

Rules of Implementation of the Unified Customs Regulation “Law” of the Cooperation Council for the Arab States of the Gulf

I. Value of goods for customs purposes

Based on the provisions of Article (26) of the Unified Customs Regulation “Law” of the GCC States, the value of goods for customs purposes shall be according to the following rules and principles:

Article (1)

I. General Provisions:

1. The importer may clear his goods after payment of the customs taxes “duties” under cash deposit, if the final determination of the value is prolonged.
2. The importer may obtain, upon a written request, a written clarification of the method used in determining the customs value of his goods.
3. The importer or any person liable for payment of the customs taxes “duties” may appeal against the determined customs value, without penalty.
4. The confidential information or the information provided on confidential basis for valuation purposes shall be treated as top confidential and may not be disclosed unless within the limit required for court procedures.
5. Freight, insurance and other relevant charges shall be added up to the customs value of the imported goods until arrival to the port of destination in the GCC States.
6. The time of payment of the customs taxes “duties” shall be the time approved for currency exchange rate.
7. In determining the transaction value, no discounts or deductions of the payable or actually paid price shall be considered if such discounts/deductions are made between the buyer and seller after the date of importation of the goods. Also, no credit balances pertaining to previous consignments shall be considered when determining the customs value of the goods being valued.

8. The Valuation Agreement shall be the reference for the interpretation and application of the present article.

ii. Bases of Customs Valuation:

Imported goods are valued according to the following bases:

1. The first basis for determining the value for customs purposes is the transaction value of the imported goods.
2. If the customs value can not be determined according to the first basis above, it shall be determined by the sequential application of the following alternative methods:
 - a. Transaction value of identical goods
 - b. Transaction value of similar goods
 - c. Deductive value
 - d. Computed value
3. If the customs value cannot be determined under the above methods, it shall be determined by application of reasonable methods that conform to the general principles and provisions of the Valuation Agreement, but with more flexibility.
4. The importer may request that "Deductive value" and "Computed value" be applied in reverse sequence.

First Method: Transaction Value of the Goods Being Valued.

Transaction value is the price actually paid or to be paid against the sale of the goods for export to GCC States, mutatis mutandis.

I: Conditions of the transaction value:

The transaction must satisfy the following conditions:

1. that there are no restrictions applicable to the disposition or use of the imported goods by the buyer, other than the restrictions imposed by law in the GCC States, or those which specify the geographical area within which the goods may be resold, or those which do not substantially affect the value of the goods;
2. The sales price is not subject to any condition or compensation whose value can not be determined;
3. that the seller is not entitled to any part of the proceeds of the resale, disposition or use of the goods by the importer as a subsequent stage, directly or indirectly, unless a proper adjustment, based on objective and quantitative data, can be made; and

4. that no relationship , if any, shall exist between the seller and buyer which affects the transaction value according to the provisions of paragraph (23) of Article (2) of this regulation “law”.

II: Adjustments to the transaction value:

When necessary, the following shall be added to the price actually paid or to be paid:

1. The costs borne by the buyer to the extent they are not included in the price actually paid or to be paid;
 - a. amounts of commission and brokerage, excluding the purchasing commission,
 - b. cost of the containers that are treated for customs purposes as one unit along with the goods under assessment, and
 - c. packing cost, whether for labor or material
2. An appropriate percentage of the costs of the following goods and services provided by the buyer, directly or indirectly, free or at a reduced cost, against its use in production of the imported goods, if it was not included in the price paid or to be paid, as per the following:
 - a. materials, parts, components 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 works, designs, studies, graphs, drawings and similar items necessary for production of the imported goods and done in a country other than the GCC States.
3. license and royalty fees relating to the imported goods under assessment that must be paid by the importer (buyer), directly or indirectly, as a condition of sale of the goods being valued if not included in the price actually paid or payable, and
4. Value of any part of the proceeds from any subsequent sale, disposition or use of the imported goods, payable to the seller directly or indirectly.

III. The amounts related to the items mentioned in paragraphs 1 and 2 above shall be included based on objective and quantifiable data.

