

Rules of Implementation
Of
The GCC Common Customs Law
CHAPTER (I)
Value of goods for customs purposes
Pursuant to the provisions of Article (26) of the GCC Common
Customs

Law, the Value of Goods for Customs Purposes shall be determined as follows:

Article (1)

Principles for determining the Value for Customs Purposes as set forth in the Rules of Implementation of the GCC Common customs Law

I. General Provisions

1. The importer has the right to withdraw his goods upon submitting sufficient guarantee in form of bank or cash deposit, bank guarantee, surety or mortgaged property of equivalent value covering the assessed customs taxes “duties”, if it is found that the final determination of the customs value is delayed.
2. The importer or any person liable for payment of the customs duties can object and appeal against the assessment of customs value, without penalty, as following:
 - a. At the administration level:
 - i. Director, customs port,
 - ii. Valuation adjudication committee
 - b. An independent judiciary body
3. The information, confidential or provided on a confidential basis for purposes of customs valuation, shall, be treated as strictly confidential, and may not be disclosed except to the extent required to be disclosed in the context of judicial proceedings.
4. If the declared value is stated in a foreign currency, it should be converted to the domestic currency on the basis of exchange rate announced in bulletins issued by the competent agencies. The

registration date of customs declaration shall be the date provided for currency exchange rate.

5. In determining the customs value of the imported goods, no discounts or deductions made after the date of importation in the payable or actually paid price will be considered. Also, no credit balances pertaining to previous consignments will be considered at the date of customs declaration registration of the goods being valued at the customs offices.

6. This Article does not contain any provision that implies restrictions to or doubt in, the right of the Customs to undertake whatever is necessary to ascertain the validity or accuracy of any statement, document or undertaking submitted to the customs for valuation purposes.

7. (A) If accounting information is required to be utilized for determining the customs value for purpose of applying the provisions of the Clauses IV to VIII of this Article, such information shall be utilized in a manner consistent with generally accepted accounting principles in the GCC countries when applying the Article in question.

(B) The customs may not refuse information prepared according to the generally accepted accounting principles, and submitted by the importer, buyer or producer in connection with the valuation of goods, on the grounds of accounting principles used.

8. Taking into account provisions of the Clause IV.B of this Article, and in determining the customs value of the information carrier media such as the magnetic tapes or the like, containing data or computer software recorded thereon, the value shall be assessed on the basis of value of such media only without determining the value of information recorded thereon.

9. Upon written request, the importer has the right to an explanation in writing from the customs administration as how the customs value of the imported goods was determined.

II. Definitions:

-Taking into account the text of Article 2 of the GCC Common Customs Law, and for the purpose of implementing this Article to

determine the value for customs purposes, the following words and expressions mean:

1. "Price

actually paid or payable" means the total payment made or to be made by the buyer or under his knowledge, to or for the benefit of the seller for the imported goods. The payment need not necessarily take the form of a transfer of money. The payment may be made by way of letters of credit or negotiable instruments. Payment may be made directly or indirectly such as settlement by the buyer, in whole or in part, of a debt owed by the seller.

2. "Imported goods being valued" means the goods being valued for customs purposes.

3. "Packing costs" means the cost of all containers (excluding instruments of international traffic) and coverings of whatever nature and of packing, whether for labor or material, used in packing the for shipment to the GCC States.

4. "Produced" includes grown, manufactured, mined (raw material), the services, or intellectual products.

5. "Related persons" means:

(1) legally recognized partners in business;

(2) officers or directors of one another"s business;

(3) employer and employee;

(4) a ny person directly or indirectly owns, controls or holds five percent or more of the outstanding voting stock or shares of both ofthem;

(5) one of them directly or indirectly supervises or controls the other;

3 (6) both of them are directly or indirectly supervised or controlled by a third person;

(7) together they directly or indirectly control a third person; or

(8) Members of the same family.

6. "Identical goods" means goods that are the same in all respects, including physical characteristics, quality and trade reputation to, and

produced in the same country and by the same person as, the goods being valued. Minor differences in appearance that are ineffective in the value, would not preclude goods which otherwise conform to the definition, from being considered as identical goods. If identical goods produced by the same person cannot be found, goods identical in all respects to, and produced by another person, may be treated as identical goods. "Identical goods" do not include the goods that incorporate or reflect any engineering, development, artwork, design work, plan or sketch undertaken in the GCC States, that are not included in settlements of the transaction value according to the Clause IV.B.1.iv.(d) of this Article.

