

In the Name of Allah, the Most Gracious, the Most Merciful

Kingdom of Saudi Arabia  
Ministry of Finance and National Economy  
Saudi Customs

Minister's Office

No.:  
Date:  
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Annexes:  
Subject:

Ministerial Resolution No. 2748 dated 25/11/1423 AH

The Minister of Finance and National Economy,

After perusal of Royal Decree No. M/41 dated 03/11/1423 AH approving the Common Customs Law for GCC States and its explanatory memorandum.

Based on the powers vested in us in accordance with Cabinet Resolution No. 241 dated 26/10/1423 AH issuing the Executive Regulations for the Common Customs Law for GCC States.

Based on the letter No. 51474 dated 24/11/1423 AH submitted to us by the Director General of Customs, enclosed herewith is a copy of the Executive Regulations for the Common Customs Law of GCC States.

**Hereby resolves as follows:**

**I:** Approving the Executive Regulations for the Common Customs Law for GCC States consisting of (33) Articles as per the form attached hereto.

**II:** These Regulations shall come into force from the date of this resolution.

**Minister of Finance and National Economy**

**Ibrahim Bin Abdul Aziz Al Assaf**

/Signed/

In the Name of Allah, the Most Gracious, the Most Merciful

Kingdom of Saudi Arabia  
Ministry of Finance and National Economy  
Saudi Customs

Legal Department

No.: 800/21/M  
Date: 02/12/1423 AH  
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Subject: Executive Regulations for the  
Common Customs Law for GCC States

**Urgent Circular to all Customs Outlets, Saudi Customs Departments, First  
Instance and Appeal Customs Committees**

His Excellency Head of the Customs Committee,

His Excellency the Director General,

His Excellency the Director,

After compliments,

Please find attached the Ministerial Resolution No. 2748 dated 25/11/1423 AH approving the Executive Regulations for the Common Customs Law for GCC States consisting of (33) articles, which was notified to us by the letter of His Excellency the Minister of Finance and National Economy No. 184/59572 dated 25/11/1423 AH for necessary action and this circular shall be notified to all competent authorities to be implemented.

**Respectfully,,,**

**Director General of Customs**

**Saleh Bin Ali Al Brak**

/Signed/

- A copy to our office – circular unit, file No. (19/25)
- A copy with original to the Legal Department
- A copy to administrative communications

National Center for Archives & Records

**The Executive Regulations for the Common Customs "Law" for GCC States**

**PART ONE**



National Center for Archives & Records

## Article (1)

### Value Determination Bases for Customs Purposes in the Common Customs Law for GCC States

#### I: General Provisions:

- (1) The importer may release its goods after providing sufficient guarantees in the form of bank or cash insurance, bank guarantee, or in the form of insurance or mortgaged property of an equivalent value to cover the estimated customs taxes "duties", if the final determination of the customs value is found to be delayed.
- (2) The importer or any other person bears the coverage of the customs taxes "duties" may object and appeal against the estimation of the customs value without penalty, as follows:
  - A. Management Level
    1. Customs Department Director.
    2. Value Adjudication Committee.
  - B. Independent Judicial Authority.
- (3) Confidential information or information provided on a confidential basis, for customs valuation purposes, shall be treated as strictly confidential and may be disclosed only to the extent that it is required to be disclosed in the context of judicial procedures in accordance with the provisions of the Common Customs Law for GCC States.
- (4) When the declared value is denominated in foreign currency, it shall be converted into local currency on the basis of the exchange rate that is announced in the publications issued by the competent authorities. The customs declaration registration date shall be the date approved for the exchange rate.
- (5) When determining the customs value, no reduction in the price actually paid or payable for the goods being valued that takes place after the importation date shall be regarded. Likewise, credit balances related to previous consignments shall be disregarded at the registration date of the customs declaration of the goods being valued in the customs departments.
- (6) There is no provision in this law that means a restriction or questioning of the right of the Saudi Customs to take the necessary measure to be convinced of the truthfulness or accuracy of any declaration, document, statement or declaration submitted to the Saudi Customs for evaluation purposes.
- (7) A. If, when applying Clauses (IV to VIII) of this Article, there is a need to use accounting information to determine the customs value; this information shall be used consistently with the generally accepted accounting principles in the GCC States when applying the particular article.  
  
B. The Saudi Customs may not reject information provided by the importer, purchaser or producer related to the valuation of the goods prepared in accordance with generally accepted accounting principles under the pretext of the calculation method used.
- (8) Subject to Clause (IV/B) of this Article, when determining the customs value of information transmission media such as magnetic tapes and the like, on which data or software are recorded, the value shall be calculated on the basis of the

value of these media only, without calculating the value of the information recorded on them.

- (9) Upon written request, the importer has the right to obtain a written explanation from the Customs Department on how to determine the method in which the customs value of the imported goods was determined.

## **II: Definitions:**

For the purposes of applying this Article in calculating the value for customs purposes, the following terms and expressions shall have the meanings assigned thereto respectively:

- (1) **The Price Actually Paid or Payable:** Means the total amount paid or to be paid by the purchaser to the seller or for it in exchange for the imported goods. The payment is not necessarily in the form of a cash transfer, as the payment may be by letters of credit or transferable documents, and the payment may be direct or indirect, such as the adjustment of a debt owed by the seller, wholly or partially, by the purchaser.
- (2) **Imported Goods Being Valued:** Means such goods whose value is being determined for customs purposes.
- (3) **Packing Costs:** Means the cost of all packages (except for containers), covers, no matter what their quality is, and packages, whether for employees or materials used to put the goods in packages suitable for shipment to GCC States.
- (4) **The term "Produced":** Includes cultivated, manufactured and extracted from the earth (raw materials), services and intellectual products.
- (5) **"Related Parties"** means the following:
  - A. Legal partners in the work.
  - B. Employees or managers of one another's businesses.
  - C. Employer and employees.
  - D. Every person who directly or indirectly owns, controls or retains five percent or more of the voting shares or stocks or both.
  - E. If either of them supervises or dominates the other; or
  - F. Both are directly or indirectly subject to the supervision of a third person; or
  - G. Both together directly or indirectly supervise a third person; or
  - H. They are members of the same family.
- (6) **Conforming Goods:** Means the goods that conform the goods being valued in all respects, including physical properties, quality and goodwill, and are produced in the same country by the same person. Minor differences in appearance that do not affect the price do not lead to the exclusion of the goods, to which this definition applies, from being considered as conforming goods. If it is not possible to find conforming goods produced by the same person, the goods that are in conformity, in all respects, with the goods being valued and produced in the same country by another person, may be treated as conforming goods. Conforming goods shall not include goods that represent or reflect engineering, development and technical works, design works, plans and drawings implemented in GCC States that are not included in the transaction value adjustments under Clause (IV/B/1/4/D) of this Article.
- (7) **Similar Goods:** Means the goods produced in the same country of production as the goods being valued and by the same person, and have physical properties

and components similar to the goods being valued and enable them to perform the same functions and substitute them commercially, although they are not similar in all respects, taking into account the quality, goodwill and the presence of a trademark when determining whether the goods are similar. In the event that similar goods produced by the same person are not found, the goods produced in the same country as the goods being valued and produced by another person, but they are similar in the constituent properties and materials and can be commercially exchanged; they shall be treated as similar goods. Similar goods shall not include such goods that represent or reflect engineering, development and technical works, design works, plans and drawings implemented in GCC States that are not included in the transaction value adjustments under Clause (IV/A/4/D) of this Article.

- (8) **Unit price at the Greatest Aggregate Quantity:** Means the price at which the greatest possible number of units are sold, sufficient to determine the unit price, in sales to persons not related to the persons from whom they purchased the goods, at the first commercial level after importation, when Clause (VI) is applied.
- (9) **Goods of the Same Category or Kind:** Means the goods that fall within a group of goods produced by a certain industry or a certain industrial sector, including but is not limited to, conforming goods and similar goods.
- (10) **Generally Accepted Accounting Principles:** Means the recognized consensus or substantial authoritative support, at a particular time, regarding the following:
  - 1. Resources that shall be recorded as assets and liabilities.
  - 2. Changes in assets and liabilities shall be recorded.
  - 3. How the assets and liabilities, and changes in them shall be measured.
  - 4. Information that shall be disclosed and how.
  - 5. Financial statements that shall be prepared.
- (11) **Objective Data:** Means such information that helps to ascertain the authenticity of the following:
  - 1. An amount added under Clause (IV/B) of this Article to the price actually paid or payable.
  - 2. Any amendment under Clause (V) of this Article.
  - 3. An amount deducted under Clause (VI) of this Article, as profit and overhead or value arising from additional manufacture.
  - 4. An amount added under Clause (VII) of this Article, as a profit or overhead.