Second Method: Transaction Value of Identical Goods

Transaction value of the identical goods sold for export to the GCC States and exported at or about the same time as the export of the goods being valued. At the time of its application, the transaction value of identical goods in a sale at the same commercial level and quantity shall be used.

In case such a transaction is not found, the transaction value of identical goods sold at a different commercial level or different quantity, adjusted for the difference, shall be used. In case such a transaction is not found, the transaction value of identical goods sold at a different commercial level or different quantity adjusted for the difference shall be used.

If more than one transaction value for identical goods is found, the lowest of such values shall be used for determining the customs value for the imported goods.

Third Method: Transaction Value of Similar Goods

Transaction value of the similar goods sold for export to the GCC States and exported at or about the same time as the export of the goods being valued. At the time of its application, the transaction value of similar goods in a sale at the same commercial level and quantity shall be used.

In case such a transaction is not found, the transaction value of similar goods sold at a different commercial level or different quantity, adjusted for the difference, shall be used

When there is more than one transaction value of similar goods, the lowest value will be used as the customs value of the imported goods.

Fourth Method: Deductive Value

The customs value will be determined according to the unit price at which the goods being were sold , or identical goods, or similar goods (in the same condition as imported), in the earliest sale in the Kingdom, in the local market, at the greatest aggregate (wholesale) quantity at or about the time the goods being valued are imported but before the elapse of 90 days from importation of the goods being valued, to non-related persons, provided that the following costs and expenses, incurred after arrival of the goods at the port of destination in the GCC States, shall be deducted:

1. Commissions usually paid or payable or additions usually added to allow for profit and general expenses in connection with the imported goods of the same class or kind sold in the Kingdom;
2. Local transportation and insurance costs and other related costs;
3. Customs taxes (duties).

If the imported goods, identical goods or similar goods, are not sold in the local market in the same condition as imported, the customs value shall be based, if requested by the importer, on the unit price at which the imported goods are sold, after processing and finishing, at the greatest aggregate quantity to non-related persons in the GCC States, along with making the appropriate deductions for the added value for such processing in addition to the deductions provided for in paragraphs (1), (2) and (3) of this method.

Fifth Method: Computed Value

Computed value is the sum of the various costs incurred in the country of origin of the goods which includes the following:

1. Cost or value of materials and fabrication or other processing employed in producing the imported goods;
2. an amount for profit and general expenses equal to that usually reflected in the sales of goods of the same class or kind as the goods being valued which are made by producers in the country of exportation for export to the GCC States;
3. The costs listed in II b. of the first method, if not included in (1) or (2) above, and the cost of packing.

Flexible Valuation Methods

If the customs value of the imported goods cannot be determined under the foregoing methods, the customs value shall be determined by reasonable methods that are in line with the general principles and provisions of the Valuation Agreement by referring once again to those five methods, but with more reasonable flexibility of application.

Imported goods may not be valued on the basis of:

1. The selling price in the GCC States of goods produced in the GCC States;
2. The selling price of the goods in the local market of the country of exportation;
3. Minimum, arbitrary or fictitious values;
4. Production costs different from the computed value defined in the fifth method

5. The price of goods for export to a country other than the GCC States;
or
6. A system which provides for the acceptance, for customs purposes, of the higher of two alternative values.

II. Temporary Admission

Based on the provisions of Articles (89 – 94) of the Unified Customs Regulation “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 status 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 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 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 projects being completed; and
- 2. make a customs declaration according the form approved for temporary admission and state all information and attach the documents required under this regulation "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 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 Regulation "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); and
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; and
2. The vehicle's licence shall be valid and 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 "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; 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.
 2. The relevant coupon 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 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.

III. Re-exportation of the Goods

Pursuant to the provisions of Article (91) of the GCC Unified 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 month 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 Unified Customs regulation “Law’.

Article (16):

Pursuant to the provisions of Article (97) of the Unified Customs Regulation “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”

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 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 contradiction with the regulations, procedures and laws 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.

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

V. Exempting the imports of the philanthropic societies (charities) from he customs taxes “duties”.

According to the provisions of Article (140) of the Unified Customs Regulation “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-à-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.

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.

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

Pursuant to the provisions of the GCC unified Customs Regulation "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.

