Introduction

The unification of the customs regulations and procedures in the GCC Member States is one of the most important objectives to be achieved by the customs administrations of the GCC Member States among which is the adoption of a “Common Customs Law” that unifies the customs procedures in all the customs administrations of the GCC Member States and contributes to the enhancement of cooperation in the customs field among the Member States.

The efforts to achieve this objective had been made since 1992 and the technical committee, assigned by the directors general of customs, to do this task had held seventeen meetings for this purpose and concluded with the agreement on the Law referred to above.

To ensure that this Law is in line with the provisions of the international organizations relating to customs, the Secretariat General had dispatched English versions of this Regulation to the World Trade Organization and the World Customs Organization for their comments and the Secretariat General received those comments which were passed to the competent technical committee for consideration and proposing appropriate action.

The Common Customs Law of the GCC Member States was adopted by the Supreme Council at the 20th Session (Riyadh, 27-29 November 1999) to be implemented as a reference law for one year from the date adopted by the Supreme Council and to be revised in the light of the comments received by the Secretariat General from the Member States in an attempt to have it compulsorily implemented by all the Customs Administrations of the GCC Member States by 2002.

In order to complete the necessary implementation aspects of the Common Customs Law in the customs administrations

of the GCC Member States and to review the comments of the member States and finalize the preparation of the Rules of Implementation and the Explanatory Notes, the Supreme Council , at its 21st Session held in Manama, Bahrain 30-31 December 2000, decided to extend the reference implementation of the Common Customs Law for one more year provided that it should be obligatorily implemented by all the Customs Administrations of the GCC Member States as of January 2002 .

The said decision "resolution" of the Supreme Council was a step that had enabled the customs administrations and the ad hoc committees of the GCC Member States to complete all the aspects that would provide the factors of the proper implementation of this Law to achieve the intended objective, that is the unification and facilitation of the customs procedures in the GCC Member States which would enhance Intra-GCC trade and external trade with the rest of the world, and lay down the firm foundations of the GCC Customs Union.

Pursuant to the recommendation of the Ministerial Council, at its 81st Preparatory Session, to adopt the recommendation of the Financial and Economic Cooperation Committee (The Ministers of Finance and Economy of the GCC Member States) at its 55th Meeting concerning the GCC Common Customs Law, the **Supreme Council**, at its 22nd Session held in Muscat on 30-31 December 2001, **resolved** as follows:

1. Approval of the amendments proposed to the GCC Common Customs Law , the Rules of Implementation and the Explanatory Notes thereof.
2. This Law shall come into force as of January 2002.
3. Implementation of Articles (9, 98) relating to the Common Customs Tariff and the mechanism for the collection and distribution of duties in the customs union of the GCC Member States shall synchronize

with the setting up of the customs union.

4. Article (97) relating to drawback “the refund of the customs taxes ”duties” on the goods re-exported to outside of the GCC Member States” shall be implemented after the issuance of the rules of implementation thereof.
5. Provisions of Article (109) entitling the GCC citizens the right to engage in the activity of customs clearance shall be implemented after the Financial and Economic Cooperation Committee has agreed to permit the GCC nationals to engage in this activity in the GCC Member States.

The Supreme Council, at its 23rd Session held in Doha, Qatar 21-22 December 2002, approved the decisions of the Financial and Economic Cooperation Committee concerning the application of Article (9) " Implementation of the Common Customs Tariff", Article (97) " Drawback", Article (98) " Goods exempted from the customs taxes “duties” and Article (109) permitting the GCC citizens to engage in the activity of customs clearance.

This Law falls in (17) sections comprising (178) Articles containing provisions regulating the customs work, the areas subject to customs control, the nature of the customs procedures at the land, sea , air and post customs offices that apply to the import and export operations, the application of the customs tariff and the collection of the customs duties on the imported goods, the stages of the customs clearance of the goods, the exemptions and temporary admission of goods, the documents to be produced to customs for the clearance of the goods, and the provisions for the establishment of free zones and duty-free shops and the regulation of the work of the customs brokers (clearing agents), the treatment of the customs offences and the smuggling cases and the rights and duties of the customs officers. Hence, this law is deemed as the legal tool regulating the customs procedures in the customs administrations of the GCC Member States as

well as the relationship between these administrations and the community of citizens, residents and importers so that the person dealing with the customs administrations would find no difference in the customs procedures applied in any of the GCC Member States. This law does also govern the relationship between these customs administrations and the government departments in each Member State.

When this Law had been prepared, it was taken into account that it would be utilized in the customs work for the time being and it would also prepare the customs administrations of the Member States for the forthcoming phase of the GCC Customs Union as it meets all requirements thereof.

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Common Customs Law of the Cooperation Council for the Arab States of the Gulf

Section I

General Provisions and Definitions

Article 1

This regulation (law) is called “The Common Customs Law for the Arab States of the Gulf (GCC Sates)”**.**

Article 2

The following words and terms, wherever mentioned throughout this Regulation “ Law “ , its Explanatory Note and Rules of implementation, shall have the meanings hereby assigned for them, unless the context otherwise requires**:**

1. **“the Council** “means the Cooperation Council for the Arab States of the Gulf.
2. “**the Minister** “means the minister to whom the Custom Administration reports.
3. The “**competent authority**” means the authority to which the customs administration reports.
4. The "**Director General** “means the Director General of Customs.
5. The **"Director** “means the director of a Customs office.
6. **"Administration** “means the Customs Administration.
7. “**Customs office** “means the sector, designated by the Minister, at each seaport, airport, and land port or at any other place where there is a branch office of the Administration authorized to complete all or some of the customs procedures.
8. “**Regulation / law** “means the rules and provisions governing customs work, and any other supplementing or amending rules or provisions.

9. " **customs zone/territory** " means that part of the lands or seas subject to the customs control and procedures set forth herein which is of two kinds:
   (i). Sea customs zone: Which includes that part of the sea located between the shores and the end boundary of the territorial waters.
   (ii) Land customs zone: which covers the lands located between the land boundaries or shores, on the one hand, and the internal line on the other hand, to be prescribed by a resolution by the Minister or the competent authority?
10. "**Customs line** "means that line conforming to the political boundaries (borders) separating between the country and the adjacent countries and the seashores surrounding that country.
11. "**Customs tariff** "means the nomenclature containing the descriptions of the goods and the respective taxes and customs duties as well as the rules and notes of the kinds and types of commodities.
12 "**Customs taxes (duties)** "means the amounts levied on the goods according to the provisions of this Law.
13. "**Fees/charges** "means the amounts collected by customs for the services rendered.
14. "**Goods** "means any natural, material, animal, agricultural, industrial or intellectual product.
15. "**Type of goods** "means the description mentioned in the customs tariff nomenclature.
16. "**the price actually paid or payable**" means the total amount paid to the seller, directly or indirectly, for the goods imported by the buyer or for his account.
17. "**the imported goods being valued**" means the goods being valued for customs purposes.
18. "**Identical goods**" means goods that are the same in all respects, including physical characteristics, quality and reputation. Minor differences in appearance would not preclude goods otherwise conforming to the definition from being regarded as identical.

19. “**Similar goods**” means goods which, although not alike in all respects, have like characteristics and like component materials which enable them to perform the same functions and to be commercially interchangeable. The quality of the goods, their reputation and the existence of a trademark are among the factors to be considered in determining whether goods are similar.
20. “**Sales commission**” means the commission paid to the seller’s agent who is related to the seller or the factory, governed by or acting for its favor or on its behalf.
21. “**packing costs**” means the cost of all packing and coverings (excluding instruments of international traffic” whether for he labor or the materials used for placing the goods in packings suitable for shipping to the GCC Member States.
22. “**Unit price at the greatest total quantity**” means the unit price at which certain goods are sold to unrelated persons, at the first commercial level after importation at its state when imported or after further preparation or processing, if the importer so requested.
23. **“Related persons**” means persons who are:
    (A). legally recognized partners in business,
    (b). officers or directors of one another’s business,
    (c). employer and employee,
    (d). any person directly or indirectly owns, controls or holds 5 per cent or more of the outstanding voting stock shares of both of them,
    (e). one of them directly or indirectly controls the other,
    (f). both of them are directly or indirectly controlled by a third person,
    (g).together they directly or indirectly control a third person,
    (h). members of the same family.
24. **“Valuation Agreement** “means the Agreement on Implementation of Article VII of the GATT 1994.

25. “**Origin of the goods**” means the producing country, whether these goods are natural resources, agricultural crops or animal or industrial products.
26. **“ Prohibited goods** “ means any goods the import or export of which is prohibited under the provisions of this Regulation “ Law “ or any other regulation “ law “.
27. “ **Restricted goods** “ means those goods the import or export of which is restricted under the provisions of this regulation “law “ or any other regulation “ law “.
28. “**Source** “means the country from which the goods are imported.
29. “**Importer** “means the natural or legal person importing the goods.
30. “**Exporter** “means the natural or legal person exporting the goods.
31. “ **Manifest** “ means the document containing a full description of the goods carried on the various means of transport.
32. “**Free zone** “means a part of the state’s territories in which commercial or industrial activities are exercised under the respective laws of that state. Any goods entering that zone are considered to be outside the customs zone and shall not be subject to the usual customs control and procedures.
33. “**Duty-free shop**” means that licensed building or place wherein goods are placed free of customs duties (taxes) for purposes of display or sale.
34. "**Customs Declaration**“ means the goods declaration or the declaration submitted by the importer or his representative describing the elements identifying the declared goods and quantity thereof in details according to the provisions of this regulation “ law “ .
35. “**Storehouse**” means that building or place intended for the temporary storage of goods pending their withdrawal under one of the customs procedures whether such place/ building is directly administered by the Administration or by the official public agencies or the investors.