### **III: Customs Valuation Bases:**

- (A) The incoming goods shall be valued according to the following bases respectively:
  - (1) The transaction value of the goods being valued set forth in Clause (IV).
  - (2) The transaction value of conforming goods, set forth in Clause (V/A), if it is not possible to determine the transaction value under Clause (IV).
  - (3) The transaction value of conforming goods, set forth in Clause (V/B), if it is not possible to determine the transaction value of conforming goods.
  - (4) The evidentiary value set forth in Clause (VI), if it is not possible to determine the value under the transaction value of similar goods.



- (5) The calculated value set forth in Clause (VII), if it is not possible to determine the value under the evidentiary value.
- (6) The flexible method set forth in Clause (VIII), if it is not possible to determine the value under the calculated value.
- (B) The importer may request the application of the calculated value method before turning to the evidentiary value method. This request shall be submitted upon submission of the import declaration to the customs. If the importer submits its request, but its imported goods cannot be valued according to the calculated value method; they shall be valued according to the evidentiary value method, if not, the valuation shall be in accordance with Clause (VIII).

#### **IV: Transaction Value of the Goods Being Valued:**

- (A) The customs value of the goods imported into GCC States shall be the transaction value, i.e. the price actually paid or payable when such goods are sold for export to GCC States, subject to Clause (B) of this basis and in accordance with the following conditions:
  - 1. There shall be no restrictions on the disposal or use of imported goods by the purchaser, other than the restrictions set forth in the Common Customs Law for GCC States, or that specify the geographical areas where the goods can be resold, or restrictions that have no significant impact on the value of the goods.
  - 2. The sale or price shall not be related to a certain condition or subject to a consideration whose value cannot be determined with respect to the goods being valued.
  - 3. The seller shall not be entitled to any part of the proceeds of subsequent resale, disposal or use of the goods by the purchaser, directly or indirectly, unless appropriate adjustment of the value can be made in accordance with Clause (B) of this basis.
  - 4. The seller and the purchaser shall not be related in accordance with Clause (II/5) of this Article. If they are related, the transaction value shall be acceptable for customs purposes in accordance with Clause (A) of this basis if one of the following two conditions is met:
    - A. If the sale circumstances examination proves that the relationship between both the purchaser and the seller did not affect the price actually paid or agreed to be paid, or
    - B. If the transaction value of the imported goods is very close to one of the normative (test) values set out in the following clauses:
      - 1. Transaction value of conforming or similar goods sold for export to purchasers not related to GCC States.
      - 2. Customs value determined for conforming or similar goods under Clause (VI) "Evidentiary Value".
      - 3. Customs value determined for conforming or similar goods under Clause (VII) "Calculated Value".
- In applying Clause (IV/A/4/B), the difference, if found between the declared value and the normative value, shall be adjusted on the basis of objective data submitted by the purchaser or available at the Saudi Customs, in accordance

with Clause (II/11) of this Article, taking into account Clause (IV/B) of this Article. This value shall not be used as a replacement value.

(B) Additions to the price actually paid or payable (adjustments):

(1) In determining the customs value in accordance with this Clause (IV), the following costs shall be added, to the extent borne by the purchaser, when such costs are not covered by the price actually paid or payable for the imported goods:

1. Commissions and brokerage, except purchase commissions.
2. Cost of packages considered, for customs purposes, as part of the goods.
3. Packaging cost of effort and materials.
4. The value of goods and services (auxiliary items) provided by the purchaser, directly or indirectly, free of charge or at a reduced value for use in the production and sale of imported goods for export to GCC States, provided that this value is distributed in appropriate proportions, as follows:
  - A. The similar materials, components, parts and items used in the production of imported goods.
  - B. The similar tools, equipment, molds and items used in the production of imported goods.
  - C. The materials consumed in the production of imported goods.
  - D. The engineering, development and technical works, design works, plans and drawings implemented outside GCC States required for the production of imported goods.
5. The fees that the purchaser shall pay, either directly or indirectly, for its use of an intellectual property right or use licenses as a condition of sale under which ownership of the goods being valued transferred to its possession and related to the imported goods being valued when they are not included in the price actually paid or payable.
6. The value of any part owed to the seller, directly or indirectly, from the proceeds of any following resale or subsequent disposal or use of the imported goods.
7. Charges for shipping imported goods to the port or place of import.
8. Loading, unloading, handling and insurance costs related to the transportation of imported goods to the port or place of import.

(2) Any addition to the price actually paid or payable may be made only in accordance with Clause (IV/B) of this Article. Any addition is required to be on the basis of objective and quantitative data, i.e. on the basis of facts with actual numbers without personal explanation, taking into account Clause (II/11) of this Article; otherwise access to the transaction value is not considered possible under this basis.

(C) Exceptions to the Transaction Value:

The following costs and amounts shall not be included in the value for customs purposes, provided that they are separated from the price actually paid or payable:

1. Post-import expenses, such as:
  - A. Construction, building, collection, maintenance or technical assistance costs that have been undertaken after importing goods to GCC States.



- B. Transportation, loading, unloading, handling and insurance charges for imported goods after importation.
  - C. Customs duties and any other taxes imposed, after importation, on goods imported to GCC States.
  - D. Profits and other payments from the purchaser to the seller that are not related to the imported goods.
  - E. Interest that may have accrued based on a financial agreement concluded by the purchaser for the purchase of imported goods.
  - F. Activities carried out by the purchaser at its expense.
- 2. Fund balances owed by the seller to the importer.
  - 3. Export subsidy amounts that may be provided by some countries for the export of some goods.
  - 4. Any amounts for dumping, when goods are sold at dumping prices (at a price below cost), as dumping shall be dealt with under the anti-dumping agreement.
- (D) If it turns out that there are reasonable grounds for questioning the authenticity of the documents submitted or the information contained therein, notwithstanding the applicability of this Article; the importer shall be notified in writing of such grounds, at its request, and given a sufficient time limit to respond, to be determined by the customs office. If the importer fails to submit the evidence acceptable to the customs office within such time limit and the customs value cannot be determined in accordance with Clause (IV) of this Article; it shall be determined in accordance with the methods provided in Clauses (V to VIII) respectively until the customs value is reached according to the first possible method.

#### **Fifth/ The Transaction Value for Identical and Similar Goods:**

(a) The transaction value for identical goods accepted as transaction value under Paragraph (Fourth) of this Article, sold for export to the GCC States on or near to the same date as the export of the goods under valuation, and the same commercial standard and the same quantities of the imported goods under valuation. If such a value is not available, the transaction value for identical goods sold at a different commercial standard and/or in different quantities, with an adjustment to it to take into account the difference in the commercial standard and/or quantities, shall be used on the ground of objective data in pursuance with paragraph (II/11) of this Article, and a definite evidence proving the reasonableness of the adjustment, whether such adjustment resulted in an increase or decrease in the value, taking into account the difference in costs referred to in Paragraph (IV/B/1) of this Article. If there is more than one transaction value for identical goods, the lowest of those values shall be approved as the Customs Value for the goods under valuation, in accordance with Paragraph (V) of the Explanatory Annex.

(b) The transaction value for similar goods accepted as transaction value under Paragraph (IV) of this Article, sold for export to the GCC States on or near to the

same date as exporting the goods under valuation, at the same commercial standard and with the same quantities of the imported goods under valuation. If such a value is not available, the transaction value of similar goods sold at a different commercial standard and/or in different quantities, with an adjustment to it to take into account the difference in the commercial standard and/or quantities, shall be used on the ground of objective data in pursuance with Paragraph (II/11), and a definite evidence proving the reasonableness of the adjustment, whether such adjustment resulted in an increase or decrease in the value, taking into account the difference in costs referred to in Paragraph (IV/B/1) of this Article. If there is more than one transaction value for similar goods, the lowest of those values shall be approved as the Customs Value for the goods under valuation, in accordance with Paragraph (V) of the Explanatory Annex.