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.

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 Unified Customs Regulation “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 Regulation "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 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 the Regulation "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 the regulation "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 the Regulation "Law".
5. Submission of the required certificates for the discharge and settlement of the transit, temporary admission or re-export declarations in contravention to the conditions prescribed by the director general under the provisions of Article (68) of the regulation "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 regulation "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 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 regulation "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 Regulation "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 Regulation "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 Regulation "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 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 40) of the Regulation "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 the Regulation "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 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 Regulation "Law".
6. Any other contravention to the provisions of the ministerial resolutions and the instructions issued under the Regulation "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 licence.

Explanatory Notes To the Unified Customs Regulation “Law” Of the Cooperation Council for the Arab States of the Gulf

Explanatory Notes To the Unified Customs Regulation “Law” Of the Cooperation Council for the Arab States of the Gulf

The GCC Unified Customs Regulation “Law” ,which was prepared by a technical committee of the GCC member States, has been laid down to meet the provisions relating to the customs affairs and regulate the relationship between customs and the public. The Regulation “Law” contains provisions and procedures for the importation, exportation and transit of goods through the territories of the GCC States. This Regulation “Law” also clarifies the rights of the employees of those administrations.

This Regulation “Law” aims at protecting the society through the control of the entry and exit of individuals, goods and means of transport.

This Regulation “Law” falls into 17 sections comprising 179 articles and is deemed the legal instrument regulating the duties of the customs offices and specifying the areas subject to customs control, the nature of the customs procedures at the land, marine and air ports and the postal customs offices as well applied to the various customs transactions such as importation, exportation, temporary admission, re-exportation and transit. It is the instrument by which the customs tariff is applied and the customs taxes “duties” are levied on the imported goods. All these regulations support the trend to make the GCC States an international market, encourage their national industries and projects and extend the scope of their transactions and increase their exports.

This Regulation “Law” also contains provisions specifying the stages of the clearance of the goods, exemption from customs taxes “duties”, conditions of the temporary admission of the goods without payment of the customs taxes “duties”, the documents to be produced to customs for the clearance of the goods in

addition to the provisions governing the establishment of the free zones and duty-free shops and controlling the activity of the customs clearing agents (brokers) and the conditions of obtaining the licences for practising the customs clearance job and treatment of the customs offences and smuggling matters.

This regulation "Law" employs the latest customs regulations and laws of the GCC States and the Arab States in addition to the privacy of the GCC States and the nature of the role of customs therein, and the WTO Agreement as well as the WCO Conventions.

The Unified Customs Regulation "Law" of the GCC states was adopted in the 20th Session of the Supreme Council held in Riyadh, Kingdom of Saudi Arabia in December 1999 and was agreed to implement it as a reference Regulation "Law" for one year from the date adopted and that it would be reviewed in the light of the comments received by the Secretariat General from the member States in an attempt to have it obligatory implemented by all customs administrations of the member States by 2000.

Due to the completion of the requirements of implementation and the review of the comments of the member States and finalizing the preparation of the explanatory notes and Rules of Implementation thereof, the Secretariat General proposed in the 21st Session of the Supreme Council that the reference implementation should be extended for one more year and the Supreme Council, in its 21st Session held in Manama, Bahrain in December 2000, decided to extend the reference implementation for one more year provided that it would be obligatory implemented by all customs administrations of the GCC States in January 2002.

The objective of having a unified customs regulation "Law" of the GCC States is to unify customs procedures in all customs administrations of the GCC States and contribute to the enhancement of cooperation in the customs field and regulate the relationship between these administrations and the community of traders in the GCC States so as to ensure unification of the customs procedures in all the GCC States. This regulation "Law" regulates the relationship between the customs administrations and the other governmental administrations in the member States and supports the trade exchange between them and the other foreign countries which is one of the bases of the customs union of the GCC States.

Section (I)

Definitions and General Provisions

This Section deals with the definition of this regulation as the “Unified Customs Regulation “Law” of the Cooperation Council for the Arab States of the Gulf” and contains definitions of the terms provided for therein. It provides that the provisions of this regulation “Law” shall apply to the territories subject to the sovereignty of the State and its territorial waters and allows the establishment of free zones thereon and that all goods entering or leaving the State shall be subject to the provisions of this regulation “Law”.