36. "**Warehouse** "means the place or facility wherein the goods are deposited under supervision of the Administration free of customs duties (taxes) according to the provisions herein.
37. "**Carrier** "means the owner of a means of transportation or his authorized representative (under an official authorization).
38. "**Specified routes** "means the routes specified by the minister for the carriage of the imported or exported goods into/from the country or the goods in transit under a resolution.
39. "**Treasury** "means the public treasury.
40. "**Customs Clearance**" means documentation of the customs declarations for the imported, exported and transit goods according to the procedures provided for herein.
41. "**Customs broker** "means any legal or natural person licensed to undertake customs clearance for the account of the others.
42. "**Representative of the customs broker**" means any legal or natural person licensed to follow up customs procedures.

Article 3

The provisions of this regulation "Law "apply to the sovereign territories and territorial waters of the country. Notwithstanding, free zones, totally or partially excluded from customs provisions, may be established in such territories.

Article 4

Any goods crossing the customs line, at importation or exportation, shall be subject to the provisions of this regulation (law).

Article 5

The Administration shall perform its duty at the customs office or customs zone and May also exercise its powers within the extent of the country's territories and territorial waters under the conditions set forth herein.

Article 6

Customs offices are established and canceled by a resolution of the minister or the competent authority.

Article 7

Competencies and work hours of the customs offices are specified by a resolution of the minister or the competent authority.

Article 8

Subject to the provisions of the articles relating to the inspection of goods, customs procedures shall only be conducted at the designated customs offices as set forth in article 7.

Section II

Principles of Application of the Customs tariff

Article 9

Goods imported into the country are subject to the customs taxes "duties" specified in the customs tariff, and the other applicable fees, excluding those exempted under the provisions of this regulation " law "or under the Unified Economic Agreement of the GCC Arab states or any other international agreement within the framework of the Council.

Article 10

The duty rate of the customs tariff shall be either ***ad Valorem*** (percentage of the value of goods) or ***specific*** (an amount levied on each unit of the goods), or both.

Article 11

Customs taxes" duties" are levied, amended and abandoned by the legal instrument applicable in each Member State subject to the respective resolutions issued by the Council and the provisions of the international agreements in force.

Article 12

Resolutions amending the customs taxes “duties” shall specify the date at which such amended taxes “duties” shall be effective.

Article 13

Imported goods are subject to the customs taxes “duties” applicable at the date of registering the customs declaration with the customs offices unless otherwise provided for in the text of the resolutions amending the customs tariff.

Article 14

When custom taxes “duties” are to be levied on the goods deposited at the warehouse due to the expiry of the warehousing period, such goods shall be subject to the tariff provisions applicable at the date of lodgment of the customs declaration.

Article 15

Goods taken out from the free zones and duty-free shops into the local markets are subject to the customs tariff effective at that time.

Article 16

Smuggled goods (contrabands) or the like are subject to the customs tariff prevailing at the time of the detection or occurrence of smuggling, if applicable, whichever is higher.

Article 17

The customs tariff effective on the sale day shall apply to the goods sold by the customs office according to the provisions provided for herein.

Article 18

Damaged goods shall be subject to the customs tariff based on their value at the date of lodgment of the customs declaration.

Section III
Prohibition and Restriction

Article 19

A customs declaration shall be produced for any goods entering or leaving the country; the goods are then presented to the customs authorities at the nearest customs office.

Article 20

Marine means of transport entering the country, irrespective of their load capacity, are prohibited from anchoring in any seaports (harbors) other than those designated for receiving them, excluding the case of sea emergency or force majeure wherein the shipmaster shall immediately notify nearest customs office or security point of such occurrence.

Article 21

Vessels, loaded with prohibited or restricted goods or goods subject to high rates of duty, of a loading capacity less than two hundred marine tons may not enter or get involved in the shipping activity within the marine customs zone except in circumstances arising from sea emergency or force majeure, in which case the shipmaster shall promptly notify the nearest customs office or security point of such occurrence, excluding goods transported within the local seaports of the country whose customs procedures have been finalized.

Article 22

Aircraft departing or arriving in the country may not take off or land at the airports where no customs offices exist unless in cases of force majeure in which case the shipmaster shall promptly notify nearest customs office or security point of such occurrence and submit a report, approved by the customs office notified of that occurrence, unless otherwise provided for in any other regulation (law) or resolution.

Article 23

Land means of transport may not enter or leave the country through the areas where no customs offices exist.

Article 24

By virtue of the provisions of this regulation (law) or any other regulation
(law) or resolution, the Customs Administration prohibits admission, transit or exit of the prohibited goods or infringing goods as well as the entry, transit or exit of any restricted goods except under approval from the competent authorities in the country.

Section IV
Distinguishing Elements of the Goods (Origin, Value, type)

Article 25

Imported goods are subject to the proof of origin according to the rules of origin adopted within the framework of the international and regional economic agreements in force.

Article 26

The value for customs purposes shall be calculated according to the rules and principles set forth in the rules of implementation.

Article 27

Acceptance of the value as a distinctive element of the goods requires the following:

1. Any customs declaration shall be accompanied by a detail original invoice. The director general or his representative may allow finalization of the clearance procedures without presentation of the authenticated original invoices and the required documents against an undertaking to produce them within a period not to exceed 90 days from the date of undertaking.
2. The value of the goods shall be proved by producing all original invoices and documents reflecting the value according to the rules set forth in Article 26.
3. The customs office may require all documents, contracts,

correspondence and other relevant documents without having to accept all that is stated in them or in the invoices themselves.

4. The Administration may request Arabic translation of the invoices issued in a foreign language showing details of the goods in accordance with the customs tariff as well as the other documents, if so required.

Article 28

The value of the exported goods is that indicated in the customs declaration plus all the costs until arrival of the goods at the customs office.

Article 29

Goods not mentioned in the customs tariff (Harmonized System) and the explanatory notes are to be classified according to the classification advice given by the World Customs Organization. Goods that fall under national subheadings in the customs tariff are to be classified within the context of the Unified Customs Tariff of the member States of the Council.

SECTION V
Importation and exportation
Chapter I: Importation
1. Sea transportation

Article 30

a) Any goods imported into the country by sea shall be registered in the manifest.

b) A single manifest for the whole load signed by the shipmaster shall be made which shall contain the following information:

I. Name and nationality of the ship and its registered load.

ii. Types of the goods, total weight thereof and the weight actual description shall be mentioned.

iii. Number of packages and pieces, description of packing, marks and numbers thereof.
iv. Names of the consignor and consignee.
v. The seaports where the goods are shipped from (ports of loading).

c) When entering the customs zone, the shipmaster shall present the original manifest to the competent authorities.
d) When the ship enters the harbor, the shipmaster shall submit to the customs office the following:
    1. The cargo manifest
    2. The manifest of the ship's supplies (logistics) and the crew's baggage and belongings.
    3. A list of the passengers' names.
    4. A list of the goods to be unloaded at this port.
    5. All the shipping documents which the customs office may require for application of the customs regulations.
e) Manifests and documents shall be submitted within sixty-three hours from the time the ship enters the seaport, excluding official holidays.

Article 31

If the manifest belongs to a ship (vessel) that does not make regular voyages or that does not have a forwarder at the port, or if it is a sail ship, then the manifest must be endorsed by the customs authorities at the shipping port.

Article 32

a) Cargo of the ships and all other marine means of transportation may be unloaded only within the customs zone at the port. Any shipment may be unloaded or transshipped only under supervision of the customs office.
b) Unloading and transshipment shall be completed according to the conditions laid down by the director general.

Article 33

Shipmaster, forwarder or his representative shall be held responsible for any shortage in the number of pieces or packages

or the amount of the bulk goods until delivery of the goods to the customs warehouses or acceptance of the goods by the owners, if so allowed, subject to provisions of Article 54 herein.

Article 34

If a shortage in the number of unloaded pieces or packages or in the amount of bulk goods, compared to those mentioned in the manifest, is found out, the shipmaster or his representative shall justify such shortage and prove that it has occurred outside the marine customs zone. If documents cannot be submitted at once, a time period not exceeding six months may be given to submit the same against a guarantee ensuring the Administration's rights.

2. Land transportation

Article 35

Customs procedures of the goods imported by land shall be completed at the first customs office and may be referred to another inland customs office,
if necessary, under a resolution by the director general.

Article 36

a) A manifest of the total cargo of the land means of transportation shall be prepared and signed by the carrier or his representative and shall contain adequate information on the means of transportation, its cargo and all other details according to the conditions prescribed by the director general.
b) Carriers or their representatives shall submit the manifest to the port immediately upon arrival therein to.

3. Air transportation

Article 37

Subject to the provisions of Article 22 herein, aircraft crossing the country borders shall follow the specified routes and shall land only at the airports where customs offices exist.

Article 38

A manifest of the airplane's cargo shall be prepared and signed by the captain according to the conditions set forth in paragraphs a, b, c, d, of Article 30 herein.

Article 39

The captain or his representative shall submit the manifest and the lists mentioned in Article 38 herein to the customs officers and shall deliver theses documents to the customs office upon arrival of the aircraft.

Article 40

Goods may not be unloaded or dropped out of the aircraft during flight unless it is necessary to do so for safety purposes, provided that the customs office shall be notified of the same, subject to the provisions set forth in the other relevant regulations.

Chapter II: Exportation

Article 41

Owners of the means of transportation of goods, loaded or unloaded, shall- when leaving the country- submit to the customs office the manifest according to the provisions of Section 1 of this Chapter and shall obtain exit permission. However, the Director General, may, in certain cases, make an exception to this condition.

Article 42

Exporters of goods shall proceed with the goods to be exported to the competent customs office and declare them in detail. Carriers towards land borders may not overpass the customs offices.

Chapter III: Postal traffic

Article 43

Goods are imported or exported by mail according to the provisions of this regulation (law) and subject the other applicable international postal agreements and local regulations in force.

Chapter IV: Common provisions

Article 44

a) Several sealed packages, assembled in any way whatsoever, may not be stated in the manifest as a single package. Containers, palettes and trailers are subject to the instructions given by the director general.

b) A single consignment may not be split. However, for acceptable reasons, the director general may allow such splitting, provided that such splitting shall not result in a loss to the treasury.