**Sixth/ Deductive Value:**

(a) The Customs Value is based on the unit price by which the same imported goods, identical goods or similar goods are sold, at the first commercial standard, in the local market in the GCC States, as they were at the time of import, with the largest total quantity according to Paragraph (II/8) of this Article, on or near to the same time of importing the goods under valuation, for unrelated persons according to Paragraph (II/5) of this Article, excluding the sale of the goods in the production of which any of the auxiliary items described in Paragraph (IV/B/ 1/4) of this Article, provided that the following deductions are made:

a. Either the amount of commissions (usually paid or agreed), or the amounts that are usually added against the rate of profits and general expenses in the GCC States for goods of the same class or type.

b. The usual fees for transportation and insurance after importation and the associated costs in the GCC States. Provided that these costs are not added as general expenses in accordance with Paragraph (a) above.

c. Taxes, customs "duties" and other taxes or zakat due in the GCC States owed due to the import or sale of goods locally. It must be taken into account that such taxes or zakat are not deducted under this Paragraph if the importer registers them within the general expenses in Paragraph (a) above on this basis.

(2) Where the goods to be valued or identical or similar imported goods were sold in their condition on import at the same time or near to the time as the goods under valuation were imported, the Customs Value shall be established, subject to the provisions of Paragraph (1) of this basis, to the unit price at which the imported goods, identical goods, or similar imported goods are sold in the local market in the GCC States, in their condition upon import, as soon as after the import of the goods being valued is carried out, as long as this is carried out before ninety days have passed from the date of importing the goods under valuation, in quantities sufficient to determine the unit price.

(3) Where the imported goods, identical goods or similar imported goods were not sold in the local market in the GCC States, in their condition upon import, the Customs Value shall be established, upon the importer's request, on the price at

which the unit of the imported goods is sold in the local market in the GCC states , after carrying out additional manufacturing or processing unless they lose their identification, in the largest total quantity, among unrelated persons as defined in Paragraph (II/5) of this Article, while taking into account the deduction of the value added as a result of manufacturing or additional processing in the GCC States, as well as the deductions set forth in Paragraph (1) of this Basis.

#### **Seventh/ Calculated Value:**

(1) If the Customs Value cannot be determined in accordance with Paragraph (VI) of this Article, or if the importer requests the application of the Calculated Value before the Deducted Value in accordance with Paragraph (III/B) of this Article, the Customs Value shall be based in accordance with the provisions of this paragraph on the value Calculated, which consists of the sum of the following:

- a. The cost or value of the materials, manufacturing or other processing works that were used in the production of the imported goods.
- b. The amount of profit and general expenses of the product, equivalent to the amount that is usually reflected in the sales of goods of the same class or type of goods whose value is being determined and which are manufactured by other producers in the same exporting country, for export to the GCC States.
- c. The fees and costs outlined in Paragraphs (7) and (8) of (IV/B/1) of this Article.

(2) No person residing outside the GCC States may be demanded to submit for examination any accounts or records for the purposes of determining the Calculated Value, or to be permitted to access them. However, the Customs Administration can verify in another country the information provided by the producer of the imported goods, for the purposes of determining the Customs Value in accordance with the provisions of this Article, with the consent of the producer, as long as a prior and adequate notice is served to the Government of the country in which the investigation is being conducted, and that it does not object to the same.

#### **Eighth/ Flexible Method:**

(a) If it is not possible to determine the Customs Value of the imported goods according to the previous bases set forth in Paragraphs (IV) to (VIII) of this Article, the provisions of the same bases shall be applied again respectively, with a reasonable degree of flexibility, until the Customs Value is reached according to the first possible basis.

(b) Should the Customs Value be not reached using that bases, even in its flexible form, reasonable methods may be used that do not contradict the general principles and provisions of the value agreement, under Article 7 of GATT 1994 AD, and based on the data available to any party in the GCC States. The Customs Value may not be determined based on the following:-

1. The sale price in the GCC States for goods produced in the GCC States.
2. The higher value than alternative values.
3. The sale price of the goods in the local market in the country of export.

4. A production cost other than the Calculated Value determined pursuant to the provisions of Paragraph (VII) of this Article.
5. The price of the goods sold for export to a country other than the GCC States.
6. Random or unfair values.
7. Minimum limits of Customs Value.

(c) The importer shall have the right, upon a written request, to obtain a written explanation of the bases approved in determining the Customs Value under the provisions of this Paragraph. The clarification includes only the imported goods under valuation, and does not serve as a reference in connection to the valuation of imports of any other good at the same entry customs or otherwise. This procedure is only for information purposes, and does not affect or supersede the objection and appeal procedures contained in this Paragraph.

**Ninth / The following Explanatory Annex is deemed an integral part of this Article.**

#### **Explanatory Annex**

Article No.	Notes
<b>I/5</b>	<p><b>Credit balances related to previous consignments are not taken into account when determining the Customs Value of the goods under valuation.</b></p> <p><b>Example:</b> An importer received a consignment of television sets of SR 10,000, and the invoice included an amount of SAR 9,000 as the value of the equipment, and a balance of SR 1,000. The importer explained that the balance of SAR 1,000 was granted to it as compensation for the damage of (10) TV sets from the previous shipment.</p> <p>In this case, the balance has nothing to do with the consignment under valuation, and therefore the Customs Value of the consignment is set at SR 10,000.</p>

<p style="text-align: center;"><b>IV/A</b></p>	<p><b>Price actually paid or payable:</b></p> <p>1. When determining the value of the transaction, the price actually paid or payable as defined in Paragraph (II/a) of this Article shall be considered, irrespective of the method of deduction thereof as it may be the sum of deductions, additions or negotiations and it may be reached by application of a specific equation.</p> <p>2. The term “payable” means that the price of the goods has not been paid when the Customs determine the Customs Value of the imported goods, and this price agreed to be paid will be the basis for determining the Customs Value. Payment does not need to be made in the form of transferring the amount, but it may be paid in the form of letters of credit or financial bonds, directly or indirectly.</p> <p>3. Indirect payment: includes the settlement of a debt by the purchaser to the seller in whole or in part, or the purchaser may obtain a reduction in the price of the goods under valuation, as a means of repaying its debt to the seller. The activities carried out by the purchaser on its account, for example advertising, are not included in the indirect payment, save as the activities stipulated in (IV/B), despite they also benefit the seller. The costs of those activities shall not be added to the price actually paid or payable, when determining the Customs Value of the imported goods.</p> <p>4. Combined Goods: The price actually paid or payable may represent an amount for the combination of the imported goods. The price paid or payable shall be calculated by adding the value of components and combination. For example: An importer has previously supplied a foreign assembly plant with ready-to-assemble components. Its value or cost to the assembly plant is (1) Riyal per unit. The importer pays the assembly plant half a Riyal per unit in return for such assembly. Hence, the transaction value for one combined unit is (1.50) Riyals</p>
<p style="text-align: center;"><b>IV/A/1</b></p>	<p>Restrictions that do not have a significant impact on the value of the goods, do not prevent the determination of the Customs Value using the transaction value method, for example:</p> <p>1. Restrictions that specify a particular date for the sale of the imported goods. Example (1): An importer bought goods that consisted of clothes, and it became evident from the purchase contract that the seller stipulated that the purchaser (the importer) not sell them except on a certain date, such as the beginning of winter, for example.</p> <p>2. Restrictions specifying a particular place in the importing country for the resale of the imported goods. Example (2): Taking into account example (1), if the seller had stipulated that the purchaser (the importer) not sell the goods except in the city of Riyadh, for example.</p> <p>3. Restrictions specifying a particular method of resale in the country of import. Example (3): If the seller in Example (1), had stipulated that the purchaser (the importer) to sell the goods by sales representatives only, or through advertisements in the media.</p>



