VALUE ADDED TAX ('VAT') & FREQUENTLY ASKED QUESTIONS

Standard Chartered Bank has embarked on a Value Added Tax ('VAT') implementation initiative to comply with the Government of Oman's recently issued "Royal Decree Number 121/2020 for the Year 2020 Promulgating the Value Added Tax Law" ("VAT Law") and "Tax Authority Decision No. 53/2021 Issuing the Executive Regulations for the VAT Law (VAT Executive Regulations)" introduced in the Sultanate effective from 16 April 2021, with the objective of ensuring a smooth transition to the VAT regime.

Details of Standard Chartered Bank's VAT registration number is as follows:

Legal Entity:	Standard Chartered Bank (Oman Branch)
VAT Identification Number (VATIN):	OM1100003050

The following are the frequently asked questions ("FAQs") in relation to VAT. Standard Chartered Bank will continue updating its website with new developments relating to the introduction of VAT in the Sultanate. In the meantime, for further information please visit the website of the Oman Tax Authority (TA), which contain information and guidance on the VAT Law as well as FAQ's on the introduction of VAT. The latest announcements and information available will first be published on the site below:

- Oman Tax Authority: https://tms.taxoman.gov.om/portal/web/taxportal/

Last Update: 16-05-2021

General Overview	
1	**What is VAT?**
	VAT is a transaction based indirect tax, and commonly referred to as a type of general consumption tax. In a country which has a VAT system, it is imposed on most supplies of goods and services that are bought and sold. VAT is charged at each step of the 'supply chain'. Ultimately, end-consumers generally bear the VAT cost while registered businesses collect and account for the tax, in a way acting as a tax collector on behalf of the government.
2	**What is the rate of VAT?**
	There are two VAT rates applicable within the Sultanate: • the standard rate of VAT – 5%; and • the zero rate of VAT – 0%. In addition, a certain category of supplies will be "exempt" from VAT.
3	**How is VAT added to goods and services?**
	VAT is charged on the value of goods and services. When adding VAT to the price of goods or services, the registered business should multiply the amount by the applicable VAT rate (e.g. 5%). If the price already includes VAT, divide the price by 21 (for the 5% VAT rate) to find out the VAT amount. Subtracting this amount from the VAT-inclusive price, will give the VAT exclusive value of the supply.
4	**Is Standard Chartered Bank required to charge VAT?**
	Yes. Standard Chartered Bank, which will be a VAT registered business, is required to charge and collect VAT on its taxable supplies of goods and services made in the Sultanate. The VAT charged will then be remitted to the TA who is responsible for the collection and administration of VAT in the Sultanate.