Article 45

Provisions of Articles 32, 33, and 34 herein shall apply to the land and air transport in respect to the unloading and transshipment of goods. Drivers, captains of aircraft and carriers shall be responsible for any shortage in case of land and air transport.

Article 46

The Administration may use Electronic Data Interchange (EDI) in customs clearance.

SECTION VI
Stages of customs clearance

Chapter I: Customs declarations

Article 47

When clearing any goods , even if exempted from customs taxes and duties, a detailed customs declaration, conforming to the forms approved within the framework of the GCC Member States, shall be submitted to the customs office containing all the information that enable application of the customs regulations and levying applicable customs taxes and duties and for statistical purposes.

Article 48

Subject to the provisions of clause (1) of Article 27 herein, the director general shall specify the documents to be attached with the

customs declarations and the information to be contained therein and shall allow the completion of the clearance procedures in the absence of any of the required documents against cash or bank guarantees or a written undertaking to submit such documents according to the stipulated conditions.

Article 49

Contents of the customs declarations may not be modified after registration; however, the applicant may apply in writing to the customs office for correction before the customs declaration is referred to inspection.

Article 50

Owners of the goods or their representatives may check their goods before submitting the customs declaration and may take samples thereof, when necessary, after obtaining permission from the Director and under supervision of the customs office. Such samples shall be subject to the applicable customs taxes “duties”.

Article 51

No parties other than the owners of the goods or their representatives may have access to the customs declarations excluding competent judicial or official entities.

Chapter II: Examination (Inspection) of goods

Article 52

The designated customs officer shall examine the goods wholly or partially after registering the customs declarations according to the instructions of the director general.

Article 53

a) Examination of goods shall take place at the customs office; however in certain cases such examination may be conducted outside the customs office according to the rules laid down by the director general.

b) Transferring the goods to the place of examination and the unpacking and repacking of packages and all the other works required for examination shall be at the expense of the owner of the goods who will be held responsible until arrival of the goods at the place of examination.
c) Goods placed in the customs warehouses or at the places intended for examination may not be removed without approval of the customs office
d) The individuals carrying the goods and presenting them for examination shall be acceptable to the customs office.
e) Access to the stores, customs warehouses, hangars, sheds and yards intended for the storage or deposit of goods and to the places allocated for examination may not be authorized to any person without approval of the customs office.

Article 54

Examination shall be conducted only in the presence of the owner of the goods or his representative. Should a shortage in the contents of the packages develop, responsibility for such shortage is determined as follows:

1. If the goods had been placed in the customs warehouses in packages that are in an apparently proper condition from which it can be ascertained that the shortage of their contents had occurred at the exporting country prior to shipping, then such shortage shall be disregarded.
2. If the goods entering the customs warehouses o stores are in packages that are not in an apparently proper condition , the entity in charge of these warehouses an stores shall , together with the carrier , record this occurrence in the acceptance report and verify the weight, contents and number of packages. It shall also take the necessary precautions to ensure safety of the goods. In this case the carrier shall be held responsible unless a reservation is indicated on the manifest and endorsed by the customs office of the exporting country in which case the shortage will be disregarded and the pursuit shall be discontinued.

3. If the goods have been admitted into the customs warehouses and stores in packages that are in an apparently proper condition then they became subject of suspicion, the entity in charge of the warehouses shall be responsible for any shortage or switching, if any.

Article 55

When the customs office suspects the presence of prohibited or illegal, it shall have the right to open the packages for inspection. Such opening of packages may be authorized in the absence of the owner of the goods or his representative, if he refrains from attending the inspection at the specified time notified to him.

When necessary, the customs office may inspect the goods before notifying the owner of the goods or his representative. Such inspection may be conducted by a committee formed, for this purpose, by a decision of the director general and a report of the findings of inspection shall be made.

Article 56

a) The customs office may have the goods analyzed by specialized agencies to verify the kind and specifications of the goods or their conformity to the regulations and laws.
b) Goods requiring the availability of certain conditions and specifications to be released shall be subject to analysis (testing) and inspection; however the director may release them against an appropriate undertaking ensuring that they are not to be disposed of until the analysis result has come out.
c) The director general may order that the goods, proved through inspection or analysis to be harmful or not conforming to the approved specifications, be destroyed at the expense and in presence of their owners or their representatives. When necessary, such goods shall be re-exported to the source country in which case a report of the same shall be made.

Article 57

Customs taxes “duties” shall be levied according to the contents of the customs declaration. Should physical inspection result in a

difference (discrepancy) between the goods and what is stated in the customs declaration, customs taxes and duties shall be levied on the basis of this finding without prejudice to the customs' right to levy the applicable fines, when necessary, under the provisions set forth herein.

Article 58

If the customs office cannot verify the contents of the customs declaration through inspection of the goods or the documents submitted, it may suspend inspection and request necessary supporting documents.

Article 59

The customs office may re-inspect the goods under the provisions of Articles 51 - 56 herein.

Chapter III: Provisions relating to passengers

Article 60

Items or belongings accompanying the passengers shall be declared and inspected at the competent customs offices according to the rules and practices laid down by the director general.

Chapter IV: Adjustment of the value

Article 61

A valuation committee composed of officers from the administration shall be established by a resolution of the director general to settle the disputes arising between the customs office and the persons concerned about the value of the imported goods. Such committee may seek assistance of experts at its discretion.

Without prejudice to the importer's right to appeal to court, the importer may appeal before the valuation committee against the decisions of increased value within fifteen days following the registration of the customs declaration or from the date of the valuation notice sent to him by registered mail. Decisions of this committee shall be taken by majority and shall be effective once approved by the director general. The importer shall be informed

in writing of the decision taken by the committee concerning his complaint. Such decision shall be reasonable.

Article 62

a) Should a dispute arise between the competent customs officer and the owner of the goods about the value of the goods due to discrepancy in description, origin or any other reason, the matter shall be referred to the director for settlement. If the director approves the opinion of the customs officer but the owner of the goods does not accept such opinion, the matter shall be referred to the director general for settlement of dispute or for referral to the valuation committee.
b) The director may release the goods in dispute , if not prohibited, after collecting a deposit in an amount equivalent to the sum of the customs duties and taxes determined by the customs office. Samples of the goods shall be temporarily maintained for reference when necessary; such samples shall be returned to the owner of the goods unless they are consumed for inspection and analysis purposes.

Chapter V
Payment of customs taxes “duties” and other charges and the Release of goods

Article 63

(a) Goods shall be subject to customs taxes **“**duties” and may not be released unless after completion of their customs procedures and payment of customs duties and taxes according to the provisions herein.
(b) Goods shall be delivered to the owners or their duly authorized representatives according to the procedures prescribed by the director general.

Article 64

The customs officers assigned to collect customs duties and taxes shall execute an official receipt in the form prescribed by the minister or the competent authority.

Article 65

When a state of emergency is declared, precautions may be taken for removing the goods against special guarantees and conditions prescribed by the minister or the competent authority.

Article 66

According to the rules and conditions prescribed by the director general, goods may be released prior to payment of the customs duties and taxes and after completion of the customs procedures against bank, monetary or documentary guarantees.

SECTION VII
Cases where customs taxes “duties” are suspended and Drawback

Chapter I: General Provisions

Article 67

Goods may be admitted and transported to any other place within the country without payment of the customs taxes “duties” against submission of a bail or bank guarantee equivalent to the amount of the customs taxes “duties” payable according to the instructions given by the director general.

Article 68

Bails, bank guarantees and securities shall be released under discharge certificates according to the conditions prescribed by the director general.

Chapter II: Goods in Transit

Article 69

Subject to Article 67 herein and the provisions of the Unified Economic Agreement of the GCC Arab States, goods are allowed to transit the territories of the Council states according to the applicable provisions and regulations and the international agreements force.

Article 70

Transit operations can be completed only at the authorized customs offices.

Article 71

Subject to the provisions of the applicable regional and international agreements transit goods are transported through the specified routes by the various means of transport at the carrier's responsibility according to the instructions of the director general. The routes for the transit transportation and the conditions thereof are to be specified by a resolution of the minister or the competent authority.

Article 72

In the event goods are transported from one customs office to another, the persons concerned may be exempted from submitting a detail declaration at the port of entry and the referral shall be according to the documents and conditions prescribed by the director general.

Article 73

The minister or the competent authority shall issue the necessary resolutions governing the suspension of the customs duties and taxes applicable to all other kinds of transit transport.

Chapter III: Warehouses

Article 74

Warehouses inside or outside the customs office shall be established by a resolution of the minister or the competent authority; the rules and conditions controlling such warehouses shall be laid down by the director general.

Article 75

Goods may be deposited with the warehouses inside or outside the customs office without payment of customs duties and taxes according to the rules and conditions prescribed by the director general.

Article 76

The Administration is entitled to supervise and control the warehouses, managed by other agencies, under the provisions of this regulation" law"
and the other regulations (laws)in force.

Chapter IV: Free zones and duty-free shops

Article 77

Free zones are established by the legal instrument of each State; the rules and conditions thereof are laid down by a resolution of the minister or the competent authority.

Article 78

(a). Subject to the provisions of Articles 79 and 80 herein, all foreign goods of whatever kind or origin may be brought into the free zones and duty-free shops , and taken out from them to outside the country or to other free zone and duty-free shops , without being subject to customs duties or taxes.

(b). Subject to the export restrictions and customs procedures applicable to re-exportation, the foreign goods re-exported from inside the country may be admitted into the free zones and duty-free shops.

(c). Goods in the free zones and duty-free shops shall not be subject to any restriction in respect to the period they can remain therein.

Article 79

The imported goods, stated in the cargo manifest, may not be transferred or admitted into the free zones and duty-free shops unless by approval of the director general and under the conditions and controls prescribed by him.