7. "Similar goods" means the goods produced in the same country and by the same producing person, although not alike in all respects, as the goods being valued, in characteristics, component materials and capability of performing the same functions, and commercially interchangeable with the goods being valued. The quality of the goods, their trade reputation, and existence of a trademark will be factors considered to determine whether the goods are similar. If similar goods produced by the same person cannot be found, goods produced in the same country as, but not produced by the same person, which are like the goods being valued in characteristics and component materials, and are commercially interchangeable with the goods being valued, may be treated as "similar goods".

"Similagoods" do not include the goods that incorporate or reflect any engineering, development, artwork, design work, plan or sketch undertaken in the GCC States, that are not included in settlements of the transaction value according to the Clause IV.B.1.iv.(d) of this Article.

8. "Unit price in greatest aggregate quantity" means the price at

which goods are sold in greatest aggregate quantity that is enough to determining unit price in transactions of sale to persons who are not related to the persons from whom they buy such goods, at the first commercial level after importation in the application of any of the Clause VI.

9. "Goods of same class or kind" means the goods which fall within a group or range of goods produced by a particular industry or industrial sector, including but not limited to, identical or similar goods.

10. "Generally Accepted Accounting Principles" means the recognized consensus or substantial authoritative support, at a particular time, regarding the following:

- (1) resources and obligations that should be recorded as assets and liabilities;
- (2) changes in assets and liabilities that should be recorded;
- (3) how the assets and liabilities, and changes in them should be measured;
- (4) what information should be disclosed and how it should be disclosed; and
- (5) which financial statements should be prepared.

11. "Objective Data" means the information that helps in verifying the following:

- (1) an amount added according to Clause IV (b) of this Article to the price actually paid or payable;
- (2) any adjustment according to Clause V of this Article;
- (3) an amount deducted according to Clause VI of this Article considered as being profit or general expenses, or value arising from further processing; and
- (4) an amount added according to Clause VII of this Article considered as being a profit or general expenses.

III. Methods of Customs Valuation:

A. Imported goods will be valued on the basis, and in the order, of the following:

- (1) The transaction value provided for in Clause IV;
- (2) The transaction value of identical goods provided for in Clause

V (a), if the transaction value cannot be determined according to Clause IV;

(3) The transaction value of similar goods provided for in Clause V (b), if the transaction value of identical goods cannot be determined

;

(4) The deductive value provided for in Clause VI, if the transaction

value of similar goods cannot be determined;

(5) The computed value provided for in Clause VII, if the deductive value cannot be determined; or

(6) The flexible method provided for in Clause VIII, if the computed value cannot be computed.

B. The importer may request application of the computed value method before the deductive value method. Such request must be made at the time of submitting the Customs Declaration to the customs port.

If the importer makes the request, but the value of the imported goods cannot be determined using the computed value method, the goods will be valued using the deductive value method if it is possible to do so. If it is found impossible, the value will be determined according to Clause VIII.

IV. Transaction value of the goods being valued:

A. The customs value of the goods imported to the GCC States shall be the transaction value i.e., the price actually paid or payable when the goods are sold for export to the GCC States, according to the provisions of Clause (B) under this method, and subject to the following conditions:

1. that there are no restrictions as to the disposition or use of the imported goods by the buyer, other than the restrictions provided for in the GCC Common Customs Law, restrictions that limit the geographical area in which the goods may be resold; or the 5 restrictions that do not substantially affect the value of the goods;

2. that the sale or price is not subject to some condition or consideration for which a value cannot be determined with respect to the goods being valued;
3. that no part of the proceeds of any subsequent resale, disposal or use of the goods by the buyer will accrue directly or indirectly to the seller, unless an appropriate adjustment can be made according to the provision of Clause (B) under this method;
4. that the buyer and seller are not related according to Clause II.5 of this Article, or where the buyer and seller are related, that the transaction value is acceptable for customs purposes according to the provisions of Clause (A) under this method, if any of the following conditions is met:
 - a. if an examination of the circumstances surrounding the sale demonstrates that the relationship between the buyer and the seller did not influence the price actually paid or payable; or
 - b. if the transaction value of the imported goods closely approximates to one of the test values noted below:
 - i. a transaction value of identical or similar goods in sales to unrelated buyers at the GCC States;
 - ii. a customs value of identical or similar goods as determined under the Clause VI: Deductive Value;
 - iii. a customs value of identical or similar goods as determined under the Clause VII: Computed Value

When applying Clause IV.A.4.b, the difference adjustment will be taken into account if existed between the declared value and the test value, based on objective data provided by the buyer or available to the customs according Clause II.11 taking into account Clause IV.B. of this Article. These test values may not be used as a substitute value.

