

# Pharmacy Practice in Oman

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The Government of Oman, through Royal Decree 35 of 2015, recently passed legislation which will affect foreign investor owners of pharmacies in Oman. The new Royal Decree repeals Royal Decree 41 of 1996, which had until recently governed the pharmaceutical profession and licensing regime.

## Key issues arising under the new law

The key provisions of the new law require that all Omani companies which have been granted licences to conduct pharmaceutical activities must now restructure to include an Omani pharmacist into their shareholder structure. The consequence of this legislative requirement is that existing foreign owned Omani pharmacies may need to either reduce the equity held by the non-Gulf Corporation Council ('GCC') national shareholder or their current Omani sponsor. Applications to open new pharmacies must comply with this rule immediately, whereas existing pharmacies have a short period of time to comply.

## Other notable issues

Other areas covered by the law, which will affect the larger pharmacy chains in Oman, are as follows:

- Pharmacist licence: medicines may only be dispensed by a licensed pharmacist, which is a person holding a bachelors degree from a recognised university. Licences are granted for up to two years and are capable of being renewed;
- Multiple pharmacies: owners of a branded pharmacy are not permitted to hold ownership interests in other brands of pharmacy chains. This is likely to improve consumer choice and maintain price competition;
- Pharmacy licence: licences are now granted for a period of two years. Previously, licences were available for up to five years;
- Number of branches: draft regulations are being considered by the Ministry of Health which will have the effect of limiting the number of branches capable of being operated and managed by each pharmacy brand. The regulations are currently being discussed by the legislative bodies;
- Sharing funds: agreements made between pharmacists and physicians in relation to sharing funds from prescription drug charges are prohibited. This may assist with reducing unethical practices in the profession; and
- Omanisation: the Ministry of Health has kept open the possibility of Omanising the pharmaceutical sector over the next 10 years.

## Impact

The law is likely to have a greater effect on businesses that hold doctors' practices, hospitals, and pharmacies under one Omani company. In this situation, a new company should be created to hold the pharmaceutical business separately from the other businesses. It will be necessary to move existing pharmacy branch registrations over to the new company. This will delay new pharmacy registrations but the process of transferring branches can usually be carried out in a short period of time, minimising the delay.

Businesses can also benefit from new Ministry of Commerce practice that no longer requires investors to produce physical evidence of the availability of the start up share capital in an Omani bank account. While the capital will eventually need to be deposited into the new company, the new practice means the capital obligation is spread out over the first financial year.