<b>IV/A/2</b>	<p>Conditions or considerations for which a value cannot be determined:</p> <p>For example, the seller determines the price of the imported goods, provided that the importer also purchases other goods in specified quantities, or that the price of the imported goods depends on the price or prices at which the importer sells other goods to the seller of the imported goods. Or that the seller determines the price of the imported goods on the basis of a form of payment that is not materially related to the goods, for example, if the goods will be subject to further manufacturing by the purchaser, and the seller stipulates that the purchaser obtain a certain quantity of the goods after manufacturing.</p>
<b>IV/A/4</b>	<p>If the Customs have sufficient detailed information on the purchaser and seller convincing it that the relationship between them did not affect the price actually paid or payable, the price shall be accepted without requesting additional information from the importer. However, if the Customs have doubts that the bond has affected the price, it must inform the importer of this, and it will be given a sufficient period to respond, provided that such notification is made in writing, if the importer so requests.</p>
<b>IV/A/4/A</b>	<p>The value of the transaction shall be accepted, after examining the conditions of the sale, if the Customs finds out the following:</p> <ol style="list-style-type: none"> <li>1. That the purchaser and seller, though their bond, buy and sell to each other as unrelated persons.</li> <li>2. If the value is determined in a manner consistent with normal pricing practices in a particular industry, these shall be indications that the price has not been affected by the relationship.</li> <li>3. If it is proven that the price is sufficient to cover all costs in addition to the profit, and is similar to the company's total profits achieved in a certain period of time, from total sales of the same class or type.</li> </ol>
<b>IV/A/4/B</b>	<p><b>Standard (Test) Values:</b></p> <ol style="list-style-type: none"> <li>1. These are values that were previously accepted as Customs Values for goods that were exported to the GCC States at the time of importing the imported goods or near to it. Standard values are used for comparison only with the transaction value of the imported goods.</li> <li>2. To determine whether the transaction value is close to the benchmark value, the following factors must be considered: <ol style="list-style-type: none"> <li>(a) The nature of the imported goods and the field of industry.</li> <li>(b) The period of importing the goods.</li> <li>(c) Is the difference in value commercially significant?</li> <li>(d) Is the difference in value attributable to the internal shipping costs of the country of export?</li> </ol> <p>Whereas those above factors may vary, a unified standard as a specific percentage cannot be applied in each case. A small difference in the value of a particular type of goods may be unreasonable, while a large difference in the value of another type of goods may be acceptable.</p> </li> <li>3. When applying the standard values, the differences between the declared value and the standard value shall be taken into account, and the difference shall be settled if it is based on objective data provided by the purchaser or available at the</li> </ol>



	<p>Customs, and the difference may be pertaining to the following:</p> <p>(a) The commercial standard of the importer.</p> <p>(b) The imported or contracted quantity.</p> <p>(c) The costs mentioned in Paragraphs (7) and (8) of (IV/B/1) of this Article.</p> <p>(d) Costs incurred by the seller in sales in which the seller and purchaser are unrelated and not incurred in sales in which the seller and purchaser are related.</p> <p>4. If it becomes obvious from the result of the comparison or test that one of the standard values stipulated in (IV/A/4/B) of this Article is close to the declared value, then it is not necessary to seek to examining the conditions of sale to determine whether the relationship between the purchaser and seller affected the price or not. If the Customs have sufficient prior information to be satisfied without further investigation that one of the standard (test) values is close to the declared price, it shall not obligate the importer to prove the validity of the standard value.</p>
IV/B/1/1	<p><b>Purchase Commission:</b> It is the expenses paid by the importer to its agent against its representation services abroad to purchase the goods whose value is being determined. It is not included in the Customs Value.</p> <p><b>Sale Commission:</b> It is the expenses paid to the seller's agent who is related to, under the control, or working for or on behalf of the manufacturer or seller against the services of selling the goods.</p>
IV/B/1/4	<p>A. Requirements for adding value to auxiliary items:</p> <ol style="list-style-type: none"> <li>1. If it has not been previously included in the price actually paid or payable.</li> <li>2. If it is provided free of charge by the importer (purchaser) to the producer (manufacturer) directly or indirectly.</li> <li>3. If it is provided at a reduced cost, the addition shall be made only by the amount of the reduced amount.</li> <li>4. If it was used in the production of the goods under appraisal.</li> </ol> <p>b. Determining the value of the auxiliary items:</p> <p>To add the value of the auxiliary items to the transaction value of the goods under valuation, or include them within the components of the Calculated Value, the value of the auxiliary items and the costs of shipping them to the place of production of the goods under valuation, including fees and taxes that are not refunded, must be determined and distributed proportionally to the value of the imported goods as follows:</p> <ol style="list-style-type: none"> <li>1. If the auxiliary item consists of materials, components, parts or similar parts included in it in the production of the imported goods, or consumed during the production of the imported goods, and the purchaser obtained it from an unrelated seller, the value of the auxiliary item shall be the cost of its purchase. If the auxiliary item is produced by the purchaser or a person related to it, then its value shall be the cost of its production.</li> <li>2. If the auxiliary items consist of tools, foundries, molds or similar items used in the production of the imported goods, and the importer has purchased them from an unrelated seller, then their value shall be the cost of their production. If the auxiliary items have been used previously, the basic cost of purchasing</li> </ol>

	<p>or producing them should be adjusted to reflect the present value after use before determining its value. But if the importer has rented the auxiliary item from an unrelated person, the value of the auxiliary item shall be its rental cost. In both cases, the cost of any adjustments or repairs made to it shall be added.</p> <p>Example (1): A Gulf importer provided a foreign producer with detailed designs necessary to manufacture the goods. The Gulf importer had purchased these designs from an engineering company in the GCC States in order to supply them to the foreign product.</p> <p><b>Q: Does the Customs Value of the goods include the value of that auxiliary item?</b></p> <p>Answer: No, because design works completed in the GCC States may not be added to the price actually paid or payable.</p> <p>Example (2): A Gulf importer provided the foreign producer (the exporter) with molds free of charge, and these molds are necessary to manufacture goods for the Gulf importer. The Gulf importer had molds manufactured in one of the GCC States and other molds manufactured outside the GCC States.</p> <p><b><u>Q: Does the Customs Value of the goods include the value of moulds?</u></b></p> <p>Answer: Yes, the value of the molds must be included in the transaction value, whether they are produced in the GCC States or outside the GCC States.</p> <p>C. Distribution of the value of the auxiliary items:</p> <p>The value of the auxiliary items shall be distributed to the imported goods in a reasonable manner and appropriate to the circumstances and according to generally accepted accounting principles, based on the documents submitted by the importer.</p> <p>For example: If the total number of parts expected to be manufactured using the auxiliary item is to be exported to the country of import, the total value of the auxiliary items may be distributed using one of the following means:</p> <ol style="list-style-type: none"> <li>1. On the first consignment if the importer wishes to pay the fees on the total value of the auxiliary item once.</li> <li>2. On the number of units produced upon arrival of the first consignment.</li> <li>3. On the entire expected production of the auxiliary item, if there are definitive contracts or commitments regarding this production.</li> <li>4. Any method required by the importer for distribution in accordance with generally accepted accounting principles.</li> <li>5. If the imported goods are part of the production, or if the auxiliary item is used in several countries, the method of distribution depends on the documents submitted by the importer.</li> </ol> <p>Example: The importer sent the producer a mold to use in the production of the imported goods, and the importer had agreed with the producer to purchase 10,000 pieces, and when the first consignment containing 1000 pieces arrived, the producer had finished producing 4000 pieces.</p> <p>In such case, the importer may request the Customs to distribute the value of the mold to 1,000, 4,000, or 10,000 pieces, or any number in accordance with Generally Accepted Accounting Principles (GAAP).</p>
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<b>IV/B/1/5</b>	<p>1. The fees (amounts) paid by the purchaser for its usage of an intellectual property right or use licenses may include, inter alia, costs covering patents, registered trademarks and copyrights. Where it is added to the Customs Value.</p> <p>2. The fees for the right of reproduction shall not be added to the price actually paid or payable for the imported goods under valuation, which includes goods such as: originals or copies of artistic or scientific works, originals or copies of industrial models or drawings, equipment models and samples, and plant or animalistic species.</p> <p>3. The amounts paid by the purchaser in exchange for the right to distribute or resell the imported goods shall not be added to the price actually paid or payable, if those amounts were not paid as a condition for selling the goods for export to the GCC States.</p> <p>4. If the intellectual property right is partially based on the imported goods and partially on other factors not related to the imported goods, as if the intellectual property right cannot be distinguished from special financial arrangements between the purchaser and the seller, then it is not possible to determine the Customs Value according to the transaction value method in Paragraph (IV) of this Article.</p> <p>5. If the intellectual property right is based on the imported goods only, its amount can be easily determined. In this case, it shall be added to the price actually paid or payable.</p>
<b>IV/C/1/C</b>	<p>The method of excluding ad valorem custom duty and any other tax:  <u>Example:</u> If the price actually paid or payable is (56000) riyals and includes: the value of the imported goods, insurance, freight (CIF), and ad valorem customs duties, for example, in the GCC States of 20%, in addition to a tax due after import of 500 riyals. Customs duties and taxes are deducted as follows:  <math>56000 - 500 = 55500</math>  <math>55500 + 1.20 = 46250</math> (sum represents value CIF)</p>
<b>IV/C/1/D</b>	<p>The Customs Value does not include profits and other payments from the purchaser to the seller, which are not related to the imported goods, such as dividends paid to shareholders that are not directly related to the imported goods. A distinction must be made between dividends and returns, as the returns are a portion owed to the seller directly or indirectly as a result of a resale, disposal, or use of the imported goods and must be added to the value of the goods.</p>
<b>IV/C/1/E</b>	<p>The proceeds of financial financing for the purchase of imported goods, provided by the seller, the bank, or any other person, shall not be included in the Customs Value, provided:</p> <ol style="list-style-type: none"> <li>1. That these interests are separated from the price actually paid or payable for the imported goods.</li> <li>2. The financial agreement shall be in writing.</li> <li>3. That the purchaser can prove that the goods are actually sold at the declared price, which is the price actually paid or payable.</li> <li>4. The financing interest rate shall not exceed the prevailing rate in the country in which the financing was provided in connection with that transaction.</li> </ol>