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

1. In determining the customs value according to this Clause IV, the following costs will be added to the extent incurred by the importer but are not included in the price actually paid or payable for the imported goods:
 - i. commissions and brokerage, except buying commission;

ii. the cost of the containers which are treated as being one for customs purposes with the goods in question;
iii. the cost of packing whether for labor or materials;
iv. the value of the following goods and services (assists) provided by the buyer, directly or indirectly, free of charge or at a reduced cost, for its use in the production of the imported goods and sale thereof for export to the GCC States, provided that such value is properly apportioned:

(a) materials, components, parts and similar items used in production of the imported goods;

(b) tools, dies, molds and similar items used in production of the imported goods;

(c) materials consumed in production of the imported goods;
And

(d) engineering, development, artwork, design work, and plans and sketches undertaken elsewhere than the GCC States, and necessary for the production of the imported goods.

v. royalty and license fees related to the goods being valued that the buyer must pay, either directly or indirectly, as a condition of sale of the goods being valued, to the extent that such royalties and fees are not included in the price actually paid or payable;

vi. the value of any part of the proceeds from any subsequent resale, disposal or use of the imported goods that accrues directly or indirectly to the seller;

vii. the cost of transport of the imported goods to the port or place of importation;

and

viii. loading, unloading, handling and insurance costs associated with the transport of the imported goods to the port or place of importation.

2. No additions shall be made to the price actually paid or payable except according to the provisions of Clause IV.B. of this Article.

Any addition must be made only on the basis of objective and

quantifiable data, i.e., on the basis of facts supported by actual figure without personal interpretation taking into account Clause II.11 of this Article. Otherwise, arriving at the transaction value will not be considered feasible under this method.

C. Exclusions from the transaction value:

The value for customs purposes shall not include the following costs and amounts provided that they are identified separately from the price actually paid or payable:

1. Post importation costs, such as:

a. charges for construction, erection, assembly, maintenance or technical assistance, undertaken after importation of goods to the GCC States;

b. transportation, loading, unloading, handling and insurance charges of the imported goods after importation;

c. customs duties or any other taxes levied on the imported goods after importation to the GCC States;

d. dividends or other payments from the buyer to the seller that do not relate to the imported goods;

e. interest that might have accrued on the basis of a financial agreement concluded by the buyer for purchasing the imported goods;

f. activities undertaken by the buyer on his own account;

2. credit balances with the buyer in favor of the importer;

3. amounts of export subsidy that might be provided by some countries for exportation of some goods; and

4. any anti-dumping amounts when goods are sold at dumped prices

7(i.e., less than the cost), since the dumping must be treated according to the Anti-Dumping Agreement.

D. If it is found that there are reasonable grounds to doubt validity of the submitted documents or the data contained therein, the importer should be notified in writing, upon his request, of such grounds, and will be given sufficient time, to be specified by the customs port, to provide response. If he does not provide evidence acceptable to the customs port within such period, and

the customs value could not be determined according to the provisions of Clause IV of this Article, the value must then be determined according to the methods specified in Clauses V to VIII sequentially until a customs value according to a practical method is established.

V. The transaction value of Identical and Similar Goods:

A. the transaction value of identical goods already accepted as a transaction value according to Clause IV of this Article, sold for export to the GCC States at or about the same date as the export of the goods being valued, at the same commercial level and quantity of the imported goods being valued. Where no such value is found, the transaction value of identical goods sold at a different commercial level and/or in different quantities, adjusted to take account of differences attributable to commercial level and/or to quantity shall be used based on objective data and demonstrated evidence which establishes reasonableness of the adjustment according to Clause II.11. of this Article, whether the adjustment leads to an increase or decrease in the value, taking into consideration the difference in the costs mentioned in the Clauses IV.B.1. of this Article. If more than one transaction value for identical goods is found, the lowest of such values shall be used as the customs value for the goods being valued, according to Clause V.A. of the Interpretative Annex;