Article 80

The following goods may not be admitted into the free zones and duty-free shops:

1. Flammable goods, excluding the fuels necessary for the operation allowed by the authority supervising free zones and duty-free shops under the conditions prescribed by the competent authority.
2. Radioactive materials
3. Arms, ammunition and explosives, of any kind, except those licensed by the competent authorities.
4. Goods infringing the laws relating to commercial and industrial property rights and copyright protection in respect of which resolutions have been issued by the competent authorities.
5. All kinds of narcotic drugs and derivatives thereof.
6. Goods originated in an economically boycotted country.
7. Goods prohibited from entering the country; a list of such goods shall be made by each State.

Article 81

The customs office may carry out inspection works in the free zones and duty-free shops for detection of prohibited goods, and it may also review the documents and examine the goods when smuggling operations are being suspected.

Article 82

The management of the free zones and duty-free shops shall submit to the Administration, if so requested, a list of all the goods brought into or taken out from them.

Article 83

Goods placed at the free zones and duty-free shops may not be transferred to other free zones and duty-free shops, stores or warehouses unless according to the securities, undertakings and procedures prescribed by the director general.

Article 84

Goods shall be withdrawn from the free zones and duty-free shops into the country according to the provisions of applicable regulations and as instructed by the director general.

Article 85

Goods taken out from the free zones into the customs office are treated as foreign goods even if incorporating local raw materials or articles on which customs duties and taxes have been collected prior to their admission into the free zones.

Article 86

National and foreign vessels shall be permitted to obtain all necessary marine equipment from the free zones.

Article 87

The administration of the free zones and duty-free shops shall be held responsible for all the offences committed by its officers and for the goods illegally taken out from them. All regulations and instructions relating to security, public health, smuggling and fraud control shall remain effective in these free zones and duty-free shops.

Article 88

The goods imported from the free zones and duty-free shops into or out of the country shall be treated as foreign goods.

Chapter V
Temporary Admission

Article 89

Subject to the provisions provided for in this chapter and in the Unified Economic Agreement of the Council countries and the other international applicable agreements, goods shall be temporarily admitted without collection of customs duties and taxes according to the conditions set forth in the Rules of Implementation

Article 90

The director general may grant temporary admission to the following:

1. Heavy machinery and equipment for completion of

projects or for conducting the experiments and tests relating to such projects.

2. Foreign goods imported for completion of processing.
3. Items temporarily imported for playgrounds, theatres, exhibitions and like events.
4. Machinery and equipment imported into the country for repair.
5. Containers and packing imported for refilling.
6. Animals admitted in for grazing.
7. Commercial samples for exhibition.
8. The other cases so requiring.

The items provided for herein shall be re-exported or deposited with the free zone, customs offices or warehouses during the temporary admission period prescribed by the Rules of Implementation.

Article 91

Provisions of the Unified Economic Agreement of the GCC Member States and the other international applicable agreements governing the temporary admission of vehicles shall be observed according to the instructions prescribed by the Rules of Implementation

Article 92

The materials and articles released by temporary admission may not be used, allocated or disposed of for purposes and objectives other than those for which they were imported and declared in the submitted declarations.

Article 93

Any shortage develops in the goods released by temporary admission when taken out shall be subject to the customs duties " taxes " applicable at the time of admission.

Article 94

The Rules of Implementation shall prescribe the conditions for practical application of the temporary admission and the guarantees to be produced.

Chapter VI
Re-exportation

Article 95

The goods imported into the country, on which customs duties "taxes" were not collected, may be re-exported outside the country or to the free zone according to the procedures and guarantees prescribed by the Rules of Implementation

Article 96

In certain cases, permission may be given for transshipment of the goods or withdrawal of the goods that were not placed into the customs warehouses, from the wharves to the ships under the conditions prescribed by the director general.

Chapter VII
Drawback

Article 97

Customs duties "taxes" collected on the foreign goods shall be totally or partially refunded at re-exportation according to the practices and conditions set forth by the Rules of Implementation.

Section VIII

Exemptions

Chapter I
Goods exempted from customs duties "taxes"

Article 98

The goods agreed to be exempted from customs duties and taxes in the unified customs tariff of the GCC Member States shall be exempted from customs duties and taxes.

Chapter II

Diplomatic exemptions

Article 99

Imports of the diplomatic corps, consulates, international organizations and the members of the diplomatic and consular corps accredited by the government shall be exempted from customs taxes " duties " on reciprocity basis according to the international agreements , laws and orders in force.

Article 100

a) The goods exempted under Article (99) herein may not be disposed of or abandoned for a purpose other than that for which they have been exempted ,unless after notifying the Administration of the payment of the due customs taxes " duties " .
b) Customs taxes" duties" are not to be levied if the beneficiary has disposed of the goods, exempted under Article (99) herein, after three years from the date released by the customs office provided that reciprocity basis is available.
c) Exempted vehicles " cars " may not be disposed of before the elapse of three years following the exemption date excluding the following cases:
    1. Termination of the mission of the diplomatic or consular member benefiting from exemption in the country.
    2. The occurrence of an accident to the exempted car which makes it unfit for the use of the diplomatic or consular member based on a joint recommendation by both the Traffic Department and the Administration.
    3. The sale by one diplomatic or consular member to another member provided that the assignee shall be entitled to the right of exemption.

Article 101

The right of exemption for the individuals benefiting from it under Article (99) herein shall begin from the date of commencing their jobs at their official places of work in the country.

Chapter III
Military exemptions

Article 102

Imports for all sectors of the military forces and internal security forces, such as ammunitions, arms, equipment, military means of transport and parts thereof and any other materials, shall be exempted from customs taxes “duties” by a resolution of the Council of Ministers or the authorized authority in each State.

Chapter IV
Personal effects and household items

Article 103

(a). To be exempted from customs taxes “ duties” are the personal effects and used household items brought into the country by the nationals residing abroad or the foreigners coming for the first time for residence in the country, subject to the conditions and controls prescribed by the director general.

(b) To be exempted from customs taxes “duties” are the personal effects and gifts in possession of passengers provided that such items are not of a commercial nature and shall be conforming to the conditions and controls prescribed by the Rules of Implementation.

Chapter V
Imports of the Philanthropic Societies “Charities”

Article 104

Imports of the Philanthropic Societies “Charities” shall be exempted from customs taxes “duties” according to the conditions and controls prescribed by the Rules of Implementation.

Chapter VI
Returned goods

Article 105

The following goods shall be exempted from customs taxes and duties:

1. Returned goods of national origin that were previously exported.
2. Returned foreign goods that are proved to have been previously re-exported to the outside the country, if returned within one year from the date of re-exportation.
3. Goods that have been temporarily exported for finishing or repair shall be subject to the customs taxes “duties” in an amount equivalent to the addition resulting from such finishing or repair according to the decision of the director general.

The minister or the competent authority shall prescribe the conditions to be satisfied for benefiting from the provisions of this article.

Chapter VII
Common provisions

Article 106

(a) The provisions of the exemptions set forth in this chapter apply to the goods covered by exemption, whether directly or indirectly imported or bought from the customs warehouses and free zones subject to the requirements prescribed by the Administration.

(b) Should a dispute arise on whether the goods provided for in this chapter are subject to or exempted from customs taxes and duties, the director general shall settle such dispute.

Section IX
Service charges

Article 107

a. Goods placed in the yards and warehouses of the customs office are subject to the storage, handling and insurance charges and the other services required for the storage and inspection of goods at the applicable rates. However, storage charges shall not, in any way, exceed 50 per cent of the estimated value of the goods. In the event such warehouses are administered by other entities, they may collect such charges according to the provisions and rates specified in this connection.
b. Goods may be subject to the charges of stowage, sealing, analysis and all services rendered.
c. The services and charges mentioned in this Article and the levying conditions shall be determined by a resolution issued by the minister or the competent authority.

Section X
Customs brokers

Article 108

A customs broker is any legal or natural person engaged in the preparation of the customs declarations, signing them, submitting them to the customs office and completion of the customs procedures for clearing the goods for the others' account.

Article 109

Citizens of the GCC Arab States (natural or legal) have the right to exercise the profession of customs clearance upon obtaining a license from the Administration.

Article 110

Declaration of the goods at the customs office and the completion of their customs procedures, whether for importation, exportation or transit, shall be accepted from

1. The owners of the goods or their authorized representatives satisfying the requirements prescribed by the director general including the authorization conditions.
2. Licensed customs brokers.

Article 111

Endorsement of the delivery order for the name of the customs broker or the representatives of the owners of the goods shall be deemed as an authorization for finalization of the customs procedures without any liability on the part of the customs office for delivering the goods to the endorsee.

Article 112

The customs broker shall be held responsible for his acts and those of his employees vis-à-vis the importers, exporters and the Administration under the provisions herein.

Article 113

The director general may issue the directions concerning the following:

1. Licensing requirements for customs brokers,
2. Licensing requirements for the representative of the customs broker,
3. Licensing procedures for customs procedures and their representatives,
4. Obligations of the customs broker and his representative,
5. Requirements for opening the customs clearance offices,
6. The number of customs brokers and their representatives authorized to exercise the profession at the customs offices,
7. The customs office (s) wherein the customs brokers are authorized to work,
8. Procedures of dispensing with the customs brokers and their representatives,
9. Procedures of transfer (movement) of the representatives of customs brokers among the customs clearance offices,

10. Procedures of withdrawing the licenses of the customs brokers and their representatives,
11. Cases of deletion of the licence from the Administration's register.

Article 114

Subject to the provision of Article 140 herein and without prejudice to any civil or penal liability set forth herein or in any other regulation (law), the director general may impose on the customs broker and his representative any of the following penalties commensurable with the offence committed:

1. Notice (warning).
2. A fine not to exceed SR 5000 or its equivalent in the currencies of the other Council Member States.
3. Suspension of activity for a period not to exceed two years.
4. Cancellation of the license and final prevention from exercising the profession.