<b>IV/C/1/F</b>	The value for customs purposes does not include the costs of activities carried out by the purchaser on its account, save as the activities whose cost may be settled under Paragraph (IV/B), even if they are of interest to the seller. These activities include, for example: marketing studies and research, advertising, preparing showrooms, and participating in trade exhibitions.
<b>IV/C/2</b>	The financial balances with the seller in favor of the importer, included in the price actually paid or payable for the goods under valuation as compensation for a previous consignment or commercial transaction. They are settled far from the consignment under valuation as they are balances for previous shipments. Refer to the example in paragraph (I/5) of this Annex.
<b>V/A</b>	<p>1. The Customs Value is the transaction value of identical goods that have been previously accepted as Customs Value in accordance with the provisions of Paragraph (Fourth) of this Article, on the ground that those identical goods were sold for export to one of the GCC States, on or near to the date on which the goods under valuation were issued, from the same manufacturer, at the same commercial standard as the importer, and the same quantities of the imported goods under valuation.</p> <p>2. If such a value is not available, the transaction value of the identical goods shall be used in order of priority according to the following:</p> <ul style="list-style-type: none"> <li>a. From the same manufacturer, in different quantities and/or commercial level.</li> <li>b. From a different manufacturing company, in the same quantities and/or at the same commercial standard.</li> <li>c. From a different manufacturer, in different quantities and/or at a different commercial standard.</li> </ul> <p>3. "Importer's Commercial Level" means the form of activity carried on by the importer, for example: wholesale, retail, or personal consumption.</p> <p>4. If there is a difference between the goods under valuation and the identical goods in terms of quantities, commercial level and costs referred to in Paragraph (IV/B/1) of this Article, the corresponding transaction value shall be adjusted to take into account those differences, whether this results in an increase or decrease and on the basis of conclusive evidence that clearly demonstrates the reasonableness and accuracy of the adjustments, such as an approved price list that includes values showing different levels or different quantities.</p> <p>Example: If the imported goods under valuation consist of 10 pieces, and the only identical goods for which the transaction value is available includes 500 pieces, and there is a price list from the seller abroad that includes different prices according to the quantities, in this case, the adjustment can be made by referring to that price list, and applying the appropriate price according to the quantity of the imported goods under valuation, and the transaction for the identical goods does not have to be made in quantities of 10 pieces, as long as there is a valid price list based on sales in other quantities. However, if such an objective procedure does not exist, it is not appropriate to</p>

	<p>determine the Customs Value under the provisions of the Transactions Value on identical goods.</p> <p>5. If, when applying this Paragraph, there is more than one transaction value for identical goods sold at the same commercial level, in the same quantities and under the same selling conditions (in terms of payment method: cash or deferred), (and in terms of the condition of the goods when selling: first production line goods, or “stocks” goods such as leftovers of production lines, factory liquidation, end-of-season sales, etc.). Then the lowest of these values are taken into consideration.</p>
V/B	<p>The Customs Value shall be deemed the transaction value of similar goods, which were previously accepted as Customs Value in accordance with the provisions of Paragraph (IV) of this Article, on the basis that those similar goods were sold for export to one of the GCC States, on or near to the date on which the goods under valuation were issued. From the same manufacturer, at the same commercial level as the importer, and the same quantities of the imported goods under valuation.</p> <p>If such value is not available, the transaction value of similar goods shall be used in order of priority according to the following:</p> <ol style="list-style-type: none"> <li>From the same manufacturer, in different quantities and/or commercial level.</li> <li>From a different manufacturing company, in the same quantities and/or at the same commercial level.</li> <li>From a different manufacturer, in different quantities and/or at a different commercial level.</li> </ol> <p>The “Importer's Commercial Level” means any activity of the importer in the country of import: wholesale, retail, or consumer.</p> <p>If there is a difference between the goods under valuation and the similar goods in terms of quantities, commercial level and costs referred to in Paragraph (IV/B/1) of this Article, the corresponding transaction value shall be adjusted to take into account those differences, whether this results in an increase or decrease and on the basis of conclusive evidence that clearly demonstrates the reasonableness and accuracy of the adjustments, such as an approved price list that includes values showing different levels or different quantities.</p> <p>Example: If the imported goods under valuation consist of 10 pieces, and the only identical goods for which the transaction value is available includes 500 pieces, and there is a price list from the seller abroad that includes different prices according to the quantities, in this case, the adjustment can be made by referring to that price list, and applying the appropriate price according to the quantity of the imported goods under valuation, and the transaction for the similar goods does not have to be made in quantities of 10 pieces, as long as there is a valid price list based on sales in other quantities. However, if such an objective procedure does not exist, it is not appropriate to determine the Customs Value under the provisions of the Transactions Value on identical goods.</p>



	5. If, when applying this Paragraph, there is more than one transaction value for similar goods sold at the same commercial level, in the same quantities and under the same selling conditions (in terms of payment method: cash or deferred), (and in terms of the condition of the goods when selling: first production line goods, or “stocks” goods such as leftovers of production lines, factory liquidation, end-of-season sales, etc.). Then the lowest of these values are taken into consideration.																														
VI/1	<p>1. If a number of units of the same imported goods or of identical or similar goods are sold in different quantities, then the unit price shall be the price at which the largest number of units were sold.</p> <p>Example (1): Goods are sold based on a price list that includes discounted unit prices for bulk purchases. The following resulted:</p> <table><tr><th><u>Sold Quantity</u></th><th><u>Units</u></th><th><u>Unit Price in SAR</u></th><th><u>No. of Sales</u></th><th><u>Total Quantity Sold at One Price</u></th></tr><tr><td>1-10 Units</td><td>100</td><td></td><td>10 sales of 5 units</td><td>65</td></tr><tr><td></td><td></td><td></td><td>5 sales of 3 units</td><td></td></tr><tr><td>11-25 Units</td><td>95</td><td></td><td>5 sales of 11 units</td><td>55</td></tr><tr><td>Above 25 Units</td><td>25</td><td>90</td><td>1 sale of 30 units</td><td>80</td></tr><tr><td></td><td></td><td></td><td>1 sale of 50 units</td><td></td></tr></table>	<u>Sold Quantity</u>	<u>Units</u>	<u>Unit Price in SAR</u>	<u>No. of Sales</u>	<u>Total Quantity Sold at One Price</u>	1-10 Units	100		10 sales of 5 units	65				5 sales of 3 units		11-25 Units	95		5 sales of 11 units	55	Above 25 Units	25	90	1 sale of 30 units	80				1 sale of 50 units	
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	<p>In this case, the quantity of (80) pieces is the largest total quantity sold at one price, which is (90) riyals. Therefore, the “unit price for the largest total quantity” is (90) Riyals.</p> <p>Example (2): Two sales were made to two unrelated persons, the first of which consisted of (500) units sold at (95) riyals per unit, while the second sale consisted of (400) units sold at (90) Riyals per unit.</p> <p>In this case, the largest number of units sold at a certain price in this example is (500), so the unit price for the largest total quantity sold is (95) Riyals.</p> <p>Example (3): The following quantities are sold to unrelated persons at different prices, as shown below: -</p> <table><tr><th>* Sales:</th><th><u>Sold (Unit)</u></th><th><u>Quantities</u></th><th><u>Unit (SAR)</u></th><th><u>Price</u></th></tr><tr><td></td><td>40</td><td></td><td>100</td><td></td></tr></table>	* Sales:	<u>Sold (Unit)</u>	<u>Quantities</u>	<u>Unit (SAR)</u>	<u>Price</u>		40		100																					
* Sales:	<u>Sold (Unit)</u>	<u>Quantities</u>	<u>Unit (SAR)</u>	<u>Price</u>																											
	40		100																												