B. the transaction value of similar goods already accepted as a transaction value according to Clause IV of this Article, sold for export to the GCC States at or about the same date as the export of the goods being valued, at the same commercial level and quantity of the imported goods being valued. Where no such value is found, the transaction value of similar goods sold at a different commercial level and/or in different quantities, adjusted to take account of differences attributable to commercial level and/or to quantity, based on objective data and demonstrated evidence which establishes reasonableness of the adjustment according to Clause II.11., whether the adjustment leads to

an increase or decrease in the value, taking into account the difference in the costs mentioned in Clauses IV.B.1. of this Article. If more than one transaction value for similar goods is found, the lowest of such values shall be used as the customs value for the goods being valued, according to Clause V.B. of the Interpretative Annex.VI. Deductive Value:

1. The customs value shall be based on the unit price at which the imported goods or identical or similar goods are sold at the first commercial level, in the GCC States' local market, in the same condition as imported, at the greatest aggregate quantity according to Clause II.8, at or about the time of the importation of the goods being valued, to non-related persons according to Clause II.5 of this Article, but with excluding the sale of the goods incorporating in production any of the assists mentioned in Clause IV.B.1.iv of this Article, subject to deductions for the following:

a. either the commissions (usually paid or agreed to be paid), or the additions usually made for profit and general expenses in the GCC States for goods of the same class or kind;

b. the usual costs of transport and insurance after importation and associated costs in the GCC States, provided that such costs are not included as general expenses according to Clause (a) above;

c. customs taxes "duties", other taxes or Zakat payable in the GCC States by reason of importation or local sale of the goods, taking into account that such taxes and Zakat shall not be deducted according to this Clause in case the importer records them within the general expenses mentioned in Clause (a) of this method.

2. If neither the goods being valued nor identical nor similar imported goods are sold at or about the time of importation of the goods being valued, the customs value, taking into account the provisions of Clause 1 of this method, will be based on the unit price at which the imported goods or identical or similar goods are sold in quantities sufficient for determination of the unit price at the first commercial level, in the GCC States' local market, in the condition as imported at the earliest date

after the importation of the goods being valued but before the expiration of ninety days after such importation.

3. If neither imported goods nor identical nor similar imported goods are sold in the GCC States' local market in the condition as imported, then, if the importer so requests, the customs value, shall be based on the unit price at which the imported goods, after further processing, unless--their identity is lost, are sold at the greatest aggregate quantity, between unrelated persons according to the definition in Clause II.5 of this Article, due allowance being made for the value added by such processing, and the deductions provided for in Clause 1 of this method.

VII. Computed Value:

1. If the customs value could not be determined according to Clause VI of this Article, or in case the importer requested application of the computed value before the deductive value according to Clause III (B) of this Article, the customs value, according to the provisions of this Clause, shall be based on the computed value. The computed value shall consist of the sum of:

- (a) the cost or value of materials and fabrication or other processing employed in producing the imported goods;
- (b) an amount for profit and general expenses equal to that usually reflected in sales of goods of the same class or kind as the goods being valued which are made by other producers in the same country of exportation for export to the GCC States;
- (c) the charges and costs listed in the Clauses IV.B.1. (7) and (8) of this Article.

2. Any person resident outside the GCC States shall not be required to produce for examination, or to allow access to, any account or other record for the purposes of determining a computed value. However, the customs administration may verify the information supplied by the producer of imported goods for the purposes of determining the customs value under the provisions of this Article in another country, with agreement of the producer, provided a sufficient advance notice is given to the government of

the country where the investigation is to take place, and the government does not object to it.

VIII. Flexible Method:

(a) If the customs value of the imported goods cannot be determined under the forgoing methods mentioned in Clauses IV through VIII of this Article, the provisions of the same Clauses shall be applied once again sequentially with reasonable flexibility, until the customs value according to the first possible method is arrived at.

(b) If the customs value could not be arrived at by applying those methods even flexibly, reasonable methods not inconsistent with the principles and general provisions of the Customs Valuation Agreement (CVA), the Article VII of the GATT 1994, on the basis of data available anywhere in the GCC States may be applied. However, no customs value shall be determined on the basis of the following:

- i . the selling price in the GCC States of goods produced therein;
- ii . the higher of the alternative values;
- iii . the price of goods in the domestic market of the country of exportation;
- iv . the production costs other than the computed value determined under provisions of the Clause VII of this Article;
- v . the price of goods for export to a country other than the GCC States;
- vi . arbitrary or fictitious values; or
- vii . minimum customs values.

(c) Upon request, the importer has the right to be informed in writing of the methods adopted for determining the customs value according to provisions of this Clause. This clarification will only cover the goods being appraised, and will not serve as a reference with regard to appraisal of any other goods imported through the same or other port of entry. This procedure is only intended for information purposes, and does not affect or replace procedure of objection and appeal provided for in this Clause.

