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Auditing & Financial Consulting

CLIENT REFERENCE GUIDE · OMAN VAT

Zero-Rated VAT in Oman

What changed on 1 October 2026

A practical guide to Tax Authority Decisions 223, 224 and 225 of 2026. It covers the full list of zero-rated supplies, what stays at 5%, sector guidance, a transition checklist and answers to common client questions.

807

food tariff lines at
0%
(previously 513)

677

medicine & medical
supply tariff lines

62

veterinary
tariff lines

5%

standard rate
unchanged

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1 At a glance

On 22 September 2026 the Tax Authority issued three administrative decisions that replace Oman's zero-rating lists from 2021. They apply from **1 October 2026**.

Decision	Covers	Tariff lines	Replaces / condition
No. 225/2026	Basic food items	807	Repeals Decision 65/2021 (previously 513 lines). The item must match an HS code in the annex.
No. 224/2026	Human medicines & medical supplies	677	Replaces Decision 59/2021. Requires a Ministry of Health release permit.
No. 223/2026	Veterinary medicines & equipment	62	Requires a permit from the Ministry of Agriculture, Fisheries and Water Resources .

The 5 points every client should know

- The **VAT Law and the 5% standard rate have not changed**. Only the lists of zero-rated goods were updated.
- Zero-rating depends on the **HS (customs tariff) code**. The product's exact tariff line must appear in the annex. Belonging to a listed category is not enough.
- **Restaurant, café, hotel and catering meals are still 5%**. These are supplies of a food service, not supplies of basic food goods.
- Zero-rated is **not** exempt. Suppliers of zero-rated goods can still recover their input VAT.
- Medical and veterinary items are zero-rated only when the relevant **ministry permit** has been issued.

2 Complete list of zero-rated supplies in Oman

Zero-rated supplies come from two sources: the goods lists in the three new decisions (Part A) and the supplies zero-rated by the VAT Law itself (Part B).

Part A1: Basic food items (Decision 225/2026, 807 tariff lines)

Category	Items covered (as announced by the Tax Authority)
Live animals	Cattle, sheep, goats, camels and poultry intended for breeding, slaughter or milk production
Meat & poultry	Beef, lamb, goat, camel and poultry meat, whether fresh, chilled, frozen or minced, plus edible offal
Fish & seafood	Live, fresh, chilled and frozen fish, shrimp, squid and other seafood
Dairy	Fresh and long-life milk, evaporated milk, yoghurt, labneh, butter and cheese
Eggs	Table eggs and hatching eggs
Fruit & vegetables	Fresh and dried fruit and vegetables, including dates
Grains, legumes & flour	Rice, wheat and other cereals, flour and legumes (lentils, chickpeas, beans, etc.)
Bread	Bread and selected bakery and food products listed in the annex
Beverages (basic)	Coffee, tea and juices. Bottled mineral and drinking water.
Spices & seasonings	Cardamom and other spices and seasonings, and salt
Oils & fats	Cooking oils and fats
Animal feed & inputs	Animal feed, fruit and vegetable waste used as feed, and other inputs for food production

Important: The table summarises the categories announced by the Tax Authority. Whether a product is zero-rated depends only on its HS code appearing in the official annex to Decision 225/2026. Always check the exact tariff line for each product (SKU).

Part A2: Medicines & medical supplies (Decision 224/2026, 677 tariff lines)

Category	Items covered
Medicines	Human medicines, including herbal medicines, antibiotics, hormones, vaccines and blood serums
Health preparations	Biological and health preparations, and vitamins
Special foods	Infant formula and foods for special medical purposes

Medical consumables	Medical solutions, medical oxygen and dental products
Smoking cessation	Nicotine patches and inhalers
Medical equipment	Medical equipment and devices listed in the annex

Condition: the goods need a Ministry of Health release permit and must match the approved customs tariff codes.

Part A3: Veterinary products (Decision 223/2026, 62 tariff lines)

Category	Items covered
Vet medicines	Veterinary vaccines and serums, biological toxins, and antibiotics such as penicillin and streptomycin
Nutrition	Vitamins, minerals, hormones and nutritional supplements
Supplies	Veterinary solutions, gels and examination equipment

Condition: the goods need a permit from the Ministry of Agriculture, Fisheries and Water Resources and must match the relevant customs codes.

Part B: Supplies zero-rated under the VAT Law (unchanged)

Supply	Key point
Export of goods	Goods exported outside the GCC VAT area, with export evidence kept
Export of services	Services to non-residents that are used or benefited from outside Oman, subject to the conditions in the law
International transport	International transport of goods and passengers, and related services
Means of transport	Air, sea and land means of transport used commercially to carry goods or passengers, and their parts and related services
Rescue aircraft & vessels	Rescue and assistance aircraft and vessels
Investment metals	Investment gold, silver and platinum (subject to purity conditions)
Oil & gas	Crude oil, oil derivatives and natural gas
Temporary imports re-exported	Goods temporarily imported for repair or restoration and then re-exported
Food & medicines	Zero-rated in principle by the law, with the goods specified by the Tax Authority's decisions in Part A

3 What is still 5%: common confusions

Most client questions will be about these situations. The rule to remember is that the zero rate applies to *listed goods*. It does not apply to services that involve food.