An appeal against the imposition of these penalties may be made before the minister or the competent authority within thirty y days from the date of notification. The resolution (judgment) of the minister or the competent authority shall be final.

Article 115

The customs broker shall keep a register wherein he records a summary of the customs transactions he has completed for the account of others according to the conditions stipulated by the customs office. This register shall contain the amount of duties paid to the customs office, the fees paid to the broker and any other expenses relating to the transactions. The director or his authorized representative shall have absolute power to have access at any time to these registers (records) without objection by the broker.

Section XI
Rights and duties of the customs officers

Article 116

a. The customs officers, when performing their duties, shall be deemed as judicial officers within the limits of their competencies.
b. The customs officers, when appointed, are given identification cards indicating the nature of their jobs, to be presented upon request.
c. The customs officers shall put on the specified official uniform when performing their duties if the nature of their job so requires.

Article 117

Civil and military authorities and internal security forces shall render to the customs officers any assistance for the performance of their duties once requested and the customs office shall cooperate with the other official entities.

Article 118

Customs officers, whose nature of job so requires, are allowed to carry guns. Such officers are designated by a resolution of the minister or the competent authority.

Article 119

Any customs officer, whose services are terminated for any reason whatsoever, shall return the items in his custody to his immediate supervisor.

Article 120

The incentives and allowances granted to the customs officers are determined by a decision of the minister or the competent authority based on a proposal form the director general according to the nature of their jobs. Such incentives and allowances shall be effective once approved by the competent authorities.

Section XII
Customs zone

Article 120

Prohibited goods, restricted goods and goods subject to higher customs taxes “duties” as well as the other goods designated by a decision of the director general shall be subject to the provisions of the customs zone. The Rules of Implementation shall specify the conditions of transportation within this zone and he necessary documents and procedures.

Section XIII
Customs matters

Chapter I: Investigation of smuggling

Article 122

a). Customs officers shall combat smuggling. To this effect, they are authorized to inspect he goods and the means of transport and to search persons under the provisions herein and the other applicable regulations (laws).

b) The body search of women shall be conducted only by a female inspector.

c). In the event there are adequate evidences of the presence of contraband
and after obtaining permission from the competent authority, customs officers shall be entitled to inspect any house, store or shop according to the applicable regulations (laws).

d). Customs officers shall not be held responsible for the damages resulting from the proper performance of their jobs.

Article 123

Authorized customs officers have the right to get aboard the vessels anchoring in the local ports or those entering or leaving such ports and to stay aboard until the cargo is unloaded and they may inspect all parts of the vessel.

Article 124

Authorized customs officers have the right to get aboard the vessels in the customs zone for inspection or presentation of the cargo manifest and the other required documents under the provisions herein; when refraining from producing such documents or in the absence of such documents and when contraband or prohibited goods are suspected to be concealed, customs officers may take all necessary measures to seize such goods and shall lead the vessel to the nearest customs office.

Article 125

The Administration may take appropriate actions for investigating (detecting) smuggling inside and outside the customs office according to the rules laid down by the minister or the competent authority.

Article 126

Investigation of smuggling, seizure of goods and proving customs offences may be conducted on all goods within the territories of the country in the following cases:

1. in both the land and maritime (sea) customs zones.
2. At the customs offices, seaports, airports and all the places subject to customs control.
3. Beyond the land and maritime (sea) zones when continuously tracking controlled deliveries of the goods that have been witnessed within the zone in a situation that obviously indicates that they are intended to be smuggled.

Article 127

Customs officers are entitled to have access to the papers, documents, records, correspondence, commercial contracts and instruments whatsoever , directly or indirectly relating to the customs operations, and to seize them when offences are found out which shall be done at the premises of the shipping and transportation companies and the natural and legal persons involved in customs operations.

Such companies and persons shall keep all the aforesaid documents for a period of five years from the date of completion of the customs operations.

Article 128

Customs officers may detain any person suspected to have committed or attempted to commit an offence or involved in committing any of the following offences:

a). Smuggling

b). Transporting or acquisition of contraband.

Chapter II: Seizure report

Article 129

The seizure report of the offences and crimes of customs smuggling shall be made according to the practices set forth in this Law.

Article 130

When the offence/crime or smuggling is detected, a seizure report shall be promptly made by at least two customs officers and it may be made by one customs officer when necessary.

Article 131

The seizure report shall contain the following details:

1. The place, date and hour (in letters and figures) it is prepared.
2. Names of the customs officers who had detected the offence and those who had prepared the seizure report, their signatures and the nature of their jobs.
3. Names of the offenders or those responsible for smuggling, their nationalities, characteristics, occupations and detail addresses.
4. Seized goods, kinds and quantities thereof, their value and tariff heading.

5. Detailed facts, statements of the offenders or the individuals responsible for smuggling and statements of witnesses, if any.
6. An indication in the seizure report that it has been recited to the offenders or those involved in smuggling who had approved it by signing it or refused to do so.
7. All the other useful documents and the presence or absence of the offenders or those involved in smuggling when making inventory of the goods.
8. Referring samples of the seized contraband to the competent authorities for verification of prohibited materials.
9. Identifying the authority to which contraband has been delivered and taking an acknowledgement of receipt.
10. Identifying the security entity to which the smuggler(s) has been delivered and the hour and date of delivery.

Article 132

a). The seizure report prepared according to Articles 130 and 131 herein is a proof of the material facts that have been seen by the customs officers who had prepared it, unless proved otherwise.

b) The formal deficiency in the seizure report does not cause it to be null and may not be returned to the customs officers who had prepared it unless such deficiency is relating to material facts.

Article 133

The Customs office may seize the goods subject of offence or smuggling and the other items used for concealment as well as the means of transport whatsoever (i.e. boats, vehicles and animals) excluding vessels, aircraft and public buses intended for the transport of passengers, unless they are specially designed for smuggling purposes.

Article 134

Smuggled goods or those attempted to be smuggled such as narcotic drugs and the like shall be disposed of according to the regulations and laws in force in the State.

Chapter III: Precautionary measures
Part I: Precautionary seizure

Article 135

a. Customs officers executing the seizure report may seize the goods -subject of smuggling or offence- and the means of concealment and transport thereof and seize all documents in order to prove the offences or smuggling and to secure the duties, taxes and fines.
b. The director general may, when necessary, have an order issued by the competent authorities to effect provisional attachment on the properties of the offenders and smugglers as a security of the payment of the customs duties and taxes and fines and implementation of the final decisions and awards issued in this respect.

Article 136

The director general may, when necessary and as a guarantee the public treasury's rights, impose a customs security on the property of the tax (duties) payers or their partners.

Article 137

Arrest may be authorized only in the following cases:

1. Smuggling offences in the act.
2. Resistance to customs officers or security officers that impedes seizure of smuggling cases or customs offences or the persons involved therein.
3. When the persons are likely to escape in order to avoid the fines, penalties or compensations that might be imposed.

The authorized customs officers or the security authorities shall issue the arrest order. The arrested person shall be presented to the competent court within 24 from the time of arrest.

Part II: Preventing the offenders and the persons accused of smuggling from leaving the country.

Article 138

The director general or his authorized representative may ask the competent authorities to prevent the offenders or the persons accused of smuggling from leaving the country, if the value of the seized goods is not sufficient to cover the taxes, duties and fines.

Such prevention order shall be cancelled if the offender or the person accused of smuggling has submitted a bail equivalent to the claimed amounts or if it is found out thereafter that the value of the seized gods is sufficient to cover the claimed amounts.

Chapter IV: Customs offences and penalties thereof

Article 139

The collected customs fines and seizures provided for herein are deemed as a civil compensation to the Administration and shall not be covered by the provisions of amnesty.

Article 140

In the even of multiple offences, fines shall be imposed on each offence separately and the severest fine will be sufficient to if the offences are so correlated and cannot be separated.

Article 141

Excluding the smuggling cases provided for in Article 142 herein and without prejudice to the international agreements in force, a fine shall be imposed on the following offences according to the rules of implementation of this regulation (law):

1. Offences of importation and exportation.
2. Offences of customs declarations.
3. Offences of goods in transit.
4. Offences of warehouses.
5. Offences of zones under control of customs.

6. Offences of temporary admission.
7. Offences of re-exportation.
8. Any other offences.

Chapter V: Smuggling and penalties thereof
Part I: Smuggling

Article 142

Smuggling is to bring or attempt to bring goods into or out of the country in contravention to the applicable laws without payment of the customs taxes “duties, in whole or in part, or contrary to the provisions of prohibition or restriction provided for herein or in the other laws.

Article 143

The following actions are particularly deemed as smuggling:

1. Not proceeding with the goods to the first port of entry (customs office).
2. Not following the routes specified for getting the goods into or out of the country.
3. Unloading or loading the ships contrary to the regulations applicable at the customs office or unloading or loading the ships beyond the marine customs zone.
4. Illegal unloading or loading of aircraft cargo outside official airports or dropping goods during flight, subject to the provisions of Article (40) herein.
5. Not declaring at customs office the incoming or outgoing goods without a manifest including the goods accompanied by passengers, which have a commercial character.
6. When the goods surpass the customs office at entry or exit without being declared.
7. Discovering goods, not declared to a customs office, concealed in places or cavities not usually designed for containing such goods.
8. Increase, shortage or alteration in the number of the packages or the contents thereof in a situation suspending the duties provided for in Chapter VII herein discovered after the goods

have left the customs office. This provision applies to the goods that have illegally transited the country or without finalization of their customs procedures in which case the carrier shall be held responsible.

9. Failure to produce the evidences prescribed by the Administration to justify suspensions of the customs taxes “duties”.