IX. The following Interpretative Annex is to be considered as an integral part of this Article.

Interpretative Annex

Article Interpretative Notes

I.5 No credit balances pertaining to previous consignments will be considered when determining the value of the goods being valued.

Example : An importer receives a shipment of TVs for SR10,000. The invoice shows SR9,000 as price of the TVs, and a balance of SR1,000. The importer stated that the balance of SR1,000 is given to him as 13 price actually paid or payable.

2. If the assists were provided by the importer (buyer) free of charge to the producer (manufacturer) directly or indirectly.

3. If the assists were provided at a reduced cost, the addition shall be only apportioned to the amount reduced by the importer (buyer).

4. If the assists were used in production of the goods being valued.

B. Determining value of assists:

If cost of assists is to be added to the transaction value of the goods being valued, or to be used as a component of the computed value, the value of the assists and transportation costs thereof, to the production place of the goods being valued, including non-refundable duties and taxes, shall be determined and apportioned to the price of the goods in the following manner:

1. If the assists consist of materials, components, parts or similar items incorporated in the imported goods, or goods consumed in production of the imported goods, acquired by the buyer from an unrelated seller, the value of the assists is cost of its acquisition. If the assist was produced by the buyer or a person related to the buyer, the value would be the cost of its production.

2. If the assist consists of tools, dies, molds, or similar items used in the production of the imported goods, acquired by the buyer from an unrelated seller, the value of the assist is the cost of its

production. If the assist has been used previously, the original cost of acquisition or production will be adjusted to reflect its use before its value could be determined. If the assist was leased by the importer from an unrelated person, the value of the assist would be the cost of the lease.

Repairs or modifications to an assists may increase its value.

Example 1

An importer of the GCC states supplied detailed designs required for the goods manufacturing, to a foreign producer. The Saudi importer bought the designs from an engineering company in the GCC States for providing to the foreign producer.

Question: Should the customs value of the goods include the value of the assist?

Answer

: No, design work undertaken in the GCC States may not be added to the price actually paid or payable.

Example 2

An importer of the GCC states supplied molds free of charge to foreign producer (exporter).

The molds were necessary to manufacture goods for the GCC importer. The GCC importer had some molds 14 manufactured in a GCC State and others manufactured outside GCC States.

Question

: Should the customs value of the goods include the value of the molds?

Answer : Yes. The value of the molds must be added to the transaction value whether manufactured in or out of the GCC States.

C. Apportionment of the value of assists:

The apportionment of the value of assists to imported goods will be made in a reasonable manner appropriate to the circumstances and according to generally accepted accounting principles. The method of apportionment will depend upon the documentation submitted by the importer.

If the entire anticipated production using the assist, for example, is for exportation to the country of importation, the total value may be apportioned applying one of the following methods:

1. the first shipment, if the importer wishes to pay duty on the entire value of the assist at once,
2. the number of units produced up to the time of first shipment,
3. the entire anticipated production of the assist, if definite Contracts or undertakings exist regarding to such production,
4. any other method of apportionment requested by the importer according to generally accepted accounting principles, or
5. if the imported goods are only a part of the production, or if the assist is used in several countries, the method of apportionment will depend upon the documentation submitted by the importer.

Example:

An importer provides the producer with a mold to be used in production of the imported goods, and contracts to buy 10,000 units. By the time of arrival of the first shipment of 1,000 units, the producer has already produced 4,000 units.

In this case, the importer may request the customs to apportion the value over 1,000, 4,000, 10,000 units, or any other figure which conforms to generally accepted accounting principles.

IV.B.1.v. 1. Fees or amounts paid by the importer for use of royalties and license fees, may include, among other things, payments in respect to patents, trademarks and copyrights, and shall be added to the customs value.

2. The price actually paid or payable for the imported goods being valued shall not include the charges for right of reproduction. It relates to the following goods: originals or copies of artistic or scientific works, originals or copies of models and industrial drawings, model machines and 15 prototypes, and plants and animal species.

3. The payments made by the buyer for the right to distribute

or resell the imported goods shall not be added to the price actually paid or payable if such payments are not a condition for the sale to export the imported goods to the GCC States.

4. If the royalty is based partially on the imported goods and partially on other factors which have nothing to do with the imported goods (such as when the royalty cannot be distinguished from special financial arrangements between the buyer and the seller), the customs value cannot be determined according to the transaction value method specified in the Clause IV of this Article.

5. If the royalty, however, is based only on the imported goods and can readily be quantified, an addition to the price actually paid or payable shall be made.