Situation	Rate	Why
Meals at a restaurant, café, cafeteria or food court	5%	This is a supply of a food service, not a supply of basic food goods
Takeaway and delivery meals from restaurants	5%	Prepared meals are still a restaurant or food-service supply
Hotel food and beverage, room service, banquets	5%	Part of the hospitality service
Catering for offices, events or camps	5%	Catering is a service
Hot or prepared food at supermarket counters (shawarma, grills, ready meals)	5%	Prepared food, not a listed basic food item, unless its exact HS code is listed
Raw meat, vegetables, rice or milk sold at a supermarket	0%	Listed goods, provided the HS code is in the annex
Plain bread sold by a bakery	0%	Bread is a listed category. Cakes, pastries and sweets must be checked against the annex.
Food items not in the annex (e.g. many processed snacks, confectionery, soft drinks)	Check	Standard-rated unless the product's HS code is listed
Hospital and clinic services	Exempt	Healthcare services are exempt. Medicines supplied as goods are zero-rated.
Medicine without a Ministry of Health permit	5%	The permit is a condition of zero-rating

Restaurants: the most frequent question

The new list does **not** make restaurant meals VAT-free. Restaurants keep charging 5% on sales. What changes is that many of their purchases, such as meat, vegetables, rice, oil, milk and bread, will now be invoiced at 0%. That means **less input VAT to recover** on the VAT return.

Worked example: restaurant

Monthly figures (OMR)	Before 1 Oct	From 1 Oct
Food sales (excl. VAT) — output VAT at 5%	10,000 → 500	10,000 → 500
Ingredient purchases 4,000, of which 3,000 now on the 0% list — input VAT	(200)	(50)
Other costs (rent, utilities, packaging) 2,000 — input VAT at 5%	(100)	(100)
Net VAT payable	200	350

The restaurant's total cost falls, because the 150 of VAT no longer charged by suppliers is no longer paid to them. The amount paid to the Tax Authority goes up, because less input VAT is claimed. The overall cash position is the same or better. The figures are illustrative only, and the example assumes ingredients were previously standard-rated.

4 Zero-rated vs exempt vs standard-rated

Clients often confuse "zero-rated" with "exempt". The difference matters for input VAT recovery.

	Zero-rated (0%)	Exempt	Standard-rated (5%)
VAT charged on sale	0%	No VAT	5%
Taxable supply?	Yes	No	Yes
Input VAT recoverable?	Yes	No	Yes
Counts toward registration threshold?	Yes	No	Yes
Reported on VAT return?	Yes, in the zero-rated supplies box	Yes, in the exempt supplies box	Yes
Examples	Listed food, medicines, exports, international transport, investment gold	Financial services, healthcare services, education services, undeveloped land, resale of residential property, local passenger transport, residential rent	Everything else, including restaurant meals

Good news for zero-rated suppliers

A supermarket or wholesaler whose sales are now mostly zero-rated can still recover the input VAT on its costs, such as rent, equipment, utilities and packaging. Some businesses may move into a **regular VAT refund position** and should plan for refund claims and the Tax Authority's review of them.

5 Guidance by business type

5%

Restaurants, cafés, hotels, caterers

- Keep charging 5% on all food and beverage sales
- Expect 0% invoices on many ingredient purchases
- Input VAT falls and net VAT payable may rise
- Check that suppliers have applied the new rate correctly

0%

Supermarkets & groceries

- Map every SKU to its HS code and update the POS by 1 Oct
- Show 0% and 5% items separately on receipts
- Shelf labels and promotions should reflect the new prices
- Review whether you may now be in a refund position

0%

Bakeries

- Bread is a listed category, so confirm the exact HS codes
- Cakes, pastries and sweets are likely 5% unless listed
- Café seating and drinks served on site are 5%

Mixed

Mixed outlets

- A grocery with a café or hot-food counter must split its sales
- Listed goods are 0%. Prepared food and service sales are 5%.
- Set up separate POS departments or tax codes

0%

Pharmacies & medical suppliers

- Zero-rated only with a Ministry of Health release permit
- Update item masters to the 677 tariff lines
- Cosmetics and general retail items stay at 5%

0%

Veterinary, farms & feed

- Vet medicines and equipment need the Ministry of Agriculture permit
- Live animals and animal feed are on the food list
- Keep permit copies with your VAT records

Import

Importers & wholesalers

- Import VAT at customs follows the same HS-code lists
- Check that customs declarations use the correct tariff codes
- Update sales invoices to your B2B customers

Info

Hospitals & clinics

- Healthcare services remain exempt
- Medicines bought will now be at 0% where listed
- Input VAT apportionment rules still apply

6 Transition checklist for 1 October 2026

A practical list to go through with each affected client.