Article (5) entitles the customs administration to exercise its powers in the customs offices and the customs zone and within the extent of its lands and territorial waters subject to the conditions set forth in this regulation “Law”.

As regards the setting up and the cancellation of the customs offices, this shall be issued by a decision of the competent minister to whom the customs administration reports, and the same applies to the designation of the competences and office hours of the customs offices.

Article (8) provides that customs procedures shall be carried out only in the customs offices; these procedures mean those applied when the goods enter the customs office. This Article excludes the cases prescribed by the director general through application of the provision of Article (53) of the unified Regulation “Law”.

Section (II)

Provisions for Application of the Customs tariff

This Section contains the principles of application of the customs tariff as follows:

Article (9) provides that goods entering the State shall be subject to the taxes “duties” stated in the customs tariff and to the other taxes and fees excluding those goods excluded under the provisions of this Regulation “Law” or under the GCC Unified Economic Agreement or any other international agreement through mutual coordination among the GCC States.

The objective of limiting the exclusion from the customs Taxes “duties” to the cases covered by this Article is the setting up of the customs union among the GCC States which is based on a single point of entry and the common collection of the customs Taxes “duties” vis-à-vis the external world.

Article (10) provides for the bases for levying the taxes “duties” which could be *ad valorem* (a percentage of the value of the goods for customs purposes) or *specific* (a lump sum for each unit of the goods such as weight, number, volume, measurement or the other specifications of the goods).

This Article also provides that the customs taxes “duties” could be ad valorem and specific at one time which is based on combining both the ad valorem and specific categories for one type of goods.

Article (11) provides that the imposition, amendment or cancellation of the customs taxes “duties” shall be made according to the legal instrument and the legal and constitutional practices of each State subject to the resolutions issued by the Council in this connection and to the provisions of the international agreements in force.

The other Articles of this Section deal with the subjection of the goods to the customs taxes “duties” from the registration date of the customs declaration and the provisions of the customs taxes “duties” relating to the clearance of the goods whose deposit period at the warehouses has elapsed and taking out these goods from the free zones and duty-free shops and the tariff to be applied to the smuggled goods or those damaged.

Section III

Prohibition and Restriction

This Section requires the importers to submit a customs declaration for any goods imported into or exported from the country. This declaration shall be the official document produced to the customs along with all the other documents relating to the goods provided that the declared goods shall be presented to the nearest customs office at the point of entry (land, sea or air). The Section also provides that anchorage of the marine means of carriage shall be according to the conditions and situations set forth in Articles (20, 21).

Article (22) deals with the arriving and departing aircrafts and the conditions of landing and takeoff according to the provisions of this Article.

Article (23) limits the entry or exit of the land means of transport to those areas within the country where customs offices exist, and Article (24) stipulates that the customs administration shall apply the conditions and procedures prohibiting the entry, exit or passage of the prohibited goods or the goods contravening this Regulation “Law” or any other Regulation “Law” or resolution.

Section IV

The Distinguishing Elements of the Goods

This Section provides clarification and description of the distinguishing elements of the goods (origin, value, type) and stipulates that imported goods shall be subject to the proof of origin according to the rules agreed on within the framework of the international and regional economic organizations. The provision of Article (26) of the regulation “Law” and the provision of Article (1) of the Rules of Implementation are in line with the provisions of the WTO Valuation Agreement where calculation of the value of goods for customs purposes is determined according to the provisions and principles prescribed in detail in the Rules of Implementation of the Regulation “Law”.

Article (27) specifies the documents to be attached with the customs declaration and the nature of these documents and the treatment of the cases where the importer fails to submit such documents to customs, whereas Article (28) provides that the value of the exported goods shall be their value prevailing at the time of registering the customs declaration plus all charges incurred until arrival of the goods to the customs office. Article (29) provides that the goods that are not mentioned in the customs tariff nomenclature and the explanatory notes thereof shall be classified according to the classification advice issued by the World Customs Organization which the approved body in respect to the international classification. However, goods falling under national subheadings of the customs tariff beyond six digits are classified within the framework of the GCC as the unified Customs Tariff for the Classification and Coding of Commodities is in line with the Harmonized System in force.