IV.C.1.c. How to exclude the ad valorem customs duties and any other taxes:

Example:

If the price actually paid or payable is SR56,000 inclusive of the value of the imported goods, insurance and freight (CIF), plus an ad valorem duty reaching for example in the GCC States to 20%, in addition to a post importation payable tax of SR500.

The customs duties and taxes shall be excluded as following:
56,000

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500 = 55,500

$55,500 / 1.20 = 46,250$ (The outcome represents CIF.)

IV.C.1.d. Dividends or other payments from the buyer to the seller, which do not relate to the imported goods, will not be added to the customs value, such as the dividends of the shares paid to the shareholders, which are not directly related to the imported goods. Share dividends must be distinguished from the proceeds since the proceeds represent a part of the proceeds due to the seller from any subsequent resale, disposal or use of the imported goods that accrues directly or indirectly to the seller, which must be added to the value of the

goods.

IV.C1.e The interest on financing provided by the seller, a bank or any other person, for buying the imported goods, shall not be included in the customs value, provided:

1. that such interest is separated from the price actually paid or payable for the imported goods;
2. that the financial agreement is concluded in writing;
3. that the buyer can prove that the goods is really sold at the price declared, i.e., the price actually paid or payable; and
- 4.

that the financing interest rate does not exceed the prevalen

t rate of the country where the financing was extended regarding such transaction.

IV.C.1.f.

The activities undertaken by the buyer on his own account other than those for which an adjustment provided in Clause 16

IV.B, even if beneficial to the seller, inclu
de for example

studies, market researches, publicity and advertisement, preparation of showrooms, and participation in the commercial exhibitions.

IV.C.2.

Credit balances with the seller in favor of the importer, included in the price actually paid or paya
ble for the goods

being valued, as compensation for a previous consignment or business transaction. Since balance adjustment for previous consignments must be settled separately from the consignment being valued, refer to the Example in I.5 of this Annex.

V.A.

1. The customs value will be the transaction value of identical goods already accepted as transaction value under Clause

IV of this Article, on the basis that such identical goods were sold for export to a GCC State, as of or about, the same date as t

he export of the goods being valued, from the same manufacturer, at the same commercial level of the importer, and same quantity of the goods being valued.

2. Where no such value is found, the transaction of identical goods according following priorities will be used:

a. from the same manufacturer, in different quantities and/or commercial level;

b. from a different manufacturer, in the same quantities and/or same commercial level;

c. from a different manufacturer, in different quantities and/or commercial level;

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3. The commercial level means form of dealing exercised by the importer, i.e., wholesale, retail or self

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consumption.

4. If there is difference in the goods being valued and the identical goods in the quantities, commercial level and costs mentio

ned in Clause IV.B.1. of this Article, the

transaction value of identical goods shall be adjusted to take account of such differences, whether the adjustment leads to an increase or decrease in the value, based on demonstrated evidence which establishes re

asonableness and accuracy of the adjustment, such as authorized price lists containing values reflecting different levels or quantities.

Example

:

If the imported goods being valued consist of 10 pieces, and the only identical goods for which a transaction value exists involved 500 pieces, and if a price list from the foreign seller is available that contains different prices according to the quantities, then an adjustment can be reached by referring to that price list, through applying an appropriate value according to the imported goods being valued. This does not require that a transaction of identical goods had to have been made in quantities of 10 as long as the price list has been established as being bona fide through sales at other

17 quantities. In absence of such an objective measure, however, the determination of a customs value under the provisions of the identical goods transaction value is not appropriate.

5. If, in the application of this Article, more than one transaction value for identical goods is found, which were sold at same commercial level, in same quantity and in same sale circumstances (in mode of payment i.e., cash or credit; condition of goods at the time of sale i.e., at first line of production, stocks as backlog of the line of production, factory clearance, or end

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of

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the

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season sales, etc.), then

the lowest of such values shall be used.

V.B

1. The customs value will be the transaction value of similar goods already accepted as transaction value under Clause IV of this Article, on the

basis that such similar goods were

sold for export to a GCC State, as of or about, the same date as the export of the goods being valued, from the same manufacturer, at the same commercial level of the importer, and same quantity of the goods being valued.

2. Where no such value is found, the transaction of similar goods according following priorities will be used:

a. from the same manufacturer, in different quantities and/or commercial level;

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b. from a different manufacturer, in the same quantities and/

or same commercial level;

c. from a different manufacturer, in different quantities and/or commercial level;

3. The commercial level means form of dealing exercised by the importer, i.e., wholesale, retail or self

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consumption.