	30	90
	15	100
	50	95
	25	105
	35	90
	5	100
	<b>Totals:</b>	<b><u>Total Quantities Sold at</u>   <u>Unit</u>   <u>Price</u></b>
	<b>(SAR)</b>	<b><u>one Price</u>   <u>(SAR)</u></b>
	65	90
	50	95
	60	100
	25	105
	In this case, the largest total quantity sold at a certain price in this example is (65) units, so the unit price for the largest total quantity is (90) Riyals.	
<b>VI/1/A</b>	<p>1. In the event that the ownership of the goods under valuation belongs to the seller or exporter outside the GCC States, and is sold on the basis of a proxy or agency commission, that "commission" shall be deducted: being and which is usually due or due from the seller to the importer in consideration of the costs incurred by it against the goods it locally sells.</p> <p>2. If the goods under valuation are sold for the benefit of the importer, who works for its own account, then "general profits and expenses" are deducted: they are the profits and general expenses added by the importer to the sale price in the local market, unless they are not close and consistent with the amount of profits and expenses commonly added during sales transactions in the GCC States for goods of the same class or type as the goods under valuation, imported from the same country or from other countries. Where that normal amount is deducted based on the appropriate information from a source other than the importer.</p> <p>3. The amount of profits and the amount of general expenses must be to be considered as a single amount in the aggregate. One of the two quantities may be inconsistent with the same in a particular industry, but as long as their total sum is consistent with the usual sum of 'profits and general expenses', then it should be used. This amount to be deducted must be determined based on the information provided by or on behalf of the importer. The general expenses include the direct and indirect costs of marketing the relevant goods.</p> <p>4. Goods of the same class or type: Goods that fall within a</p>	

	group or circle of goods produced by a particular industry or industrial sector, including, but not limited to, identical goods and similar imported goods, whether from the same country of production or export of the goods under valuation or from another country. The determination of whether certain goods are of the same class or type depends on a case-by-case basis with reference to the circumstances surrounding the goods.
<b>VII/3</b>	<p>1. There may be instances in which, despite the loss of the identity of the imported goods, the value added as a result of processing or manufacturing can be accurately determined without unreasonable difficulties. Provided that this is based on objective and quantitative information pertaining to the cost of this work. It is also based on accepted manufacturing formulas, descriptions, construction methods, and other industry practices.</p> <p>2. On the other hand, there may also be instances in which the imported goods retain their identity, but are a minor component of the goods sold in the country of import, so that the use of this method of evaluation is not justified. In view of this, each instance should be considered on a case-by-case basis.</p>
<b>VII/1</b>	As a general rule, the Customs Value under this Article shall be determined premised on the information readily available in the GCC States. It may be necessary, when using the value calculated on the basis (VII), to examine the costs of producing the goods whose value is being determined and other information that must be obtained from outside the GCC States. In general, the use of the Calculated Value Method is restricted to cases where the purchaser and seller are related, and the producer is ready to provide Customs with the necessary information pertaining to the cost, and provides facilities for carrying out any verification that may be required subsequently.
<b>VII/1/A</b>	<p>1. The "Cost or Value" referred to in this Paragraph shall be determined based on the information relating to the production of the goods under valuation, provided by or on behalf of the same producer, consistent with GAAP in the country of export. If such information is available from another source, the Customs must notify the importer, upon its request, of the information to be used and its source, subject to confidentiality in accordance with Paragraph (First/3) of this Article.</p> <p>2. The Cost or Value referred to in this Paragraph shall include:</p> <p>(a) The costs of the items outlined in Paragraphs (IV/B/1/(2) and (3)) of this Article.</p> <p>(b) The costs of the items outlined in (IV/B/1/4) of this Article, distributed proportionally according to the provisions of Paragraph (IV/B/1/4) of this Explanatory Annex. Taking into account that the costs of the items stated in Paragraph (IV/B/1/4/D), which are implemented in the GCC States, are not included in the Customs Value within the cost of materials, except to the extent that the producer bears in obtaining these items. In no case, calculation of the value of the items referred to in this Paragraph may be repeated.</p>
<b>VII/1/B</b>	1. The amount of profit and general expenses should be taken in the aggregate. If the profits of a product are low, and its general expenses are high, then combining them together as a

	<p>whole can be consistent with the profit and general expenses which are usually reflected in the sales of goods of the same class or type.</p> <p>1. When the figures given by the producer for profit and general expenses do not match the figures usually reflected in sales of goods of the same class or type of goods being valued, produced by producers in the exporting country for export to the GCC States, in which case, the determination may be based on the amount of profit and general expenses premised on objective data, by virtue of Paragraph (II/11) of this Article, other than those provided by the producer of goods or those provided in its name.</p> <p>2. The general expenses referred to in Paragraph (Seventh/1/B) of this Article shall cover all direct and indirect costs of producing and selling goods for export that are not included in Paragraph (Seventh/1/A) of this Article.</p> <p>4. When determining the regular profits and general expenses in accordance with the provisions of Paragraph (Seventh/1/B) of this Article, the narrowest group or circle of goods of the same class or type shall be searched to include sales of identical or similar goods produced in the same country of production of the goods that their value is being determined, and those sold for export to the GCC States, including the goods whose value is being determined, and whether certain goods are of the same class or type as other goods, in each case separately, with reference to the surrounding circumstances.</p>
VIII/A	<p>This Paragraph does not give a specific method for valuation, but rather requires that the Customs Value be determined according to the following:</p> <ol style="list-style-type: none"> <li>1. Using reasonable means or methods.</li> <li>2. Be consistent with or consistent with the general principles and provisions of the Customs Value Agreement, and with Article 7 of the GATT 1994.</li> <li>3. Based on the data available in the country of import.</li> </ol> <p><b><u>1. Determining the value using Reasonable Means</u></b></p> <p>The Customs Value must be established according to the provisions of this Paragraph, to the maximum extent possible in accordance with the bases for determining the Customs Value previously contained in Paragraphs (IV) to (VII), with a reasonable degree of flexibility in application, in line with the objectives and provisions of the Value Agreement. Failing to determine the Customs Value using these bases, then the Customs Value may be determined using other reasonable methods provided that:</p> <ol style="list-style-type: none"> <li>1. That these methods are not prohibited in pursuance with Paragraph (VIII/B).</li> <li>2. Those methods shall be consistent and compliant with the general principles and provisions of the Value Agreement.</li> </ol> <p><b>Example:</b></p> <p>A consignment received for a device that was rented for a specific period, i.e., for a period of three years (representing the shelf life of the device) at a monthly rent of SAR (2000). An identical or similar device has not been previously imported, and it was not possible to determine the Customs Value of that device according to the bases contained in Paragraphs (IV- VII).</p>

	<p>In order to determine the Customs Value of the device, it shall be taken into account that there is no sale to apply the transaction value, and no identical or similar device has been previously imported and this device has not been resold in the GCC States, and there is no information about the cost of producing that device. Accordingly, the Customs Value cannot be determined according to Paragraphs (IV- VII) even in its flexible form. However, there is a reasonable means that can be used under Paragraph (Eighth), which is to use of the full rental fees, which may represent the shelf life of the device (36 months x 2000 = SAR 72000) as a Customs Value.</p> <p><b><u>2. General Principles of Customs Value Agreement:</u></b></p> <ul style="list-style-type: none"> <li>a. Reliance, to the maximum extent possible, on the transaction value of the imported goods.</li> <li>b. A unified value system.</li> <li>c. Simple and fair criteria.</li> <li>d. Clear and neutral.</li> <li>e. Be consistent with commercial practices.</li> </ul> <p><b><u>3. Data available in the country of export:</u></b></p> <p>Where the data is available from a foreign source, this will not in itself preclude the use of such data for the purposes of determining the Value under Paragraph (VIII) of this Article, but as long as correct and accurate information is available in the GCC States, then it should be used.</p>
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## **Section II**

### **Temporary Admission**

Based on the provisions of Articles (89) to (94) of the Common Customs Law of the GCC States, temporary admission shall be subject to the following conditions and procedures:

#### **Article (2):**

- (a). The goods mentioned in Articles (89) and (90) herein shall be allowed to be placed under temporary admission for six renewable months with the suspension of the levied customs taxes "duties" as stated in the Rules of implementation.
- (b). The customs taxes "duties" and other taxes "duties", if any, shall be secured by a bank or cash guarantee as circumstances may require and at the discretion of the director general.
- (c). Temporary admission procedure shall be terminated by re-exporting the admitted goods to outside of the state or depositing them into the free zones or customs warehouses or stores or placing them for home consumption and payment of payable customs taxes "duties" according to the procedures prescribed by the director general.