Systems & pricing

- ☐ Get the official annexes to Decisions 223, 224 and 225/2026 from the Tax Authority portal or the Official Gazette
- ☐ Map every product (SKU) in the item master to its HS code and flag each one as 0% or 5%
- ☐ Update the POS, ERP and accounting tax codes so they take effect from 00:00 on 1 October 2026
- ☐ Test sample receipts and tax invoices: the 0% lines should be shown separately with the correct VAT totals
- ☐ Update price lists, shelf labels, online stores and delivery-app menus

Transactions spanning 1 October

- ☐ Review advance payments received before 1 October for goods delivered afterwards. VAT generally applies at the time of supply, which is the earliest of delivery, invoice or payment. Take specific advice on each case.
- ☐ Review contracts and long-term supply agreements with VAT clauses
- ☐ Credit notes for returns of goods sold before 1 October should reverse the VAT at the rate originally charged

Compliance

- ☐ Report zero-rated sales in the correct box on the VAT return
- ☐ Keep supporting documents: HS code mapping, supplier invoices and ministry permits for medical and veterinary items
- ☐ Reconcile input VAT to check that suppliers are now invoicing listed items at 0%
- ☐ Assess whether the business will be in a VAT refund position and plan cash flow for it
- ☐ Train cashiers and sales staff to answer customer questions

7 Client FAQs: ready answers

Short answers to use when clients call.

Q1 Is there a new VAT law in Oman?

No. The VAT Law and the 5% standard rate are unchanged. The Tax Authority has issued three decisions that update and expand the lists of zero-rated goods from 1 October 2026.

Q2 Are restaurant meals now 0%?

No. Food and drinks served by restaurants, cafés, hotels and caterers, including takeaway and delivery, are still at 5%.

Q3 How do I know if my product is zero-rated?

Find the product's HS (customs tariff) code and check it against the annex to the relevant decision. If the exact tariff line is listed, the product is 0%. If it isn't, the product is 5%.

Q4 How many items are zero-rated now?

1,546 tariff lines in total: 807 food lines (previously 513), 677 medicine and medical supply lines, and 62 veterinary lines. Exports and the other supplies zero-rated by the VAT Law also remain at 0%.

Q5 I sell only zero-rated food. Do I still need to be VAT-registered?

Zero-rated sales are taxable supplies and count toward the registration threshold, so registration rules still apply. A business with only zero-rated supplies may be able to apply for an exception from registration, subject to the Tax Authority's approval. Registration does let you recover input VAT.

Q6 Can I claim input VAT if all my sales are 0%?

Yes. Zero-rated supplies are taxable, so input VAT on business costs remains recoverable. This is the main difference from exempt supplies.

Q7 My supplier still charges me 5% on rice and vegetables after 1 October. What should I do?

Ask the supplier to check the HS code and reissue the invoice at 0% if the item is listed. Input VAT should only be claimed on VAT that was correctly charged.

Q8 Is medicine from a pharmacy always 0%?

Only if the product is on the annex to Decision 224/2026 and has a Ministry of Health release permit. Cosmetics, general toiletries and other retail items are 5%.

Q9 Is a doctor's consultation zero-rated?

No. Healthcare services are exempt, which is different from zero-rated. Only medicines and medical supplies supplied as goods are zero-rated.

Q10 Does this change import VAT at customs?

Yes. Listed goods imported from 1 October are subject to 0% import VAT, based on the tariff code declared.

Q11 I received payment in September for goods I deliver in October. Which rate applies?

The rate is generally set at the time of supply, which is the earliest of delivery, invoice or payment. A payment received before 1 October may therefore be subject to 5%. Please consult us on your specific case.

Q12 We run a supermarket with a hot-food counter. How do we charge VAT?

Charge 0% on listed goods and 5% on prepared hot food and anything not on the list. Set up separate tax codes in the POS.

Q13 Will my VAT payable go up?

For restaurants and other businesses that sell at 5% and buy listed food, the net VAT payable may rise because input VAT falls, but purchase costs fall by the same amount. Grocery retailers may see lower payments or even refunds.

Q14 What records should we keep?

Keep the HS code mapping for each product, supplier tax invoices, ministry permits for medical and veterinary items, and POS reports that show 0% and 5% sales separately.

8 Sources and important notes

Official and published sources

- Tax Authority press release: "The Tax Authority issues three new decisions expanding the 0% VAT rate list..." – tms.taxoman.gov.om
- Tax Authority Decisions No. 223/2026, 224/2026 and 225/2026 (issued 22 September 2026, effective 1 October 2026) and their annexes
- Oman VAT Law (Royal Decree 121/2020) and its Executive Regulations
- Oman Observer, "Oman expands zero-rated VAT list to 807 food items" (September 2026)
- Muscat Daily, "1,546 items covered by new zero-VAT rule" (27 September 2026)
- Previous list: Tax Authority Decision 65/2021 on zero-rated food items (now repealed)

Important notes

- This guide reflects publicly announced information as at 30 September 2026. The food, medical and veterinary categories are summarised from Tax Authority announcements. The **official annexes, listed by HS code, are the authoritative lists**.
- This guide is general information for clients of Al Saif Auditing and Financial Consulting. It is not tax advice for any specific transaction. Please contact us before acting on it.
- The Tax Authority may issue further guidance or clarifications. We will update this guide accordingly.

Need help with the 1 October transition?

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We help with HS code mapping, POS and ERP tax set-up, VAT return review and refund claims.