4. If there is difference in

the goods being valued and the

similar goods in the quantities, commercial level and costs mentioned in Clauses IV.B.1. of this Article, the transaction value of similar goods shall be adjusted to take into account such differences whether the adjustment leads to

an increase or decrease in the value, based on

demonstrated evidence which establishes reasonableness and accuracy of the adjustment, such as authorized price

lists containing values reflecting different levels and quantities;

Example

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If the imported goods being valued consist of 10 pieces, and the only similar goods for which the transaction value exists involved 500 pieces and if a price list from the foreign seller is available that contains different prices according to the quantities then an

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adjustment can be reached by referring to that price list, through applying an appropriate value according to the imported goods being valued. This does not require that a transaction of similar goods had to have been made in quantities of 10 as long as the price list has been

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established as being bona fide through sales at other quantities. In absence of such an objective measure, however, the determination of a customs value under the provisions of the similar goods transaction value is not appropriate.

5.

If, in the application of this Article, more than one transaction value for similar goods is found, which were sold at same commercial level, in same quantity and in same sale circumstances (in mode of payment i.e., cash or credit ; condition of goods at the time of sale i.e., at first line of production, stocks as backlog of the line of production, factory clearance, or end

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season sales,
etc.), then the lowest of such values shall be used.

VI.1.

1. If a number of units of the same imported goods, or of identical or similar goods, have been sold in different quantities, the unit price to be used will be the price at which the greater number of the units is sold.

Example 1

:

Goods are sold based on a price list which grants favorable unit prices for purchases made in larger quantities:

Unit Total

-

-

Sale
quantity
price
(SR)

Number of sales
quantity
sold at
each
price

1

-

10 units 100 10 sales of 5 units
5 sales of 3 units

65

11

-

25 units 95 5 sales of 11 units 55

Over 25

units

90 1 sale of 30 units

1 sale

of 50 units

80

The greatest number of units sold at a price in this example is 80 units sold at a price of SR90. Therefore, the unit price in the greatest aggregate quantity is SR90.

Example 2

:

Two sales to unrelated persons occur. In the first sale, 500 u

nits are sold at a price of SR95 each; in the

second sale, 400 units are sold at a price of SR90 each.

The greatest number of units sold at a price in this example is 500 units sold at a particular price. Therefore, the unit price in the greatest aggregate quantity is 95 ryals.

Example 3:

Various quantities are sold to unrelated

19

persons at various prices:

22

1. such methods are not prohibited under Clause VIII.B;

and

2. such methods are consistent with general principles and provisions of the CVA.

Example

:

A consignment containing an equipment leased for specified period, for instance, of three years (that is the supposed life of the equipment) against a monthly rent of SR2,000, is imported. No identical or similar equipment wa

s previously imported. The customs value of such equipment could not be determined according to the methods specified in Clauses IV to VII.

In order to determine the customs value of the equipment, it should be taken into account that there is no sale to a

pply to the transaction value; no identical or similar equipment was previously imported; the equipment is not resold in the GCC States; and no information on production cost of the equipment is

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available, therefore the customs value can not be determined

ed according to Clauses IV to VII even if in its flexible form. However, there is reasonable method that

can be applied according to Clause VIII, i.e., using total rent representing the supposed life of the equipment (36 months x 2,000 = SR72,000) as the customs value.

2.

General principles of the Customs Valuation Agreement:

- a. Reliance to the greatest extent possible on the transaction value of the imported goods;
- b. Uniform valuation system;
- c. Simple and equitable criteria;
- d. Clear and neutral systems;
- e. Consistent with commercial practices.

3

Data available in the country of importation:

In case of availability of data from a foreign source, utilization of such data for purposes of determining customs value under Clause VIII of this Article is not precluded. So long as correct and accurate information, however is available in the GCC States, it should be used.

CHAPTER (II)

Temporary Admission

Based on the provisions of Articles (89

94) of the Common

Customs Law of the GCC Member 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

23

require and at the discretion of the director general.

(c).

Temporary admission status shall be terminated by reexporting the admitted goods to outside of the state or

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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 the completion of which 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 apply

ing 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 projects being completed; and

-

2.

make a customs declaration according to 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; and

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
24

suspension of the customs taxes "duties" levied on them for the
purpose of finishing and re

-
exportation 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 fore
ign 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); and
2. Three months fo

r 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“.

