of indirect taxation has multifold impact on business activities. Since VAT is self-assessment taxation so the tax registered person has to bear the burden of VAT compliance.

This document is in line with the series of topics which business and finance community may face time to time. Discussion is divided in following parts,

- 1. Provisions in Oman VAT Law**
- 2. Provisions in Executive Regulations**
- 3. Synopsis**

Feel free to contact for VAT related information,



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1. Provisions in Oman VAT Law

Article (14) In application of the provisions of this Law, the following shall be deemed to be a Supply of Goods:

1. Alienation of Goods, for purposes other than the Activity, whether with or without a Consideration.
2. Changing the use of Goods to use them for non-taxable supplies.
3. Retaining of Goods after ceasing to carry on an Economic Activity.
4. Supply of Goods without Consideration, **UNLESS THE SUPPLY IS RELATED TO THE ACTIVITY SUCH AS GIFTS OR FREE SAMPLES.**

In all the cases, in order to be deemed to be a Supply of Goods, the Taxable Person should have deducted the Input Tax related to such Goods.

Article (45) A Taxable Person shall adjust the Input Tax previously deducted on receipt of Goods or Services in the following cases, in accordance with the conditions and procedures specified in the Regulations:

1. If the supply is cancelled, wholly or partially
2. If the value of the supply is reduced
3. If the consideration is not paid, wholly or partially
4. If the use of capital assets is changed

A Taxable Person is not required to adjust Input Tax in case of proven loss, damage or theft of Goods, or **IN CASE THE GOODS ARE USED AS COMMERCIAL SAMPLES OR GIFTS.**

2. Provisions in Executive Regulations

Article (9) In application of the provisions of Item (4) of Article (14) of the Law, the supply of goods without consideration shall not be considered a supply of goods if the supply is for the purpose of promoting the Taxable Person's activity such as providing gifts or free samples, provided the following conditions are met:

- 1- The gifts or the free samples shall be provided to promote the sale of a certain product without being finally consumed unless any final consumption is essential to for the promotion of such product.
- 2- The value of the gifts or the free samples given by the Taxable Person per recipient per Tax Year shall not exceed fifty (50) Omani Rial excluding Tax.
- 3- The total value of all gifts or free samples given by a Taxable Person to all recipients per Tax Year shall not exceed One Thousand (1,000) Omani Rial excluding Tax.

3. Synopsis