10. Taking the goods out of the free zones and duty-free shops, customs warehouses, stores or customs zones without finalization of their customs procedures.
11. Producing false, fraudulent or fabricated documents or lists or affixing false marks intended to evade the customs taxes “duties” in whole or in part, or to avoid the provisions of prohibition and restriction.
12. Transporting or acquisition of prohibited or restricted goods without submitting evidences supporting their legal importation.
13. Transporting or acquisition of goods subject to customs authority within the customs zone without legal documents.
14. Not re-importation of the goods prohibited from exportation that were temporarily exported for any purpose whatsoever.

Part 2: Penal responsibility

Article 144

The penal responsibility for the smuggling offence requires the presence of intention. Determination of this responsibility takes into account the applicable penal provisions. The following are deemed to be penally responsible in particular:

1. Principal perpetrators (offenders).
2. Partners in the offence.
3. Inciters and interferes.
4. Possessors of contraband.
5. Owners of the means of transport used for smuggling, drivers and assistants who are proven to be involved in the contraband.

6. Owners or tenants of the shops and places where contraband are kept or the beneficiaries who are proved to be aware of the presence of contraband in their shops or places.

Part 3: Penalties

Article 145

Without prejudice to any higher penalty provided for in other regulations applicable in the State, smuggling and like offences and the attempt to commit any of them shall be penalized as follows:

1. If the smuggled goods are subject to high customs taxes “duties”, the penalty shall be a fine not less than double the payable customs taxes “duties” and not more than double the value of the goods and imprisonment for not one month but not to exceed one year or either of them.
2. As for the other goods, the penalty shall be a fine not less than double the payable customs taxes “duties” and not more than the value of the goods and imprisonment for not less than one month but not to exceed one year or either of them.
3. If smuggled goods are exempted from customs taxes “duties”, the penalty shall be a fine of not less than ten percent of the value of the goods and not more than their value and imprisonment for not less than one month but not to exceed one year or either of them.
4. If smuggled goods are prohibited ones, the penalty shall be a fine not less than the value of the goods, but not more than three times the value and an imprisonment for not less than six months, but not to exceed three years or either of them.
5. Confiscation of the smuggled goods or imposing a fine equivalent to the value thereof when the goods are not seized.
6. Confiscation of the means of transportation and the tools and materials used in smuggling, excluding public means

of transportation such as ships, aircraft, trains and public vehicles, unless they are intended or hired for smuggling purposes, or imposing a fine equivalent to their value when goods are not seized.

7. The penalty may be doubled if the offence is repeated.

Article 146

The director general may hold the goods and the seized means of transport in case the smugglers have escaped or could not be caught and sell them according to the provisions of Section 14 herein and the proceeds of sale shall revert to the government upon the expiry of one year form the date of sale with the smugglers not being caught. Should the smugglers be caught or bought to court during this period and the goods have been ordered to be confiscated, the order of confiscation shall apply to the proceeds of sale.

Chapter VI: Prosecutions (Pursuits)
Part I: Administrative prosecutions (pursuits)

Article 147

a) The director general may issue the necessary orders for collection of the payable customs taxes “duties” and fines, which the payer has not paid.
b) Objection to the collection orders may be made to the Administration within fifteen days from notification date. Nevertheless, this shall not stay execution of the orders (Judgments) unless the claimed amounts are paid under deposit through a bank guarantee or in cash.

Article 148

a) The fines provided for in chapter 5 of this section shall be imposed by a resolution of the director general or his authorized representative.
b) The offender or his representative shall be notified of the imposed fine by a written notice through the competent authority. The offender shall pay the fines within fifteen days from the date of notification.

Article 149

The penalization orders (judgments) referred to in the preceding Article may be appealed before the minister or the competent authority during the same period and the minister or the competent authority has the right to confirm, amend or cancel the penalization order.

Part 2: Prosecution of the smuggling offences

Article 150

The action of smuggling offences may be reconsidered only upon written request from the director general.

Part 3: Conciliatory settlement (compromise)

Article 151

a). The director general or his authorized representative may- upon a written request by the person concerned- make a compromise (conciliation), in the smuggling issues, whether prior to the bringing of the action or when the action is being tried and prior to the issuance of the first instant judgment which will be in lieu of all the customs penalties and fines provided for in article 145 herein.

b). The Manual (directory) of the conciliatory settlements is issued by a resolution of the minister or the competent authority.

Article 152

Subject to the provisions of Article 150, the conciliatory settlement

(Compromise) shall be as follows:

1. If contraband are goods that are subject to high customs taxes “duties” , the penalty shall be a fine not less than twice the amount of the customs taxes ‘ duties” and not exceeding double the value of the goods.
2. 2. As regards the other commodities, the penalty shall be a fine not less than the amount of the payable customs taxes ‘ duties” and not exceeding 50% of the value of the goods.

3. If the smuggled goods are not subject to customs taxes “duties” (exempted), the penalty shall be a fine not less than 10% of the value of the goods and not more than 50% of their value.
4. If smuggled goods are prohibited ones, the penalty shall be a fine not less than the value of the goods and not more than three times their value.
5. Confiscation, release or re-exportation (wholly or partially) of the smuggled goods in question.
6. Confiscation of the means of transport together with the tools and
7. Materials used for smuggling excluding the public means of transport such as vessels, aircraft and cars unless these are designed or rented for this purpose.

Article 153

The action shall be relinquished when a reconcilement is reached.

Chapter VII: Liability and Joint liability

Article 154

a. The offence and the consequent civil liability in the smuggling offences arise when the material evidences thereof are available. *Good faith or ignorance shall* not be taken into account. However, the offender shall be *exonerated* from liability if he is proved to be a victim of a force majeure as well as he who proves that he has not committed any act of offence or smuggling or caused it to occur or be committed.
b. Civil liability shall include, in addition to the offenders and smugglers, the partners, financiers, sponsors, beneficiaries, agents, clients, donators, carriers, possessors and consigners of the goods.

Article 155

Investors of private shops and premises wherein infringing or smuggled goods are kept shall be held responsible. Whereas investors and employees of public shops and premises as well as

the owners, drivers and assistants of public means of transport shall be held responsible unless they prove their ignorance of the presence of such infringing or smuggled goods and that they have not a direct or indirect interest them.

Article 156

Guarantors (sponsors) shall be responsible, within the limits of their guarantees, for the payment of customs taxes “duties”, fines and the other amounts payable to the Administration by the principal payers.

Article 157

Customs brokers shall be fully responsible for the offences and smuggling offences they or their authorized employees commit in the customs declarations. But they will not be responsible for the undertakings submitted in the customs declarations unless such undertakings are made by them or they have guaranteed the undertakers.

Article 158

Owners of the goods, employers and carriers of goods shall be responsible for the acts of their employees and all the persons working for their account in respect to the duties and taxes collected by the customs office and the fines and confiscations provided for herein as a result of such acts.

Article 159

Heirs shall not be responsible for the payment- from their own shares of the heritage- of the fines payable by the dead offenders from unless they are partners in smuggling. The action (suit) shall be relinquished upon the death of the offender.

Article 160

Payable customs duties, taxes and fines shall be jointly paid by the offenders or the persons liable for smuggling according to the applicable practices for collecting the funds due to the State Treasury. The seized goods and means of transport, if any, shall be a security for the payment of the payable amounts.

Chapter VIII: Rules of Court Proceedings

Article 161

First instance customs courts may be established at both the Administration and the customs offices according to the legal instrument applicable in each state.

Article 162

The first instance customs court shall have the following jurisdictions:

1. Hearing all smuggling offences and the like.
2. Hearing all offences committed against the provisions of this regulation (law) and the Rules of Implementation thereof.
3. Hearing the objections to the collection orders under the provisions of Article 147 herein.
4. Considering the objections submitted against the penalization judgments under the provisions of Article 148 herein.
5. The court may request any person accused under this regulation (law) to bring a sponsor to guarantee his appearance before the court or it may decide to detain him until settlement of the issue.

Article 163

a). Judgments of the first instance customs court may be appealed before an *ad hoc appeal* court formed under the legal instrument applicable in each State.

b). this court shall try the actions brought to it and shall take its decisions by majority.

c) The period of appeal shall be thirty days from the date of notification of the first instance judgment by default and from the date of pronouncement of the judgment in presence of the litigant.

Article 164

The judgments passed by the court of appeal shall be final.

Article 165

Collection and penalization orders and the judgments passed in the customs matters shall be carried out by all means of execution, after having the final status, on the movable and unmovable property of the offenders.

The minister or the competent authority may have an order issued to attach a sufficient amount of such property to cover payment of the claimed amounts.

Section XIV: Sale of Goods

Article 166

a). The Administration has the right to sell the perishable seized goods and those subject to shortage or leakage or if the goods are in a condition that might endanger the safety of the other goods and the facilities therein.

b) Seized goods which are subject to a considerable depreciation may be sold by authorization from the director general or his representative. The sale of the goods shall be based on a report showing the condition of the goods and the justifications of sale without having to get an order from the competent court, provided that the owner of the goods shall be notified of such sale.

If a judgment (order) to return the goods to its owner is issued thereafter, then price of the sold goods shall be paid to the owner after deducting any payable duties or taxes.

Article 167

Upon expiry of the period specified by the minister or the competent authority, the Administration may sell the goods placed in the customs warehouses, those existing in the yards or wharves or left out goods at the customs offices.

Article 168

The Administration shall sell the following:

1. The goods and means of transport that have become property of the customs under a confiscation judgment, a compromise or a written waiver.

2. The goods not withdrawn from the customs warehouses within the legal period specified according to Article 75 herein.
3. The goods and items whose owners are unknown and which have not been claimed within the storage period specified by the director general or the competent authority.

Article 169

The Administration assumes no responsibility for any damage caused to the goods being sold under the provisions herein unless it is proved that the Administration had committed an obvious default in the procedures of the sale process.

Article 170

a. The sales provided for in this Section shall be effected in an auction according to the rules and conditions prescribed by the minister or the competent authority.
b. The goods, items and the modes of transport shall be sold without the customs taxes “duties” and other taxes excluding the commission that shall be borne by the buyer during the sale procedures.