Section (V)

Importation and Exportation

This Section covers the Articles (30 to 46) of the Regulation “Law” which contain provisions of importation and exportation such as the rules, practices and procedures to be followed- at importation and exportation- by the carriers of the goods through the air, land and sea means of transportation or by post, and the documents to be produced to the customs authorities and the times of producing and the details to be contained in these documents and the controls to be observed by carriers at loading and unloading and the extent of their responsibility for the goods they carry when such goods traverse the borders of the State.

Article (46) of this Section provides an important element of facilitation of the customs operations which is the use of the modern technology media in the Electronic Data Interchange for the clearance of the goods according to the rules prescribed by the minister or the competent authority.

Section (VI)

Stages of the Customs Clearance

This Section elucidates in detail the stages of the customs clearance beginning with the lodgment of the customs declaration according to the forms approved within the frame of the Council and that the director general is empowered to specify the documents to be attached with the customs declarations and the details to be contained therein and the clearance cases without production of such documents gains cash or bank guarantees or undertakings according to the conditions prescribed by the director general. The regulation "Law" permits the owners of goods or their representatives to examine their goods prior to the lodgment of the customs declaration and to have access to the customs declarations and documents to which no other persons can have access except the competent judicial and official authorities.

Articles (52 to 59) deal with the right of the competent customs officer to inspect the goods wholly or partially on a case-by-case basis according to practices in force, the inspection procedures, the movement of goods and the presence of the owner of the goods during the inspection and the right of the administration to open the packages and make analysis (tests) of the goods, the discrepancy cases and the missing (incomplete) documents stating the description and specifications of the goods and the right of the administration to re-inspect the goods and the other relevant matters.

Article (60) tackles the declaration and inspection, at the customs offices, of the passengers accompanied luggage and belongings according to the practices and rules prescribed by the director general.

Article (61) discusses the formation of valuation committee composed of the administration's employees under a resolution issued by the director general. Such committee is specialized in the settlement of the disputes arising between the customs office and the importers concerning the valuation of the imported goods and the committee may seek assistance of experts according to the measures and procedures provided for in Article (26) of this regulation "Law" without prejudice of the importer's right to appeal before the court.

Article (62) deals with the disputes between the customs officer and the owner of the goods concerning the valuation of the goods and provides that the dispute shall be referred to the director general for settlement or to the Valuation Settlement Committee. This article also provides for the right of the director to release the goods against the guarantees provided for in this Article and the conditions thereof.

Articles (63 to 66) deal with the payment of the customs taxes "duties" and the other charges and the release of the goods according to the rules and conditions prescribed by the director general.

Section VII

The cases where the customs taxes “duties” are suspended and Drawback

This Section deals with cases where the goods could be released and moved from one place to another in the country without payment of the customs taxes “duties”; these are known as the cases where the customs taxes “duties” are suspended. The Section also deals with the *Drawback* (a system under which the paid the customs taxes “duties” can be refunded when the goods leave the country according to the following provisions and rules:

1. The release of the goods against submitting cash or bank guarantees in an amount equivalent to the customs taxes “duties” according to the instructions of the director general. Such guarantees shall be released upon presentation of the discharge certificates.
2. When the goods transit the territories of the GCC States according to the provisions of the international regulations and agreements in force such as the Transit Agreement of the Arab States and according to the specified routes and at the responsibility of the carrier as instructed by the director general. The routes and conditions of transport shall be prescribed by a resolution of the minister or the competent authority.
3. The placement of the goods inside the warehouses of the customs office according to the conditions and rules prescribed by the director general.
4. The free zones and duty-free shops set up by the legal instrument of each State; the rules, conditions and customs procedures thereof are to be prescribed under a resolution by the minister or the competent authority subject to the enhanced control thereof.

Article (80) designates the goods prohibited from entering the free zones and duty-free shops and Article (83) provides that goods may not be moved from one free zone to another unless in accordance with the regulations in force, whereas Article (85) provides that the goods taken out from the free zone into the country shall be treated as foreign goods.