### **Temporary Admission of Heavy Machinery and Equipment**

#### **Article (3)**

- a). Temporary admission of the heavy machinery and equipment, which are not available in the markets and are required for the completion of projects or the conducting of practical and scientific tests relating to those projects, shall be granted for a period of six months renewable for similar periods which shall not exceed three years at the most unless the completion of a project requires a longer period.
- b). For the project to benefit from temporary admission under these rules, it shall be one of the projects completed for favour of the government or an investment project whose completion requires the admission of such machinery and equipment for this purpose.

#### **Article (4)**

- a). Temporary admission shall not be granted to the spare parts, tyres, batteries and other materials that can be consumed in the projects.
- b). The type and description of the admitted piece of machinery or equipment may not be changed unless after obtaining approval from the Customs Administration.
- c). The use of the machinery and equipment shall be limited to the completion of project for which they have been admitted.

#### **Article (5)**

The entity applying for the temporary admission of the machinery and equipment required for the completion of its projects shall:

1. Submit a copy of the contract or agreement made with the governmental body for the account of which the project is being completed.
2. Make a customs declaration according the form approved for temporary admission and state all information and attach the documents required under this Law. The declaration shall be subject to all customs procedures.
3. Submit a bank guarantee or cash deposit equivalent to the amount of the customs taxes "duties" payable on the registration date of customs declaration for placing them under the temporary admission procedure.

### **Temporary Admission of Goods for Finishing and Re-exportation**

#### **Article (6)**

Foreign goods shall be temporarily admitted into the State with the suspension of the customs taxes "duties" levied on them for the purpose of finishing and reexportation within a time period not to exceed a year.

#### **Article (7)**

The director general shall give instructions specifying the conditions to be satisfied for granting temporary admission to the other types of goods mentioned in Article (90) of this Law, provided that the period of temporary admission shall not exceed six months.

### **Temporary Admission of Foreign Vehicles**

#### **Article (8)**

Foreign tourist vehicles (other than those registered in a GCC member state) shall be granted a temporary admission as follows:

1. Six months for the vehicles covered by an International Passage Carnet (IPC).
2. Three months for the vehicles not covered by an International Passage carnet to be renewed for a similar period if the person concerned submits bank guarantees or cash deposit equivalent to the amount of the payable customs taxes 'duties'.

#### **Article (9)**

A). For a vehicle to benefit from the provisions of temporary admission, the following conditions shall be satisfied:

1. The vehicle shall be officially registered in the country licensed in under a document proving the same.
2. The vehicle's licence shall be valid and shall not have export plates.



3. Production of an insurance from an insurance company approved in the State covering its territories during the period of temporary admission.

4. The production of an accredited IPC to secure the customs taxes "duties".

B). In order to benefit from the provisions of these Rules, the following shall be satisfied by the person wishing to obtain temporary admission for his vehicle:

1. He shall be the owner of the vehicle or authorized to drive it under a special authorization issued from the country of registration and duly certified.

2. He shall have a valid residence in the country where the vehicle is registered unless he is a national of that country.

3. He shall have a valid driving licence.

#### **Article (10)**

a. To benefit from the provisions of these Rules, the IPC shall be accepted by the customs administration and its validity shall cover the period of temporary admission of the vehicle.

b. The following procedures shall be followed when a vehicle is admitted under the IPC:

1. The number, date and period of the temporary admission permit shall be recorded on the IPC.

2. The relevant voucher shall be cut out from the carnet at entry and exit.

#### **Article (11)**

Students and those on scholarships (other than the GCC nationals) studying at one of the universities and institutes in the State shall be allowed to renew the period of temporary admission for their vehicles during the period of study or scholarship, provided that the vehicle shall be guaranteed by a valid IPC.

#### **Article (12)**

The customs office shall grant temporary admission to vehicles according to the provisions herein.

#### **Article (13)**

a. The temporary admission permit shall contain all the information relating to the vehicle and the person concerned (i.e. plates No., chassis No., engine No., make and colour of vehicle as well as the name of the person concerned, his nationality and passport number).

b. The procedure of the temporary admission of foreign vehicles shall terminate when the vehicle leaves the country via one of the customs offices or when it is placed in the free zone or when it is cleared for home use with the payment of the due customs taxes "duties" subject to the approval of Customs.

### **Section III**

#### **Re-exportation of the Goods**

Pursuant to the provisions of Article (95) of the GCC Common Customs Law, procedures, conditions and guarantees when re-exporting the foreign goods entering the country shall be as follows:

##### **Article (14)**

Foreign goods, imported into the country without payment of the customs taxes "duties", may be re-exported. Such goods include the following:

1. Imported goods that were not withdrawn from the customs stores.
2. Imported goods, intended to be re-exported, which have been temporarily released against cash or bank guarantees covering the customs taxes "duties" to be submitted within a period not to exceed six months from the date released.
3. Goods imported into the country under the temporary admission procedure whose owners wish to re-export them.
4. Goods deposited at warehouses which is one of the situations for suspension of the customs taxes "duties".

##### **Article (15)**

- a) Re-exportation of the goods shall be under re-export declarations containing all the distinctive elements of the goods; such declarations are made at the discretion of the director general.
- b) The goods may be re-exported by a person other than the importer, subject to the approval of the customs office.
- c) The number of the customs declaration under which the goods have been imported shall be affixed on the re-export declaration. d) The goods shall be subject to the customs inspection and procedures prescribed by the Common Customs Law "Law".

##### **Article (16)**

Pursuant to the provisions of Article (97) of the Common Customs Law of the GCC States, the customs taxes "duties" levied on the foreign goods re-exported to outside of the GCC States shall be refunded (drawn back) according to the following controls:

1. The exporter "re-exporter" shall be the person in whose name the foreign goods were imported or any other person who can definitely prove to the customs administration that he has purchased the goods.
2. The value of the re-exported foreign goods for which the customs taxes "duties" are to be refunded shall not be less than five thousand US dollars (or its equivalent in the local currency).

3. A) The foreign goods “commodity” shall be re-exported within one Gregorian year from the date of payment of the customs taxes “duties” when exported for the first time from the GCC States. B) The claim for drawback shall be made within six Gregorian months from the date of re-exportation.

4. The foreign goods to be re-exported shall be of a single consignment for ease of identification and matching with the importation documents; however, a single consignment may be re-exported in part shipments once it is definitely proven for the customs administration that such shipments constitute a part of the same consignment.

5. The claim for drawback shall be for foreign goods that were not locally used after importation from outside of the GCC States and at the same condition when imported.

6. Drawback shall be limited to the customs taxes “duties” that were actually paid on the imported foreign goods.

7. The customs taxes “duties” shall be refunded after re-exportation of the foreign goods and verification of all the documents required for re-exportation.

8. The approved unified “single” customs declaration shall be used for re-exportation of the goods, whose customs taxes “duties” are to be refunded, to outside of the GCC states.

9. These controls shall be implemented immediately upon the application of the single point of entry and the common collection and allotment of the customs taxes “duties” levied on the foreign goods.

10. These controls shall be reviewed after three years of application or whenever necessary at the request of any member State, and the Financial and Economic Cooperation Committee has the right to interpret and amend these controls.

11. These controls shall have priority of application upon contradiction with the laws, regulations and procedures in force in any member State.

#### **Article (17)**

a) Means of land transport carrying re-exported goods shall be subject to the provisions relating to the customs sealing and security of covering (canvas), ropes and the other provisions applicable to transit.

b) Goods shall be re-exported within the prescribed period.

c) Customs taxes “duties” levied on the goods to be re-exported shall be secured by cash or bank guarantees.

#### **Article (18)**

Re-export declarations shall be discharged and settled and their guarantees shall be released upon submission of one of the following evidences:

1. A copy of the re-export declaration sealed and signed by the competent customs officer at the customs office of exit proving that the goods have left the country.
2. A copy of the re-export declaration sealed and signed by the competent customs officer indicating that the goods have entered the free zone.
3. A discharge certificate approved by the competent authorities at the country of destination certifying that the re-exported goods have been imported into it.

## **Section IV**

### **Exemption of Personal Effects and Gifts Accompanying the Passengers**

Pursuant to the provisions of Article 103(b) of the GCC Common Customs Law, the conditions and controls for exempting the personal effects and gifts accompanying the passengers shall be as follows:

#### **Article (19)**

Personal effects and gifts accompanying the passengers whose value does not exceed (3000) Saudi riyals or its equivalent value in one of the other GCC currencies shall be exempted from the customs taxes "duties".