Article 171

a). The proceeds of sale shall be distributed as follows:
   1. Customs taxes "duties”.
   2. The costs of the sale process.
   3. The expenses incurred by the Administration whatsoever.
   4. Transportation charges, when necessary.
   5. Any other charges.

b). The balance remaining from the proceeds of selling the goods, the importation of which is permitted on the day of sale, after deducting the sums provided for in paragraph (a) herein, shall be deposited with the Administration as a deposit. The persons concerned may claim refund within one year from the sale date otherwise such balance will be transferred to the treasury.

c). As for the goods that are prohibited or not allowed to be imported on the day of sale, the remaining balance shall be property of the Treasury.

d). As for the goods that are prohibited, restricted or not allowed to be imported and those sold under a compromise, penal order or a court judgment (relating to smuggling), the remaining balance shall be distributed according to the provisions of article 172 herein after deducting the taxes ,duties and costs.

Article 172

The share of the treasury from the proceeds (amounts) of the customs fines and the value of the seized or abandoned goods and means of transport are determined at 50% after deducting the customs duties taxes “duties” and costs. The remaining portion of the balance shall be deposited with the customs rewards fund or with any other account in favour of the customs, to be paid to the individuals who had discovered and seized the offences and their assistants. The rules for distributing such rewards shall be laid down by the minister or the competent authority upon a proposal from the director general.

Section XV
Privilege of the Customs Administration

Article 173

For the purpose of collecting the customs taxes “duties” and the other fees and taxes to be collected as well as the fines, compensations, confiscations and refunds, the Administration shall have a general privilege over the movable and unmovable property of the tax payers and offenders, even in the case of bankruptcy, and shall also have precedence over all debts except for the judicial expenses.

Section XVI
Prescription

Article 174

Any claim or action for refunding the customs taxes “duties” paid since over three years shall not be accepted.

Article 175

The Administration may destroy the records, receipts, declarations and the other customs documents upon the expiry of five years following finalization of the customs procedures. The Administration shall not be bound to present such documents or give copy thereof to any entity upon the elapse of that period.

Article 176

Without prejudice to the other regulations and laws in force in the State, prescription period for the Customs Administration, if not prosecuted, shall be as follows:

15 years for the following two cases:

a). Acts of smuggling and the like effective from the date of committing the offence.

b). Execution of the smuggling judgments and the like effective from the date of passing the judgment.

5 years for the following cases, if not claimed:

a). Investigation of the offences from the date occurred.

b). Collection of the fins and the confiscations imposed on the offences with effect from the issuance of the penalization order.

c). Collection of the customs taxes” duties” and the other charges that have not been collected due to a mistake by the customs office effective from the date of lodgment of the customs declaration .

Section XVII
Final Provisions

Article 177

a). the director general may exclude the ministries, government departments and the official public organizations from certain procedures to facilitate their duties.

b). The director general my sell the confiscated or abandoned goods and materials to the interested ministries, government departments and official public organizations, if they express their need for them, at the prices he deems appropriate, or may abandon them free of charge by a resolution by the minister or the competent authority .

Article 178

The Financial and Economic Cooperation Committee of the GCC Member States shall approve the Rules of implementation of this regulation “law’ which will be issued according to the legal instrument of each Sate.

Article 179

The Common Customs Law (law) of the GCC Member States shall, when implemented, supersede the customs regulations and laws in force in the Member States within the limits of the constitutional rules and regulations and the basic laws in force in each State without contradiction therewith.

Rules of Implementation
Of
The GCC Common Customs Law

CHAPTER (1)

Value of goods for customs purposes

Pursuant to the provisions on Article (26) the GCC Common Customes Law, the Value of Goods for Customs purposes shall be dtermined as fellows:

Article (1)

Principles for determining the value for customs purposes as set forth in the Rules of Impolementation 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 approved 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) any person directly or indirectly owns, controls or holds five per cent or more of the outstanding voting stock or shares of both of them;

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

(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". "Similar 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.

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 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.

1. 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 (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 un-related 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 compensation for 10 TVs damaged in the previous shipment. In this case, the balance is irrelevant to the shipment being valued. So, the customs value of the shipment will be SR10,000.

IV.A	***Price actually paid or payable:***
	1. In determining the transaction value, the price actually paid or payable defined in the Clause II.(1) of this Article, irrespective of the method applied, shall be considered. It may be an outcome of deductions, additions or negotiations, or may be arrived at by applying a particular formula.
	2. "Payable" means price of goods not paid at time of determination by the customs of the transaction value of the imported goods. The price agreed to be paid will be the basis for determination of the customs value. The payment need not necessarily take the form of a transfer of money. Payment may be made by letters of credit or financial instruments, directly or indirectly.
	3. "Indirect payment" includes settlement of a debt owed by the seller to the buyer, totally or partially. The buyer may obtain discount in the price of the goods being valued as a settlement method for his debt owed by the seller. The indirect payment will not include activities undertaken by the buyer on his own account such advertisement (except the activities provided for in Clause IV.B) despite being beneficial also to the seller. In determining the customs value of imported goods, the costs of such activities shall not be added to the price actually paid or payable.
	4. Assembled Goods: The price actually paid or payable can represent an amount paid against assembly of the imported goods. So, the price actually paid or payable will be calculated by adding the value of the components and assembling. ***Example*:** An importer had already provided a foreign assembler readymade components for assembling, the price or cost of which at the assembling factory is SR1 per unit. The importer pays to the assembler SR0.05 per unit against assembling. So, the transaction value of each unit will be SR1.50.

IV.A.1	The restrictions that have no substantial effect on the price of the goods, shall not preclude determination of the customs value by applying the transaction value method. For example: 1. Restrictions specifying a particular date for selling the imported goods. ***Example 1*:** An importer buys a lot of garment. It is found that the purchasing contract contains a condition by the seller that the buyer (i.e., importer) shall only start selling after a particular date, for instance at the onset of the winter. 2. Restrictions specifying a particular place in the country of importation for reselling the imported goods. ***Example 2*:** Taking into account the Example 1, if the seller specifies a condition requiring that the buyer (i.e., importer) shall only resell, for instance, in the city of Riyadh. 3. Restrictions specifying a particular method of reselling in the country of importation. ***Example 3*:** If the seller in the Example 1, specifies a condition requiring that the buyer (i.e., importer) shall only resell through the sales representatives only, or through advertisement in the information media.
IV.A.2	Condition or consideration for which a value cannot be determined: A seller specifies, for instance, the price of the imported goods on the condition that the importer

	shall also buy other goods also in specified quantities; or the price of the imported goods is dependent upon price/s at which the importer shall sell other goods to the seller of the imported goods; or the price of the imported goods is specified on the basis of a form of payment not related substantially to the goods, e.g., the goods is to be subjected to further processing by the buyer, and the seller requires from the buyer to take a particular quantity of the goods after processing.
IV.A.4.	If the customs has sufficiently detailed information on the buyer and seller indicating to its satisfaction that the relationship between both of them has not influenced the price actually paid or payable, the price shall be accepted without requiring additional information from the importer. If the customs has doubt that the relationship has influenced the price, then the importer shall be notified thereof, and be given sufficient time to reply. The notification shall be in writing, if the importer so requests.
IV.A.4.a	The transaction value, after examination of the circumstances surrounding the sale, shall be accepted, if the customs found: 1. that the buyer and seller, despite their relationship, buy and sell to each other as non-related person; 2. if the price was established consistent with normal pricing practices of the industry in question, this would demonstrate that the price has not been influenced by the relationship; and

	3. if it is shown that the price is adequate to ensure recovery of all costs plus a profit which is representative of the firm's overall profit realized over a representative period of time, in sales of goods of the same class or kind.
IV.A.4.b	Test Value: 1. These are values previously accepted as customs values for goods exported to the GCC States at or about the time of the importation of the goods. The test values shall only be used for comparison with the transaction value of the imported goods. 2. In order to determine whether the transaction value closely approximates to the test value, the following factor will be considered: (a) the nature of the imported goods, and the industry; (b) the season in which the goods are imported; (c) whether the difference in value is commercially significant; and (d) whether the difference in value is attributable to internal transport costs in the country of exportation. Since these factors may vary, a uniform standard, such as a fixed percentage in each case cannot be applied. A small difference in value in a case involving one type of imported goods could be unacceptable, although a large difference in a case involving another type might be acceptable.

	3. In applying the test values, differences between the declared value and the test value will be taken into account. The difference will be adjusted if it is based on objective data supplied by the importer or available to the customs. The difference may be related to the following: (a) commercial level of the importer; (b) imported or contracted quantity; (c) costs specified in Clauses IV.B.1.(7) and (8) of this Article; and (d) costs borne by the seller in sales where the seller and buyer are unrelated, which is not borne by him in sales where the seller and buyer are related. 4. If it is found through comparison and inquiry that a test value provided for in the Clause IV.A.4.b is approximate to the declared value, an examination of the circumstances surrounding the sale to determine whether the relationship between the buyer and seller influenced the price, shall not be required. If the customs has sufficient information to be satisfied, without further detailed inquiries, that one of the test values is approximate to the declared value, it shall not require the importer to prove accuracy of the test value.
IV.B.1.i	"Buying Commission" means expenses paid by the importer to his agent for his services of represntation abroad for buying the goods being valued. It is not included in the customs value. "Selling Commission" means expenses paid to the seller's agent, who is related to or controlled by , or works for or on behalf of, for selling the goods.

IV.B.1.iv	A. Requirements of adding value of assists: 1. If the value was not already included in the declared 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 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 followingmethods: 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 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 – 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 prevalent 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 IV.B, even if beneficial to the seller, include 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 payable 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 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 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; 3. The commercial level means form of dealing exercised by the importer, i.e., wholesale, retail or self-consumption. 4. If there is difference in the goods being valued and the identical goods in the quantities, commercial level and costs mentioned 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 reasonableness 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 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-of-the-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; 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-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*:** 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 thenan 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 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-of-the-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:

Sale quantity	Unit price (SR)	Number of sales	Total 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 units 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 persons at various prices:

- Sales

Sale quantity (unit)	Unit price (SR)
40 units	100
30	90
15	100
50	95
25	105
35	90
5	100

- Totals:

Sale quantity sold (unit)	Unit price (SR)
65 units	90
50	95
60	100
105	25

In this example, the greatest number of units sold at a particular price is 65; therefore, the unit price in the greatest aggregate quantity is 90 Riyals.