5	**Are services rendered by Standard Chartered Bank subject to VAT?**
	The supply of Financial Services by Standard Chartered Bank where the consideration for the service is explicitly determined as a fee, commission or commercial discount shall be subject to VAT. However, other supplies of Financial Services, if remunerated by way of an implicit margin or similar shall be exempt from VAT (for example, interest on loans). Where services are supplied to a recipient that does not have a place of residence in Sultanate, and the benefit of the services rendered is outside Sultanate, these supplies may be zero-rated for VAT purposes.
6	**When I repay an amount borrowed from the Bank (for example a loan or an amount on credit card), will I be required to pay VAT in addition to the amount borrowed?**
	The repayment of the principal amount borrowed from the Bank will not constitute consideration for a supply and hence will fall outside the scope of VAT. This means that VAT would not be payable in addition to the principal amount borrowed. However, if additional services are rendered as part of the transaction (for example administration fees), these may be subject to VAT.
Accounts	
7	**Is VAT applicable on withdrawals made from Current, Deposit or Savings Accounts?**
	Any deposits into or withdrawals from current, deposit or savings accounts shall not be subject to VAT. However, if there is a service charge or fee imposed by the Bank, then these services shall be subject to VAT.
8	**Will I be notified of the fees and charges that are subject to VAT prior to the transaction? For example, in ATM, branches or online banking, etc**
	No. However, for further details of fees and charges you may refer to the Service and Price Guides published on the Bank's website. Please note that prices which are displayed to retail clients which are not registered for VAT are generally inclusive of VAT.
9	**Will the VAT treatment for transactions performed via different channels be treated differently?**
	No, the VAT treatment for a fee should be similar irrespective of the channel.
10	**How will Standard Chartered Bank apply VAT on its charges?**
	Taxable goods and services are charged VAT at the rate of 5%. The frequency of VAT entries shall correspond with the frequency of bank charges. Where, for example, a fee is being imposed on a monthly basis, VAT will be imposed on a monthly basis as well, where applicable. For other fees, such as arrangement fees, VAT will be charged as a separate entry for each transaction, where it is applicable.
11	**Will VAT charges be refunded if my transaction is cancelled or unsuccessful?**
	If a taxable fee or charge is cancelled and/or unsuccessful, the corresponding VAT amount paid by the customer shall also be refunded. Kindly note that there could be a processing or administrative fee associated with the cancellation which may be subject to VAT.
12	**An Omani Client requests to set-up a Standing Order facility, where Standard Chartered Bank levies a charge of ﷼ 1. How will be VAT computed?**
	Taxable goods and services are subject to VAT at the rate of 5%. Say, for example, if Standard Chartered Bank levies a VAT exclusive fee of ﷼ 1 for set-up, VAT on this service fee would be ﷼ 1 * 5% = ﷼ 0.050. Total amount payable to Standard Chartered Bank inclusive of VAT would be ﷼ 1 + ﷼ 0.050 = ﷼ 1.050.

13	**Can Standard Chartered Bank waive the VAT amount payable by me?**
	VAT is a Governmental Tax. The imposition of VAT is governed by the VAT Law and VAT Executive Regulations. Banks are not allowed to waive the imposition of VAT payable in respect of taxable supplies provided to its customers.
Remittances	
14	**Is VAT applicable for all local payments made and / or received (e.g. telegraphic transfers & Online Banking)?**
	Supply of financial products/services by Standard Chartered Bank conducted in return for an explicit fee, charge, discount, commission, or similar shall be subject to VAT. Where Standard Chartered Bank levies explicit fees for Outward/ Inward Remittance Advice Requests, VAT may be applicable.
15	**How will VAT be charged where I have paid fees in a foreign currency?**
	Where fees are paid in a foreign currency, the VAT amount payable to Standard Chartered Bank would be in foreign currency.
16	**How are foreign currency exchange transactions treated from a VAT perspective?**
	Foreign currency exchange is typically on an implicit margin basis and would be exempt from VAT. Any service fees relating to the foreign currency exchange, will however be subject to VAT.
17	**If VAT is reversed on a fee paid in a foreign currency, which exchange rate will be used to reverse the VAT amount?**
	Where a reversal of a transaction is applied, the original exchange rate shall be used for reversal of the VAT amount.
Custody	
18	**What is the VAT treatment of safe keeping and custodial services?**
	Financial services conducted in return for a fee, commission, discount, rebate or similar shall be subject to VAT. As a vast majority of services provided by our Custody department such as Safe Keeping Fees, Portfolio Fees, Trade settlement fees, Transaction fees etc. is fee or commission based, VAT would be applicable.
Cash Management	
19	**How is VAT charged on Cash management products and services?**
	Products offered by our Cash division follow the same rules for financial services as our other products. In general, all fees and commissions such as Domestic transfers RTGS and Cashier Order charged by the Bank shall be subject to VAT. However, if you are established outside Sultanate and the benefit of the services rendered is outside Sultanate, VAT may not apply as the services are likely to be treated as "exported" from a VAT perspective meaning it qualifies for a zero-rated treatment.
Trade	
20	**Are Trade Finance products subject to VAT?**
	Generally, all fees and commissions charged for trade finance products and services such as Trade structuring fees, facility fees, commission on issuance of guarantees etc. are subject to 5% VAT. Exported services, however, will be subject to 0% VAT ('zero-rated'). The interest / profit charged on the financing of the trade finance product and services is VAT exempt.

