

Excise tax in Oman

Brief description of the categories of Excise goods in Oman

In June 2019, the Oman Tax Authority (OTA) introduced Excise Tax on the following categories of excise goods:



Tobacco related products (subject to 100% Excise Tax) - There are a variety of tobacco related products and they are usually classified based on their respective Harmonized System (HS) codes. Examples: cigars, cigarettes, cigarillos, water pipe tobacco, and other tobacco products.



Carbonated drinks (subject to 50% Excise Tax) - Any aerated beverage (except unflavored carbonated water). Example: Cola and soda derivatives. This category also includes concentrates, powders, gel, or extracts intended to be made into a carbonated drink.



Energy drinks (subject to 100% Excise Tax) –Any drinks that are marketed or sold as energy drinks, containing stimulant substances that provide mental or physical stimulation. Examples: Caffeine, taurine, ginseng, guarana, etc. This category also includes concentrates, powders, gel, or extracts intended to be made into an energy drink.



Pork products (subject to 100% Excise Tax) – This includes all parts of the pig, its fat and all edible by-products whether cooled, frozen, dried, or salted.



Alcohol (subject to 100% Excise Tax) – Any drink that contains a specific percentage of alcohol and includes all items that are categorized as special goods under the Unified Customs Tariff of the Gulf Cooperation Council (GCC) States.

Sweetened drinks

On 28 June 2020, the OTA by way of Ministerial Decision 34/2020 also expanded the scope of Excise Tax to include 'sweetened drinks'. This category is subject to 50% Excise Tax effective from 1 October 2020.



- Sweetened drinks are defined as any drinks that contain sugar, or any of its derivatives or any other sweeteners
- Sweetened drinks shall include concentrates, powders, gels, or any extracts that can be converted into sweetened drinks
- Sweetened drinks to include juices, athletic drinks, powders and artificially flavoured concentrates that are used to prepare drinks, fruit drinks, fruit juices and nectars, barley drinks, prepared and canned coffee and tea drinks

The Ministerial Decision provides for three conditions for a product to be considered as a sweetened drink:

1. Sugar or any other substance containing sugar was added during the production process of the drinks
2. The drink is ready-to-drink, or is prepared with water, or is mixed with crushed ice, or Carbon Dioxide, or a combination of these
3. The drink is filled into bottles, or metal cans, or otherwise ready for consumption

"Added Sugar" is defined to include sucrose, glucose, fructose, lactose, galactose, cocoa sugar, and cane sugar. Sugar substitutes shall also be considered as "Added Sugar", and these particularly include stevia, sucralose, saccharin, aspartame, neotame, acesulfame-k, erytritol.

Some exceptions to the definition of 'sweetened drinks', include:

- 01 100% natural fruit and vegetable juices (excluding deionized fruit juices)
- 02 Food supplements
- 03 Drinks that are used for nutritional and medical purposes
- 04 Any milk-based drink, which contains 75ml of milk at least for each 100ml of ready drink
- 05 Milk substitute drinks that meet specified requirements under the Ministerial decision
- 06 Milk, dairy and their derivatives that contain at least 75% milk (includes powdered milk, laban, milk substitutes like almond or soy milk, artificial milk for babies, baby food etc. but excludes cream)

Separately, on 19 July 2020, the OTA published Executive Regulations, which provide guidance on the Excise Tax law and also addresses areas like registration, compliances, tax warehouse, levy, exemption, and suspension of Excise Tax, etc...

Contacts

For further guidance and support, please get in touch with our Oman tax experts.



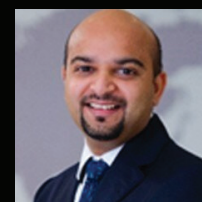
Ahmed Al Qassabi
Office Managing Partner
aalqassabi@deloitte.com



Robert Tsang
Oman Indirect Tax Leader
robtsang@deloitte.com



Phaninder Peri
Director, Corporate Tax
pperi@deloitte.com



Shaishav Udani
Senior Manager, Indirect Tax
sudani@deloitte.com



Essam Elmansour
Senior Manager, Indirect Tax
eelmansour@deloitte.com



Sunita Taijwani
Senior Manager, Indirect Tax
eelmansour@deloitte.com

This publication has been written in general terms and therefore cannot be relied on to cover specific situations; application of the principles set out will depend upon the particular circumstances involved and we recommend that you obtain professional advice before acting or refraining from acting on any of the contents of this publication.

Deloitte refers to one or more of Deloitte Touche Tohmatsu Limited (“DTTL”), its global network of member firms, and their related entities. DTTL (also referred to as “Deloitte Global”) and each of its member firms are legally separate and independent entities. DTTL does not provide services to clients. Please see www.deloitte.com/about to learn more.

Deloitte is a leading global provider of audit and assurance, consulting, financial advisory, risk advisory, tax and related services. Our network of member firms in more than 150 countries and territories, serves four out of five Fortune Global 500® companies. Learn how Deloitte’s approximately 300,000 people make an impact that matters at www.deloitte.com.

Deloitte & Touche (M.E.) (DME) would be pleased to advise readers on how to apply the principles set out in this publication to their specific circumstances. Deloitte & Touche (M.E.) accepts no duty of care or liability for any loss occasioned to any person acting or refraining from action as a result of any material in this publication.

DME is a licensed member firm of Deloitte Touche Tohmatsu Limited (DTTL) and is a leading professional services firm established in the Middle East region with uninterrupted presence since 1926. DME’s presence in the Middle East region is established through its affiliated independent legal entities, which are licensed to operate and to provide services under the applicable laws and regulations of the relevant country. DME’s affiliates and related entities cannot oblige each other and/or DME, and when providing services, each affiliate and related entity engages directly and independently with its own clients and shall only be liable for its own acts or omissions and not those of any other affiliate.

DME provides audit and assurance, consulting, financial advisory, risk advisory and tax, services through 26 offices in 14 countries with more than 4000 partners, directors and staff. It has also received numerous awards in the last few years which include, Middle East Best Continuity and Resilience provider (2016), World Tax Awards (2017), Best Advisory and Consultancy Firm (2016), the Middle East Training & Development Excellence Award by the Institute of Chartered Accountants in England and Wales (ICAEW), as well as the best CSR integrated organization.