VI.1.a	1. In case the goods being valued are owned by the seller or exporter outside the GCC States, and are sold on the basis of commission, that which is usually paid or agreed to be paid by the seller to the importer for costs borne by him for selling the goods locally, shall be deducted. 2. If the goods being valued, however are sold to an importer who works for his own account, then "the profits and general expenses", that is usually added by the importer to the selling price in the local market, shall be deducted, unless inconsistent with the amount of profit usually added by the importer to the selling price in the local market and general expenses usually added to sales of goods being valued, of the same class or kind, in the GCC States, imported from the same or other countries. Deduction of such usual amount will be based on relevant information other than supplied by or on behalf of the importer. 3. The profit and general expenses should be taken as a whole. A figure can be inconsistent with similar figure of the same industry. As long as the total of both is consistent with the total of usual profit and general expenses, it should be used. This deductible figure should be determined on the basis of the information supplied by or on behalf of the importer. The general expenses shall include direct and indirect costs of marketing the particular goods. 4. "Goods of same class and kind" are goods falling within a group or range of goods produced by a particular industry or industrial sector, including but not limited to, identical goods and similar goods, whether imported from the same country of production or exportation of the goods being valued, or from another country. Whether certain goods are "of same class or kind" must be determined on a case-by-case basis by reference to circumstances surrounding the goods.

VI.3	1. There might be instances where, although the identity of the of the imported goods is lost, the value added by processing can be determined accurately without unreasonable difficulty, provided that it is based on the basis of objective and quantifiable data related to cost of such work. Acceptable industry formula, recipes, methods of construction, and other industrial practices would form the basis of the calculations. 2. On the other hand, there can also be instances where the imported goods maintain their identity but form such a minor element in the goods sold in the country of importation that the use of this valuation method would be unjustified. In view of the above, each situation of this type should be considered on case-by-case basis.
VII.1.	As a general rule, customs value under this Article will be determined on the basis of information readily available in the country of importation. In order to apply the computed value method falling under Clause VII, it may be necessary to examine the costs of producing the goods being valued and other information, which is to be obtained from outside the GCC States. The use of computed value method will generally be limited to those cases where the buyer and seller are related, and the producer is prepared to supply to the customs the necessary costing, and to provide facilities for any subsequent verification.

VII.1.a.	1. The "cost or value" referred to in this paragraph is to be determined on the basis of information relating to the production of the goods being valued, supplied by or on behalf of the producer and where it is consistent with generally accepted accounting practices in the country of the exporter. Where such information is available from another source, the customs shall inform the importer, if he so requests, of the source of such information, the data used, duly observing confidentiality according to Clause I.3 of this Article. 2. The cost or value mentioned in this Clause includes the following: (a) cost of elements specified in Clause IV.B.1.(ii) and (iii). of this Article; and (b) cost of elements specified in Clause IV.B.1.(iv). of this Article apportioned as appropriate under the provisions of Clause IV.B.1.iv. of this Interpretative Annex. Taking into account that the costs of the elements specified in Clause IV.B.1.iv.(d) undertaken in the GCC States shall be included only to the extent that the elements are borne by the producer for obtaining such elements. No cost or value of elements referred to in this Clause shall in any case be counted twice.

VII.1.b.	1. The amount for profit and general expenses should be taken as a whole. If the producer's profit figure is low and general expenses are high, those figures taken together may be consistent with those usually reflected in sales of imported goods of the same class or kind. 2. If the producer's figures for the profit and general expenses are inconsistent with those usually reflected in sales of goods of the same class or kind as the goods being valued, which are made by the producer in the country of exportation, for export to the GCC countries, in that case, the amount for profit and general expenses may be based on objective data, according to Clause II..11 of this Article, other than that supplied by or on behalf of the producer of goods. 3. The general expenses mentioned in Clause VII.1.b of this Article shall cover all direct or indirect costs of production and sale of the goods for export, not included in Clause VII.1.a of this Article. 4. While determining usual profit and general expenses according to the provisions of Clause VII.1.b of this Article, the narrowest group or range of the goods of same class or kind will be examined including sales of identical or similar goods from same country of production of the goods being valued, which are sold for export to the GCC States, including the goods being valued. Whether certain goods are of the same class or kind as other goods, must be determined on a case-by-case basis with reference to the circumstances involved.

VIII.(a)	This Clause does not provide for a specific method of valuation. Rather, it requires that the customs value shall be determined according to the following: 1. using reasonable means or methods; 2. should be consistent with the principles and general provisions of the Customs Valuation Agreement (CVA), and Article VII of the GATT 1994; and 3. be based on the data available in the country of importation. 1. **<u>Value determination using reasonable methods</u>:** The customs value under provisions of this Clause should, to the greatest extent possible, be based on the customs values determination methods already mentioned in Clauses IV to VII with reasonable flexibility in the application in conformity with the purposes and provisions of the Customs Valuation Agreement. If the customs value could not determined using such methods, the customs value may be determined using other logical methods provided that: 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 was 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 apply 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 available, therefore the customs value can not be determined 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 withcommercial 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 GCCStates, it should be used.

CHAPTER (11)

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 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 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 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.

CHAPTER (111)
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 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 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-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 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 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 Member 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 b 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 he 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.

CHAPTER (1V)

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.

CHAPTER (V)

Exempting the imports of the philanthropic societies (charities) from he 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-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.

CHAPTER (V1)
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 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.

CHAPTER (V11)
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 hem 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 hose for which hey 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 ‘duties’ through misdeclaration according to the provisions of Article (47) of the Law.
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-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 or re-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 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-submission of the manifest or the other documents at importation or exportation as well as delaying the

submission of the manifest or he other documents beyond the prescribed time according to the provisions of Articles (30, 36, 39, and 40) of the 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 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 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 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 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 he 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 Common Customs Law
Of the Cooperation Council for the
Arab States of the Gulf

Explanatory Notes
To the Common Customs Law
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The GCC Common Customs Law, which was prepared by a technical committee of the GCC Member States, has been designed to meet the provisions relating to the customs affairs and regulate the relationship between customs and the public. The CCL contains provisions and procedures for the importation, exportation and transit of goods across the territories of the GCC Member States. This CCL also prescribes the rights of the employees of those administrations.

The CCL aims at protecting the society through the control of the entry and exit of individuals, goods and means of transport.

This CCL 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 Member States an international market, encourage their national industries and projects and extend the scope of their transactions and increase their exports.

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

The CCL was adopted at the 20th Session of the Supreme Council held in Riyadh, Kingdom of Saudi Arabia in December 1999 and it 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 Sates in an attempt to have it obligatorily implemented by all customs administrations of the Member States by 2000.

Due o 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 at the 21st Session of the Supreme Council that the reference implementation should be extended for one more year and the Supreme Council, at 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 obligatorily implemented by all customs administrations of the GCC Member States in January 2002.

Having a Common Customs Law of the GCC Member States aims at unification of the customs procedures in all customs administrations of the GCC Member States and the enhancement of cooperation in the customs field and regulation of the relationship between these administrations and the community of

traders in the GCC Member States so as to ensure unification of the customs procedures in all the GCC Member States. This Law regulates the relationship between the customs administrations and the other governmental administrations in the Member States and enhances Intra-GCC trade and foreign trade, which is one of the pillars of the customs union of the GCC Member States.

Chapter (I)

Definitions and General Provisions

This Section deals with the definition of this regulation as the "Common Customs 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 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 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 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 Law.

Chapter (II)

Provisions for Application of the Customs tariff

This Chapter 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 Law or under the GCC Unified Economic Agreement or any other international agreement through mutual coordination among the GCC Member 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 Member 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.

Chapter III

Prohibition and Restriction

This Chapter 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 Law or any other Law or resolution.

Chapter IV

The Distinguishing Elements of the Goods

This Chapter 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 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 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.

Chapter (V)

Importation and Exportation

This chapter covers the Articles (30 to 46) of the 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.

Chapter (VI)

Stages of the Customs Clearance

This chapter 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 o bank guarantees or undertakings according to the conditions prescribed by the director general. The Law permits the owners of goods or their representatives to examine heir 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 an 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 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.

Chapter VII

The cases where the customs taxes "duties" are suspended and Drawback

This chapter deals with cases where the goods could be released and moved from one place o 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 Member 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.

Chapter VIII

Exemptions

This chapter 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 Member 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 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 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.

Chapter IX

Service Charges

Article (107) provides that the goods placed in the yards and warehouses belonging to he 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.

Chapter X
Customs Brokers

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

Chapter XI

The rights and duties of the Customs officers of the Administration

This chapter 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 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 (Territory)

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

Article (121) states that there are provisions of the customs territory as provided for in clause 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.

Chapter XIII

Customs Matters

This chapter deals with the customs matters which are an important aspect of the provisions of this 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 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 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 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 reconcilement (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 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 reconcilement subject to the provisions of Article (151).

Article (153) provides that the action (claim) shall be settled after reconcilement 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” an 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.

Chapter XIV

The Sale of Goods

This chapter 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 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.

Chapter XV

Privilege of the Customs Administration

This chapter 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.

Chapter XVI

Prescription

This chapter 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.

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

Chapter XVII

Final Provisions

This chapter contains the following final provisions:

Article (177) empowers the Director General:

1. to exclude the ministries, governmental departments and public institutions from certain procedures for facilitation of their business, and
2. to 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 Member States the right to adopt the Rules of Implementation of this Law and Article (179) provides that this 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.