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21	**I am a business established outside Oman, acquiring services from the trade division of Standard Chartered Bank, would I need to pay VAT in Oman on the services I am acquiring?**
	Where Standard Chartered Bank is providing services to non-resident customers, who benefit from these services, and are established outside Sultanate, may qualify for zero rated treatment.
22	**An Iraqi company recently won a project to develop power plants in Baghdad from the Iraqi Government. The company is required to furnish a bank guarantee to ensure the project is completed satisfactorily and on time. Will the commission charged on bank guarantee issued by Standard Chartered Bank to an Iraqi company be subject to VAT**
	Where the bank guarantee is issued to a business customer established in Iraq and, benefitting from these services outside Sultanate, the commission income earned shall be regarded as an exported service. Hence, there will be no VAT charge on the commission since this is a zero-rated supply.
Financial Markets	
23	**Will VAT be applicable on Derivatives, Foreign Currency Exchange or Swaps?**
	VAT should only be applicable on financial services where these are conducted against an explicit fee or commission. Where financial services are conducted on an implicit margin, interest- or spread-basis, these services should be treated as VAT Exempt. With Derivatives, Foreign Currency Exchange services or the provision of Swaps typically the latter is the case and, as such, no VAT should be applicable on these products. However, where there is an administration / processing type fee associated with one these products, which are both examples of explicit fees, VAT would be applicable on the fees charged.
Supply of services to Special Zones	
24	**What is the VAT treatment for supply of services to customer located in Special Zones?**
	Supply of services from Standard Chartered Bank to registered business customer located in SZ shall be zero rated instead of 5% subject to fulfilment of conditions mentioned in Article (107) of VAT Executive Regulations: 1. The Customer must be a Taxable Person. 2. The Customer must be registered with and licenced by the Zone Operating Authority. 3. The Customer has received the services for the purposes of carrying out activity in the Special Zone. 4. The Services shall not include those related to restaurant and hotel services; provision of food and beverages; cultural, artistic, sport, educational and recreational services that fall under Item (5) of Article (24) of the Law. 5. The Services are not Exempted Services in accordance to the provisions of Article (47) of the Law. In order for Standard Chartered Bank to determine the supply of services to be zero rated in accordance with Article 107 of VAT Executive Regulations, we request such VAT registered customers who qualify for this provision to inform Standard Chartered Bank immediately in writing to straight2bank.om@sc.com . Only upon receipt of confirmation email from the customer, Standard Chartered Bank shall undertake necessary procedures of obtaining declarations, and subsequently apply zero rating for services in accordance with the VAT Decree law and VAT Executive Regulations.

