SAUDI TAX | ZATCA · EXCISE TAX · SWEETENED BEVERAGES · GCC

Saudi excise tax on sweetened drinks now based on sugar content

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Since 1 January 2026 excise tax on sweetened beverages is no longer 50% of the retail price. It is charged in tiers based on sugar per 100 ml, following a GCC decision.

Country reference

- Country: Saudi Arabia (Wave 1 expansion country)
- Authorities: Zakat, Tax and Customs Authority (ZATCA)
- Topic: Excise tax method for sweetened beverages
- Key date: Effective 1 January 2026 (announced 30 December 2025)
- Law: Excise Tax Implementing Regulation, as amended

What changed

ZATCA's Board approved amendments to the Excise Tax Implementing Regulation. From 1 January 2026, the tax on sweetened beverages moved from a flat 50% of the retail selling price to a tiered method based on total sugar content per 100 ml of the ready-to-drink product. The change follows a decision of the GCC Financial and Economic Cooperation Committee.

Scope

- Ready-to-drink beverages, concentrates, powders, gels, extracts and any other form that can be made into a drink.
- Concentrates and powders are measured on the prepared drink.

The tiers

- Drinks with no added sugar, sweetened only with artificial sweeteners.
- Less than 5 grams of sugar per 100 ml.
- 5 to 7.99 grams per 100 ml.
- 8 grams or more per 100 ml.

The tax amount for each tier is set in ZATCA's published schedule; check the official figures before pricing.

Why it matters

- Low-sugar products can carry less tax than before, while high-sugar products may carry more.
- Price is no longer the base, so premium and cheap drinks in the same tier pay the same.
- Producers and importers need lab-tested sugar data per product.

What to do now

- Classify every product code by tier, using certified sugar content.
- Update excise registration data, price lists and margin models.
- Consider reformulation where a product sits just above a tier boundary.

Our take

The change rewards product design rather than pricing. Finance and product teams should look at the range together: a small cut in sugar can move a product into a lower tier across the GCC.

Sources

- ZATCA: Amendments to the Excise Tax Implementing Regulation from 1 January 2026
- Gulf News: Saudi Arabia to roll out four-tier excise tax on sweetened drinks

Important. This summary is for general information and is not tax, legal or financial advice. It is based on public ZATCA publications, together with press reports, and may be incomplete or out of date. The official legislation and guidance prevail; check the official text before acting.

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