Article (87) holds the Administration of the free zone responsible for the offences committed by its employees.

Articles (89 to 94) deals with the cases where the goods not imported for home markets can be temporarily admitted and then re-exported from the country upon completion of the purposes and expiry of the legal duration of time for their stay in the country.

These Articles also refer to the temporary admission of tourist vehicles under the Temporary Admission System subject to the international agreements made in this connection.

Article (97) deals with the cases where the customs taxes “duties” levied on the foreign goods are wholly or partially refunded (drawback) at re-exportation according to the conditions set forth in the Rules of Implementation.

Section VIII

Exemptions

This Section contains provisions for the exemption from the customs taxes “duties” (Articles 98 to 106). Exemption covers the following commodities and items:

1. The commodities exempted in the Unified Customs Tariff of the GCC States.
2. The commodities imported for the diplomatic and consular bodies and the international organizations, the heads and members of the diplomatic and consular missions approved by the country according to the international agreements, laws and practices in force subject to the reciprocity principle and subject to the provisions of Article (100) concerning the conditions and procedures relating to the goods exempted under Article (99) of this Regulation “Law”.
3. Imports by all sectors of the Armed Forces and the Internal Security Forces such as ammunition, arms,...etc.
4. The personal effects and used household appliances belonging to the citizens residing abroad or those brought with the foreigners (expatriates) upon their first arrival for residence in the country according to the conditions prescribed by the director general.
5. Personal effects and gifts brought by passengers according to the conditions of the Rules of Implementation.
6. Imports of the philanthropic societies (Charities) according to the conditions set forth in the Rules of Implementation of this Regulation “Law”.
7. The cases provided for in Article (105) exempted from the customs taxes “duties” such as the returned goods of national origin that were exported to outside of the country as well as the foreign goods returned to the country which are proved to have been previously re-exported to outside of the country and the goods temporarily exported for completion of processing or repair.

Section IX

Service Charges

Article (107) provides that the goods placed in the yards and warehouses belonging to the customs office shall be subject to the storage, handling and insurance charges and the fees of the other services required for the storage and inspection of the goods according to the specified rates. However, In no case shall the storage charge exceed half the estimated value of the goods, in the event such warehouses are managed by other entities, these fees shall be collected according to the provisions and rates prescribed in this respect. This Article permits the collection of charges for the sealing and analysis (testing) of the goods and all the other rendered services and that the services mentioned in this Article and the conditions of collection shall be prescribed by a resolution to be issued by the minister or the competent authority.

Section X

Customs Brokers

This section defines the customs broker and his capacity (Article 108) and Article (109) entitles the natural and legal nationals of the GCC States the right to exercise this profession (activity) after obtaining the necessary licence from the Administration.

Section XI

The rights and duties of the Customs officers of the Administration

This section outlines two important aspects of the nature of the job of the customs officers; the security aspect which is to prevent the entry of the smuggled goods and contraband into the country via the customs ports and the economic aspect being to collect the customs taxes "duties". The section regulates the rights and duties of the officers of the Administration and the incentives given to them and this Regulation "Law" entitles them the power of judicial arrest. The section does also permit the customs officers to carry guns provided that such officers shall be nominated by a resolution of the minister or the competent authority and it requires the civil and military authorities and the Internal Security Forces to help them carry out the duties assigned to them when so requested.

Section XII

Customs Zone (Boundary)

This section contains provisions of the Customs zone (boundary):

Article (121) states that there are provisions of the customs boundary as provided for in para. 9 of Article (2) of this Regulation (Law) which states that the marine customs boundary covers the area of the sea located between the seashores and the ending of the territorial waters. The land customs boundary covers the lands located between the shores or the land borders on the one hand and an internal line to be specified by a resolution by the minister or the competent authority on the other. This provision provides that prohibited and restricted goods as well goods subject to high customs taxes “duties” shall be subject to the provisions of the customs zone. So the presence of such goods within these areas requires their subjection to the provisions of the customs zone and the movement of such goods is usually subject to special provisions in order to avoid their smuggling into the country.

Section XIII

Customs Matters

This section deals with the customs matters which are an important aspect of the provisions of this Regulation “Law”.