Supply of services to Customs Duty Suspension Statuses	
25	**What is the VAT treatment for supply of services to Customs Duty Suspension Statuses?**
	Supply of services from Standard Chartered Bank to one of the Customs Duty Suspension Statuses shall be zero rated instead of 5% subject to fulfilment of conditions mentioned in Article (99) of VAT Executive Regulations: 1. The Services are received for the purpose of activity within the Customs Duty Suspension Statuses. 2. The Services are not related to restaurant and hotel services, the provision of food and beverages, cultural, artistic, sport, educational and recreational services that fall under Item (5) of Article (24) of the Law. 3. The Services are not exempted from Tax in accordance with Article (47) of the Law. In order for Standard Chartered Bank to determine the supply of services to be zero rated in accordance with Article 99 of VAT Executive Regulations, we request such VAT registered customers who qualify for this provision to inform Standard Chartered Bank immediately in writing to straight2bank.om@sc.com . Only upon receipt of confirmation email from the customer, Standard Chartered Bank shall undertake necessary procedures of obtaining declarations, and subsequently apply zero rating for services in accordance with the VAT Decree law and VAT Executive Regulations.
Transitional period	
26	**Are supplies / services performed before 16 April 2021 subject to VAT?**
	No. However, where payments are received prior to 16 April 2021 in relation to services that spans over the implementation date, Standard Chartered Bank reserves the right to raise an additional invoice for the VAT in respect of the proportion of services that have been provided post the VAT implementation date, even where (pre-) payments have been received before 16 April 2021, where applicable
27	**I am a Standard Chartered Bank corporate customer and have paid a commission on Trade guarantee issuance on 01 April 2021. Will Standard Chartered Bank impose VAT on guarantee issuance commission?**
	The VAT Law prescribes that commission on issuance of trade guarantees shall be subject to 5% VAT. Commission on Trade Guarantee issuance is charged by banks to their customers to cover the continuous risk during the lifetime of this product and therefore, are in scope of the transitional rules. Therefore, where payments are received before 16 April 2021, but effectively relate to services provided after 16 April 2021, VAT may be payable on the portion of the service received post the implementation date. Therefore, Standard Chartered Bank will be required to raise an additional invoice for VAT on fees paid on 1 April 2021 but relates to services also performed after 16 April 2021.
Statements and Tax Invoices	
29	**When will I receive a tax invoice from Standard Chartered Bank?**
	You shall receive a summary tax invoice from Standard Chartered for all the supplies of services rendered to you within the month in accordance with Article (150) of VAT Executive Regulations. In absence of clarity in relation to timing of issuance of tax invoice, Standard Chartered Bank shall issue the summary tax invoice within 14 days after the end of each calendar month[1]. Please note this position may undergo change when further clarity is provided by the OTA. For the avoidance of doubt, clients will continue to receive their monthly bank statements OR normal BAU statements.

[1] As an exception to the above, Standard Chartered Bank shall issue summary Tax Invoice and Tax Credit Note for the month of April 2021 by 31 May 2021.

30	**What is the purpose of a valid tax invoice?**
	A valid tax invoice is a document that will serve as evidence for an input tax claim by a VAT Registrant from OTA. It should contain all information as prescribed by the VAT Law. It should contain all information as prescribed by the VAT-Decree Law and the VAT Executive Regulations, such as (but not limited to) a supplier's VAT registration number, the customer's VAT registration number (if applicable), the appropriate VAT rates and the amount of VAT payable by the customer. If you are mandatorily required or voluntarily decide to register for VAT with OTA, then we kindly request you to provide us with the following information: • Your Standard Chartered Bank Account Number (if not available, please provide us your most recent deal numberortransactionreference); • Legal Name of the entity [1] to which you are registered at Standard Chartered Bank; and • Your Tax identification number (VATIN). Kindly also send a copy of your VAT registration certificate to straight2bank.om@sc.com. Where you bank multiple legal entities with Standard Chartered which have separate and unique VAT registrations, please provide those VAT registration details for each separate legal entity. In case the above information is not provided, we will issue the Tax Invoice and Tax Credit Note without the Customer's VATIN. [1] Kindly ensure that the Customer's Name as mentioned in the VAT Registration Certificate matches with the Account details registered with the Bank. Please note any mismatch in the details may lead to rejection of VATIN being updated by the Bank.
31	**How will Standard Chartered Bank provide me with a Tax Invoice for VAT on its fees and charges?**
	Tax invoices shall be provided to our clients electronically.
32	**What is a Tax Credit Note? And how often will Standard Chartered Bank issue this?**
	A tax credit note is issued only when where the value of a supply of an original charge that was subject to VAT has reduced or cancelled. The frequency of reversal of VAT entries shall correspond with the frequency of reversal of charges.
Other Information	
33	**Whom should the customer contact in case of any query related to VAT?**
	In case you require any further information, please contact us on the following channels: Individuals: Email: customercare.oman@sc.com Tele: +968 24773613 Businesses: Email: Straight2bank.om@sc.com Tele: +968 24773588/89/96 For further information please visit the website of the Oman Tax Authority – https://tms.taxoman.gov.om/portal/web/taxportal/ Standard Chartered Bank will continue updating its website (www.sc.com/om) with new developments relating to the introduction of VAT in Sultanate.

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Further, these FAQs do not purport to constitute tax advice and should be used as a guide only. For all updated pricing of our fees and products, please refer to our Service & Price Guides.