



Tax Alert - Oman

Oman Expands Zero-Rated VAT Lists to **1,546**
Food, Medical and Veterinary Products

Effective from 1 October 2026

2026
October



Executive Summary

The **Oman Tax Authority (OTA)** has issued three new decisions - **Decisions No. 223/2026, 224/2026, and 225/2026** - expanding and updating the categories of goods subject to **Value Added Tax (VAT) at the zero rate (0%)**.

The new decisions will take effect from **1 October 2026** and form part of Oman's efforts to strengthen social protection, reduce the cost burden on consumers, and support key sectors including food security, healthcare, agriculture and livestock.

1. Food Commodities – Decision No. 225/2026

The most significant change is introduced through **Tax Authority, Decision No. 225/2026**, which expands and updates the list of food commodities subject to the **0% VAT rate to 807 tariff entries**.

The decision covers a broad range of essential food commodities, including:

- Livestock and certain live animals intended for breeding, slaughter or milk production.
- Fresh, chilled, frozen and minced meat, including beef, lamb, goat, camel and poultry.
- Fish and seafood.
- Milk and dairy products, including yoghurt, labneh, butter and cheese.
- Table and hatching eggs.
- Fresh and dried fruits and vegetables.
- Grains, legumes and flour.
- Bread and certain other food preparations.
- Coffee, tea, spices and seasonings.
- Water.
- Salt.
- Certain animal feed and products associated with food production.

The detailed scope is determined by the **Unified Customs Tariff codes** specified in the decision's annex. Therefore, classification under a broad product description alone should not be relied upon when determining whether a particular product qualifies for the zero rate.

Replacement of the previous food list

Decision No. 225/2026 **repeals Decision No. 65/2021**, together with any provisions that conflict with the new decision.

Accordingly, businesses should not continue relying on the previous zero-rated food list for transactions taking place from **1 October 2026** onwards.

2. Human Medicines and Medical Equipment – Decision No. 224/2026

Decision No. 224/2026 provides an updated list of medicines and medical equipment subject to the 0% VAT rate.

The scope includes, among other categories:

- ❖ Human medicines.
- ❖ Herbal medicines.
- ❖ Biological preparations.
- ❖ Health preparations.
- ❖ Foods intended for special medical purposes.
- ❖ Medical equipment.

The zero rate applies to the specified products, **provided that the required clearance permit is issued by the Ministry of Health in accordance with the relevant customs classification.**

The list includes products such as:

- ❖ Antibiotics.
- ❖ Vaccines.
- ❖ Blood sera.
- ❖ Hormones.
- ❖ Medical solutions.
- ❖ Oxygen gas.
- ❖ Dental products.
- ❖ Infant formula.
- ❖ Foods formulated for specific medical conditions.
- ❖ Certain smoking-cessation products, including patches and sprays.

Decision No. 224/2026 **repeals and replaces Decision No. 59/2021** governing zero-rated medicines and medical equipment.

3. Veterinary Medicines and Medical Equipment – Decision No. 223/2026

A separate **Decision No. 223/2026** introduces a specified list of veterinary medicines and medical equipment subject to the 0% VAT rate.

The covered products include, among others:

- Veterinary vaccines and sera;
- Antibiotics;
- Vitamins and minerals;
- Nutritional supplements;
- Medical solutions and gel preparations; and
- Equipment and tools used for veterinary examinations and procedures.

The zero rate is subject to the relevant **clearance permit from the Ministry of Agriculture, Fisheries and Water Resources**, based on the applicable customs tariff classification.

The decision contains **62 tariff entries** for veterinary medicines and equipment.

Key Compliance Considerations for Businesses

The changes are particularly relevant to businesses involved in **food distribution, retail, FMCG, restaurants and food production, pharmaceuticals, healthcare, medical equipment, veterinary products, agriculture and livestock**.

Businesses affected by the changes should consider the following actions:

1. Review product classifications

Businesses should map their products against the **specific Unified Customs Tariff codes** included in the relevant decision.

A product being generally described as "food", "medical equipment" or "veterinary medicine" **does not automatically mean that it qualifies for 0% VAT**.

2. Update ERP and accounting systems

Businesses should review and update:

- VAT tax codes.
- Product master data.
- ERP tax configurations.
- POS systems.
- E-commerce platforms.
- Invoicing systems.
- VAT return mapping.

This should be completed before **1 October 2026** to avoid applying **the incorrect VAT rate**.

3. Review existing contracts and pricing

Businesses with ongoing supply arrangements should assess whether the change in VAT treatment affects:

- Contractual pricing.
- VAT-inclusive prices.
- Customer invoices.
- Supplier arrangements.
- Commercial margins.

Key Compliance Considerations for Businesses

4. Review tax invoices

The VAT treatment applied to invoices issued from **1 October 2026** should reflect the updated classification.

Attention should be given to businesses with large product portfolios, where manual classification could create a significant compliance risk.

5. Verify required regulatory approvals

For medical and veterinary products, businesses should ensure that the required **clearance permits** have been obtained from the relevant authority where required.

The zero rate is therefore not simply dependent on the product description; the relevant **customs code and regulatory approval requirements** must also be satisfied.

6. Review VAT return reporting

The Omani VAT return separately identifies supplies subject to the **0% VAT rate** from standard-rated and exempt supplies. Therefore, businesses should ensure that the updated zero-rated transactions are correctly captured and mapped for VAT return purposes.

Our Offices



UAE



Dubai

Office 604, Bay Square 11, Business Bay,
P.O. Box: 118767, Dubai, UAE

+971 4576 5098
GCC@acquisory.com



INDIA



Delhi-NCR

1116, 11th Floor, WTT, C-1, Sector 16, DND
Flyway, Noida - 201301

T: +91 120 614 300



Mumbai

102, 1st Floor, Naman Centre, BKC, Bandra
East, Mumbai City, Maharashtra, 400051



Bengaluru

Unit 1003-1004, 10th Floor, Prestige
Meridian - II, Mahatma Gandhi Rd,
Bengaluru, Karnataka, 560025