Articles (122 to 128) relate to the investigation of smuggling according to the controls and powers set forth in these Articles such as the inspection of the goods and the means of transport and the search of persons, seizure of the goods, examining the documents, records, correspondence and other documents and the right to detain any suspect according to the rules prescribed by a resolution issued by the minister or the competent authority. Para (3) of Article (126) states that the exercise of work outside of the two customs zones shall be within the borders of the State.

Articles (129 to 134) deal with the seizure report and the main elements to be contained therein. This report is deemed as a pretext (proof) of the material facts and the incompleteness of the report shall not render it null.

Those Articles allow the customs office to seize the contravening or smuggled goods and the items used for concealing them as well as the various means of transport excluding those intended for the transport of persons unless such

means are specially designed for the purpose of smuggling. The Administration has the right to dispose the goods smuggled or being smuggled if such goods are narcotics and the like according to the regulations and laws in force in the country.

Articles (135 to 137) deal with the provisional seizure of the smuggled goods and the things used for concealment thereof and the mean of transport and the seizure of all documents to ensure the customs taxes “duties”. These Articles also authorize the director general – when necessary- to obtain an order from the competent authorities to effect the provisional attachment of the properties of the offenders and those involved in smuggling. The director general may, when necessary to ensure the rights of the public treasury, impose a customs security on the properties of the tax “duty” payers or their partners. The Articles have specified the arrest cases in the smuggling crimes in the act, the resistance of the customs officers or the security officers and the other matters regulating the arrest process provided that the arrested persons shall be brought to the competent court within 24 hours following the time of arrest.

Article (138) provides that the offenders and the persons accused of smuggling shall be prevented from travel by a decision of the director general in the event the value of the seized items is not sufficient to cover the customs taxes “duties” and fines. This decision can be cancelled if the offender submits a guarantee in an amount equivalent to the claimed amounts or if the value of the seize items turn to be sufficient to cover the claimed amounts.

Articles (139 to 141) deal with the customs offences and the penalties thereof and regard the collected customs fines and confiscations provided for in the Regulation “Law” as a civil compensation to the Administration and not subject to amnesty. These Articles also provide that a penalty shall be imposed on each offence separately provided that the higher (sterner) penalty shall be sufficient if the penalties are inseparable.

Except for the cases deemed as smuggling which are provided for in Article (143) of the Regulation “Law” and without prejudice to the provision of the international agreements in force, a fine shall be imposed on the offences referred to in Article (141) of this Regulation “Law” according to the rules set forth in the Rules of Implementation.

Articles (142, 143) deal in detail with the subject of smuggling, its definition and the cases deemed as smuggling. Para. “14” of Article (143) defines such case as those goods prohibited fro exportation to outside of the country, but were exceptionally allowed to be exported provided that they shall be re-imported into the country and the non-compliance with this requirement shall be deemed as smuggling, while Article (144) defines the penal liability and those deemed penally liable.

Article (145) provides for the penalties imposed on the customs smuggling or attempted smuggling (the fines provided for in Article 145).

Articles (147 to 149) deal with the administrative prosecution “pursuit” and entitle the director general to issue the necessary decisions for the collection of the taxes “duties” and the measures of such collection and allow for the complaint before the minister or the competent authority against the penalization judgments. Within a specified period and that the minister or the competent authority may confirm, amend or cancel such judgments.

Article (151) provides that smuggling cases (actions) can only be activated by a written request from the director general.

Article (151) provides for the rules of reconciliatory settlement and entitles the director general or his representative to make a reconciliation (compromise) of the smuggling actions whether prior to bringing out the actions or during trial and before the issuance of the first instance judgment which shall be in lieu of the penalties and fines provided for in Article (145) of this Regulation “Law” provided that a manual of reconciliatory settlements shall be issued by a resolution of the minister or the competent authority.

Article (152) provides in detail for the amount of reconciliation subject to the provisions of Article (151).