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Article (9)

A). for a vehicl
e 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; and
2. The vehicle's licence shall be valid an
d shall not have

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

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

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 author
ization issued from the country of
registration and duly certified; and
2. He shall have a valid residence in the country where the
vehicle is registered unless he" is a national of that
country; and
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.

25

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

Article (11)

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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 I
PC.

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. plat
es No.,
chassis No., engine No., make and colour of vehicle a 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.

CHAPTER (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.

26

c) The number of the customs declaration under which the goods have been imported shall be affixed on the reexport 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 Member States, the customs taxes "duties" levied on the foreign goods re

exported to outside of the GCC Member 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"

B) The claim for drawback shall be made within six Gregorian months from the date of re

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exportation.

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4. The foreign goods to be re

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exported shall be of a single
consignment for ease of identification and matching with the
importation documents; however, a single consignment may be
re

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exported in part shipments once it is definite
ly 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 Member
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 reexportation
of the foreign goods and verification of all the
documents required for re

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exportation.

8. The approved unified "single" customs declaration shall be used
for re

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exportation of the goods, whose customs taxes "duties"
are to be refunded, to outside of the GCC Member States.

9. These controls shall be impl
emented 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 neces

sary at the request of a 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

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contradiction with the regulations, procedures and l
aws in force
in any member State.

Article (17)

a) Means of land transport carrying re

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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 b re

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exported within the prescribed
period.

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

Article (18)

Re

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export declarations shall be discharged and settled and their guarantee
s
shall be released upon submission of one of the following evidences:

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1. a copy of the re

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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

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export declaration sealed and signed by the
competent customs officer indicating that the goods have
entered he free zone.

3. a discharge certificate approved by the competent authorities at
the country of destination certifying that the re

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exported go
ods
have been imported into it.

CHAPTER (IV)

**Exemption of personal effects and gifts accompanying the
passengers**

Pursuant to the provisions of Article 103(b) of the GCC Unified 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 non

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commercial 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

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restriction set forth in the GCC Unified Customs Law and the national legislation of each Member State.

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CHAPTER (V)

Exempting the imports of the philanthropic societies

(ch

arities) from the customs taxes "duties"

According to the provisions of Article (140) 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; and

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; and

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

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vis customs.

b) Should the charity wish to sell the consumed or used materials and supplies that were exempted from customs taxes "duties",

the charity shall apply in writing to

the customs administration to

obtain approval of the sale after conducting the necessary inspection thereof.

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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.

CHAPTER (VI)

Goods subject to the provisions of the customs zone and the conditions of transport therein

Pursuant to the provisions of the GCC Common Customs Law, goods subject to the provisions of customs zone shall

all 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

29

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.

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)

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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.

CHAPTER (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 Customs Law and the provisions of these Rules.

4. Disposing 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. Redemption 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 Member 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

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"duties" through misdeclaration

on according to the provisions of Article

(47) of the Law.

31

3. Alteration of the routes specified in the transit declaration without the consent of the Administration according to the provisions of Article (710) of the Law.

4. Non

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presentation 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 the Law.

5. Submission of the required certificates for the discharge and settlement of the transit, temporary admission

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export declarations in

contravention to the conditions prescribed by the director general under the provisions of Article (68) of the 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 the 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

of Articles (20, 21, 22, 37) of the regulation" law".

8. Departure of vessels, aircrafts and other means of transport from the ports or the customs boundary without authorization by the customs

administration according to the provisions of Article (41) of the

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 the 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 the regulation" 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 the Law. This fine shall be imposed on every individual involved in the offence.

12. Not keeping records, documents and the like for the period prescribed in Articles (115, 127) of the 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) and not exceeding one thousand riyals (SR 1000) or its equivalent in the other currencies of the GCC Member States on the following offences:

1. Non

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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 40) of the Law.

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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 (3

1) of the 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 Regulation (Law) subject to the

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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 which is contrary to the provisions of the Arab and international postal agreements and the national legislations according to the provisions of Article (40) of the Law.

6. Any other contravention to the provisions of the ministerial resolutions and the instructions issued under the Law.

Article (32)

A fine amounting to two hundred Saudi riyals (SR 200) or its equivalent in the currencies of the other GCC Member States for each day of delay provided that the fine shall not exceed half the price of the goods; this applies to the offence

s of delaying the production of the transit goods or re

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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 Member 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 Member States.

Article (34)

A fine amounting to one thousand Saudi riyals (SR 1000) or its equivalent in the currencies of the other GCC Member 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 Member 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 licence