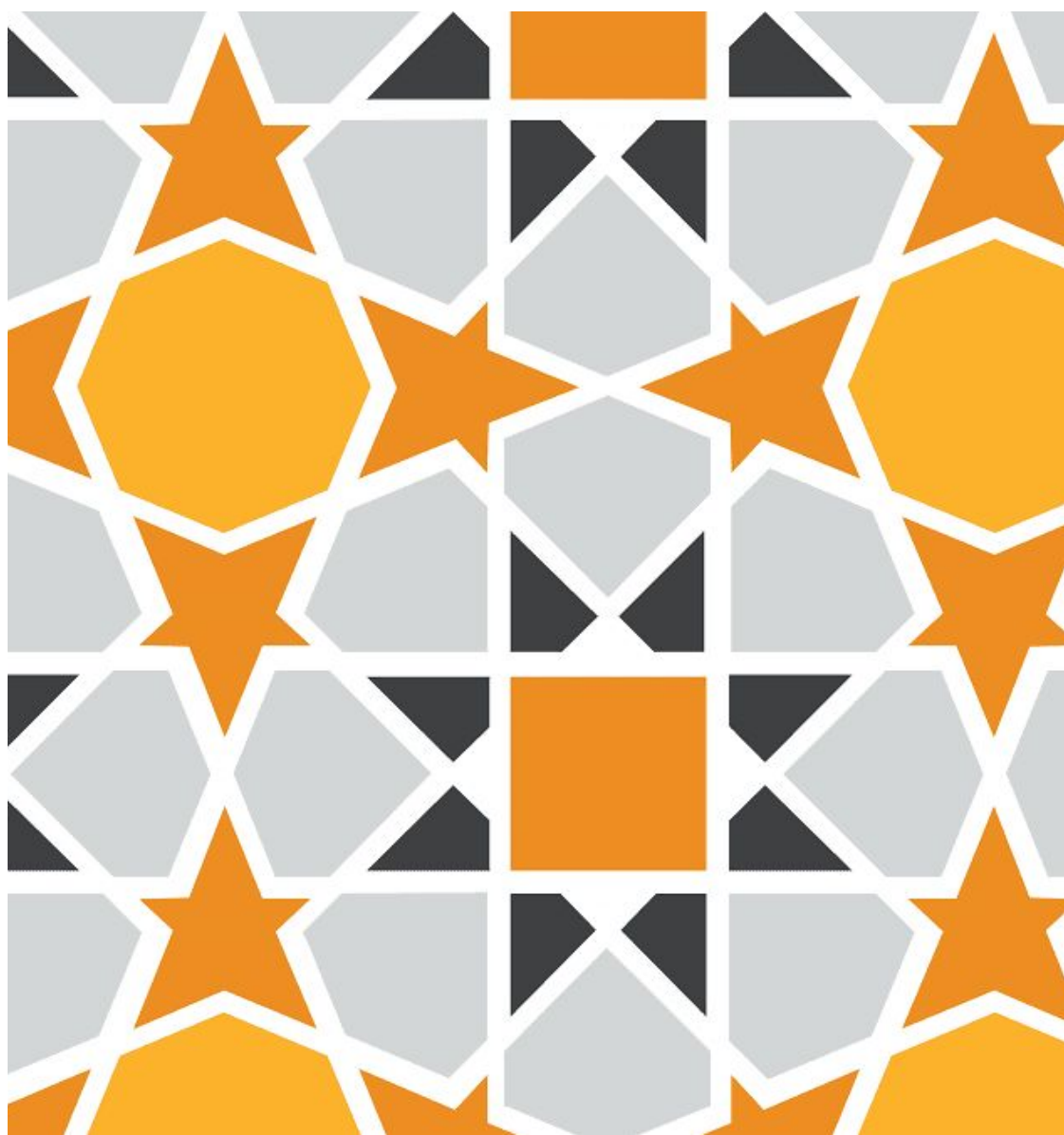


Sultanate of Oman

Expansion of the Digital Tax Stamp system to Carbonated Drinks, Energy Drinks and Sweetened Drinks

March 2023





In brief

The Oman Tax Authority ('OTA') stipulated the rules, terms and conditions for implementation of the Digital Tax Stamp scheme for Excise goods in Oman through Ministerial Decision No. 21/2022.

As part of the initial phase, the scheme focused on cigarettes and was later expanded to include shisha and other tobacco products. The OTA required affixing digital tax stamps on these Excise products to enhance the control and compliance of these specific products in Oman.

The OTA now intends to further expand the requirement to implement Digital Tax Stamps to include carbonated drinks, energy drinks and sweetened drinks, in accordance with the timelines and requirements detailed in this document.

In detail

The digital tax stamp on specific excise goods is a tax managing scheme introduced in the Sultanate of Oman to strengthen tax administration and compliance in line with international best practice. Digital tax stamps allow to monitor, track and trace the movement of excise goods throughout the supply chain.

The main objectives of introducing digital tax stamps are to protect government revenues, combat illicit trade, promote fair competition in the market and provide real time statistical data for both tax policy and better analysis and audit of the supply chain.

As a result, manufacturers and importers of excise goods are mandated to affix seals with special security features on the selected Excise goods whereby only goods bearing these special marks are allowed to be imported into the Sultanate of Oman or be produced and sold in the local market.

As mentioned above, the Digital Tax Stamps scheme started with cigarettes, shisha and other tobacco products. The OTA now intends to further expand the scheme to include carbonated drinks, energy drinks and sweetened drinks, in accordance with the below timelines:

- **4 May 2023 (System Launch)** – System becomes available for requesting tax stamps.
- **20 July 2023 (Customs Enforcement)** – Prohibition on import of goods into Oman, without tax stamps.
- **12 October 2023 (Local Enforcement)** – Prohibition on local trade of goods within Oman, without tax stamps.

The takeaway

Manufacturers and importers engaged in the production, import and distribution of carbonated drinks, energy drinks and sweetened drinks, in the Sultanate of Oman, will be first required to register for the digital tax stamp system and thereafter ensure that the tax stamps are procured and placed on the respective Excise products, within the timelines prescribed.

Manufacturers and importers of the respective excise products who do not comply with the Digital Tax Stamps scheme will be penalized in accordance with the penalty provisions prescribed under the Oman Excise Tax Executive Regulations (administrative penalty of OMR 500 to 5,000). Additionally, we recommend that manufacturers and importers are ready to meet the requirements in the prescribed dates to avoid supply chain disruption.

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Let's talk

For a deeper discussion of how this issue might affect your business, please contact:

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