Article (153) provides that the action (claim) shall be settled after reconciliation and Articles (154 to 160) deal with the subject of liability and joinder in the smuggling matters and the rules thereof, while Article (155) holds the investors of the private shops and premises where the goods, subject of the offence or smuggling, are stored responsible for such premises; whereas the investors of the public shops and premises and the employees, the owners of the means of transport and drivers and their assistants shall be held responsible unless they prove their ignorance of the presence of such infringing goods or contraband and that they have got no direct or indirect good in them.

Article (156) provides that sponsors “guarantors” shall be held responsible within the extent of their guarantees upon payment of the customs taxes “duties” and fines while Article (157) provides that customs brokers shall be responsible for the offences and smuggling crimes they commit in the customs declarations and Article (158) holds the owners of the goods, employers and the carriers responsible for the acts of their employees and those working for them.

With respect to the customs taxes “duties”, fines and confiscations, Article (159) provides that heirs shall not be responsible for the payment of the fines imposed on the deceased unless they are partners in the smuggling.

Article (160) provides that the applicable customs taxes “duties” and fines shall be jointly paid by the offenders or smugglers according to the practices adopted for the collection of the property of the Government Treasury and that the seized goods and means of transport, if any, shall be a security for the payment of the claimed amounts.

Articles (161 to 165) provide for the formation of first instance customs courts at the Administration and the customs offices according to the legal instrument applicable in each State. The competences and judgments' finality of such first instance customs courts and appeal courts as well as the collection of fines and the methods and means of executing attachment on the movable and unmovable property of the offenders have been set forth in these Articles. Article (165) empowers the minister or the competent authority to order that a sufficient amount of such property shall be retained for the payment of the claimed amounts.

Section XIV

The Sale of Goods

This section contains provisions relating to the sale of the goods in possession of the Administration provided for in Articles (166 o 172) and the rules to be followed for the sale of goods as set forth in Article (166) whereas Article (167) entitles the Administration, after expiry of the period specified by the minister or the competent authority, the right to sell the goods stored in the customs warehouses or placed in the yards and wharves or the goods left out in the customs offices.

Article (168) provided for the goods to be sold by the Administration and Article (169) provides that the Administration shall not be responsible for any damage caused to the goods sold by the Administration under the provisions of this Regulation "Law" unless it is proven that the Administration had committed an obvious error in the sale process. Article (170) contains some provisions relating to the sale process described in detail in this Article.

Article (171) deals with the controls under which the disposition of the proceeds of the sale of the permitted, prohibited and restricted goods.

Article (172) provides that the portion due to the Government Treasury of the proceeds of the customs fines and the value of the confiscated or abandoned goods and means of transport shall be 50% after deducting the customs taxes "duties" and charges and contains provisions for the disposition of the remaining portion.

Section XV

Privilege of the Customs Administration

This section grants the customs administration a general privilege over the movable and unmovable property of the taxes "duties" payers in case of bankruptcy through precedence over all debts excluding the legal expenses in

order to collect the customs taxes “duties” and other charges and the fines, compensations, confiscations and redemptions.

Section XVI

Prescription

This section contains provisions of prescription. Article (174) provides that any claim or action for the refund of the customs taxes “duties” that have been paid since more than three years shall not be accepted, and Article (175) empowers the administration to destroy the records, receipts , customs declarations and the other documents after five years following the finalization of the customs procedures thereof and the administration shall not be required to produce them to any entity or give copies or duplicates thereof after the expiry of that period.

Article (176) provides that, without prejudice to the other regulations and laws applicable in the State, specifies the prescription time, in respect to customs, if no pursuit “prosecution” has been initiated.

Section XVII

Final Provisions

This section contains final provisions as follows:

Article (177) empowers the director general to:

1. exclude the ministries, governmental departments and official and public institutions from certain procedures for facilitation of their business, and
2. sell the confiscated goods to the ministries and official departments and public institutions belonging to the government at the price he deems appropriate if they indicate their need of such goods, or to abandon such goods free of charge by a resolution of the minister or the competent authority.

Article (178) entitles the Financial and Economic Cooperation Committee of the GCC States the right to adopt the Rules of Implementation of this Regulation “Law” and Article (179) provides that this Regulation “Law” shall, after implementation, supersede the customs regulations and laws in force in the member states subject to and without contradiction to the regulations and constitutional rules in each State.