#### **Article (20)**

The following requirements shall be satisfied to qualify to this exemption:

1. Effects and gifts shall be of a personal nature and in noncommercial quantities.
2. The passenger shall not be a frequent traveler through the customs office or a trafficker of the items in his possession.
3. The number of cigarettes subject to exemption shall not exceed 400 (four hundred) cigarettes.

#### **Article (21)**

Personal effects and gifts benefiting from the exemption referred to in Articles (18) and (19) of these Rules shall be subject to the provisions of prohibition and restriction set forth in the GCC Common Customs Law and the national legislation of each Member State.

## **Section V**

### **Exempting the Imports of the Philanthropic Societies (Charities) from the Customs Taxes "duties"**

According to the provisions of Article (104) of the Common Customs Law of the Cooperation Council for the Arab States of the Gulf, the conditions and controls for exempting the imports of the charities from the customs taxes "duties" shall be as follows:

#### **Article (22):**

a) The charity benefiting from exemption shall be registered with the competent authority in the State and the purpose for establishing it shall be to provide services in the humane, social, educational, scientific or religious fields or any other charitable purpose not being a profitable one.

b) Societies with political purposes shall not benefit from exemption from the customs taxes 'duties'.

**Article (23):**

To benefit from exemption from the customs taxes "duties", imports of the charities shall:

1. Be of a nature suitable for the purposes and activity it performs according to its Articles of Incorporation.
2. The volume and quantity of the imports to be exempted shall be proportional to the actual needs that enable it to perform its charitable activity.
3. Such imports shall be directly imported in the name of the charity.

**Article (24):**

a) The charity may not dispose of the exempted imports for purposes other than those for which they have been exempted and the management of the charity shall be held responsible for that vis-à-vis Customs.

b) Should the charity wish to sell the consumed or used materials and supplies that were exempted from customs taxes "duties", it shall apply in writing to the customs administration to obtain approval of the sale after conducting the necessary inspection thereof.

**Article (25):**

The competent government authority shall address the customs administration for exempting the imports of charities from the customs taxes "duties" on a case by case basis.

**Section VI**

**Goods Subject to the Provisions of the Customs Zone and the Conditions of Transport Therein**

Pursuant to the provisions of Article (121) of the GCC Common Customs Law, goods subject to the provisions of customs zone shall be treated as follows:

**Article (26):**

Goods subject to the provisions of the customs zone shall be accompanied with a transport authorization issued by the customs office indicating the following:

1. Name of the person concerned.

2. The distinguishing elements of the goods such as type, number, weight, origin and value.
3. Name, type and number of the means of transport and the name of its driver.
4. The place of transporting the good and its destination.

**Article (27):**

A) Possession of goods within the customs zone shall be prohibited except at the places specified by the customs office.

B) Normal requirements of goods which can be possessed within the customs zone for consumption purposes shall be specified by a decision of the customs administration.

**Article (28):**

The illegal transportation of the goods that are subject to the provisions of customs zone or possession or circulation thereof within the customs zone shall be deemed as smuggling.

**Section VII**

**Fines Imposed on the Customs Offences**

Without prejudice to the provisions of Articles (142, 143, 144) and pursuant to the provision of Article (141) of the Common Customs Law, the rules for imposing fines on the customs offences shall be as follows:

**Article (29):**

A fine not exceeding twice the amount of the customs taxes "duties" and not less than their equivalent amount on the following offences:

1. The customs declaration (exportation, re-exportation) that could lead to benefiting from drawback or finalization of the temporary admission procedure for temporarily admitted goods without a legal ground.
2. The unjustified increase/decrease of the goods compared to that stated in the manifest.
3. The use of the materials subject to exemption or to reduced customs tariff for purposes other than those for which they have been imported or replacing, selling or disposing them without the approval of the customs administration and the payment of the customs taxes "duties" imposed under Articles (99, 100 and 104) of the Common Customs Law and the provisions of these Regulations.
4. Disposition of the goods on which the customs taxes "duties" have been suspended for purposes other than those for which they have been imported or replacing them without the approval of the customs administration and the payment of the customs taxes "duties".



5. Drawback of or the attempt to redeem the customs taxes "duties".

**Article (30):**

A fine not less than five hundred Saudi riyals (SR 500) and not exceeding five thousand riyals (SR 5000) or its equivalent in the other currencies of the GCC States on the following offences:

1. Improper customs declarations that may lead to evading any condition or restriction relating to import or export.

2. Improper customs declaration in respect to value, type, number, weight, measurement or origin that may lead to the loss of the customs taxes 'duties' through misdeclaration according to the provisions of Article (47) of this law.

3. Alteration of the routes specified in the transit declaration without the consent of the Administration according to the provisions of Article (71) of this law.

4. The lack of the manifest of the goods or the availability of more than one manifest for the goods according to the provisions of Articles 30 (a), 36 (a) and (38) of this law.

5. Submission of the required certificates for the discharge and settlement of the transit, temporary admission or reexport declarations in contravention to the conditions prescribed by the director general under the provisions of Article (68) of this law.

6. Contravention of the rules and conditions prescribed by the director general for depositing the goods at the warehouses according to the provisions of Articles (74, 75) of this law.

7. Anchorage of vessels, landing of aircrafts or stopping of other means of transport at places other than those prescribed by the Administration according to the provisions of Articles (20, 21, 22, 37) of the Law" law".

8. Departure of vessels, aircrafts and other means of transport from the ports or the customs boundary without authorization from the customs administration according to the provisions of Article (41) of this law.

9. Transfer of goods from one means of transport to another without the consent of the Administration according to the provisions of Articles (32, 45) of this law.

10. Unloading of goods from vessels and other means of transport or withdrawing the goods without authorization from the Customs Administration or in the absence of the customs officers or outside the office hours prescribed according to the provisions of Articles (32, 40, 45) of this law.

11. Impeding the customs officers from carrying out their duties and exercising their right of inspection, auditing and reviewing according to the provisions of Section XIII of this law. This fine shall be imposed on every individual involved in the offence.

12. Failure to keep records, documents and the like for the period prescribed in Articles (115, 127) of this law.

13. Breaking the sealing or removing the customs seals from goods.

**Article (31):**

A fine not less than five hundred Saudi riyals (SR 500) but not exceeding one thousand riyals (SR 1000) or its equivalent in the other currencies of the GCC States on the following offences:

1. Non-submission of the manifest or the other documents at importation or exportation as well as delaying the submission of the manifest or the other documents beyond the prescribed time according to the provisions of Articles (30, 36, 39, and 41) of this law.
2. Not having the manifest endorsed by the customs authorities at the port of shipping in the cases so requiring according to the provisions of Article (31) of this law.
3. Declaring several sealed packages combined in any way in the manifest or the like document as being a single package according to the provisions of Article (44) of the Law, subject to the instructions given by the director general in respect of the containers, pallets and trailers.
4. Neglecting to mention some necessary information in the manifest or the like document.
5. The postal import of closed parcels or boxes not bearing the approved labels in contradiction to the provisions of the Arab and international postal agreements and the national legislations according to the provisions of Article (43) of this law.
6. Any other contravention to the provisions of the ministerial resolutions and the instructions issued under this "law".

**Article (32):**

A fine amounting to two hundred Saudi riyals (SR 200) or its equivalent in the currencies of the other GCC States for each day of delay provided that the fine shall not exceed half the price of the goods; this applies to the offences of delaying the production of the transit goods or re-exportation to the customs office through which the goods will leave or to the customs office to which the goods are dispatched after expiry of the period prescribed in the customs declarations.

**Article (33):**

A fine amounting to two hundred Saudi riyals (SR 200) or its equivalent in the currencies of the other GCC States for each day of delay of the public transport vehicles and taxis entering the country provided that such fine shall not exceed one thousand Saudi riyals (SR 1000) or its equivalent in the currencies of the other GCC States.

**Article (34):**

A fine amounting to one thousand Saudi riyals (SR 1000) or its equivalent in the currencies of the other GCC States for each week of delay or a fraction of the week provided that the fine shall not exceed twenty percent (20%) of the value of the goods, for the offences of delaying re-exportation of the temporarily admitted goods beyond the period prescribed in the customs declarations. In respect of the tourist cars, these shall be subject to a fine of twenty Saudi riyals (SR 20) or its equivalent in the currencies of the other GCC States for each day of delay provided that the fine shall not exceed ten percent (10%) of the price of the tourist car after expiry of the period prescribed in the temporary admission license.



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