

Principles of Value Determination for Customs Purposes

I. General Provisions:

1. The importer ~~can~~ can request clear the release of his goods upon submitting sufficient guarantee to cover 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~~ can object and appeal against the ~~determined 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 (Board of Grievances)
3. ~~The~~ The information, ~~confidential~~ confidential or provided on a confidential basis for purposes of customs valuation, shall, ~~according to the Article 51 of the Common Customs Law (CCL),~~ be treated as strictly confidential, and may not be disclosed except to the extent required to be disclosed in the context of judicial proceedings, according to the Article 51 of the Common Customs Law (CCL).
4. If the declared value is ~~mentioned stated~~ in a foreign currency, it should be converted to the domestic currency ~~at on~~ the basis of exchange rate announced in ~~bulletins of~~ bulletins issued by the competent agencies (i.e., Saudi Arabian Monetary Agency (SAMA)).
5. In determining the customs value, no discounts or deductions made after the date of importation of the goods in the payable or actually paid price will be considered. Also, no credit balances pertaining to previous consignments will be considered when determining the value of the goods being valued.
6. This Law does not contain any provision that implies restrictions ~~to~~ to or doubt in, the right of the ~~customs~~ Customs to undertake whatever is necessary to ascertain ~~validity the validity~~ or accuracy of any statement, document, ~~declaration~~ or undertaking submitted to the customs for valuation purposes.
7. (A) If accounting information is required to be utilized for determining the customs value ~~while 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 ~~at in~~ the GCC States in applying the deductive

- (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.

10. **“Generally Accepted Accounting Principles”** means the recognized consensus or substantial

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

B. The importer may request application of the computed value method

the seller did not influence the price actually paid or payable; or

- b. if the transaction value of the imported goods closely approximated approximates to one of the test values mentioned in the following noted below:- When applying the Clause IV.B, the difference adjustment will be taken into account if existed between the declared value and the test value, based on objective data provided or available with the customs:-
 - i. a transaction value of identical or similar goods in sales to unrelated buyers at the GCC States;
 - ii. a customs value as determined under the Clause VI: Deductive Value;
 - iii. a customs value as determined under the Clause VII: Computed Value

When applying this Clause IV.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.

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~~assists) provided by the buyer, directly or indirectly, free of charge or at a reduced cost, ~~against 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 ~~appropriated~~apportioned:
 - (a) materials, components, ~~and~~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 ay

excluding the sale of the goods incorporating in production any of the ~~assists~~ assists mentioned in ~~the~~ 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 ~~the~~ 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 ~~the~~ Clause (a) above;
 - c. customs 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 ~~the~~ 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~~ taking into account the provisions of ~~the~~ Clause 1 ~~of this method~~ 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, ~~in quantities sufficient for determination of the unit price~~.
3. If neither imported goods nor identical nor similar imported goods are sold in the GCC States' local market in the same condition as

vi . arbitrary or fictitious values; or

vii . minimum customs values.

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

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 mp

	<p>account. The difference will be adjusted if it is based on objective data supplied by the importer or available with <u>to</u> the customs. The difference may be related to the following:</p> <ul style="list-style-type: none"> (a) commercial level of the importer; (b) imported or contracted quantity; (c) costs specified in the 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. <p>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.</p>
IV.B.1.i	<p>“Buying Commission” means expenses paid by the importer to his agent against for his services of representation abroad for buying the goods being valued. It is not included in the customs value.</p> <p>“Selling Commission” means expenses paid to the seller’s agent, who is related to or controlled by , or works for or on behalf of, against for selling the goods.</p>
IV.B.1.iv	<p>A. Requirements of adding value of assists <u>assists</u>:</p> <ol style="list-style-type: none"> 1. It shall be added if not already included in the <u>declared</u> price actually paid or payable. 2. It shall be added if provided by the importer (buyer) free of charge or at a reduced cost. If it is provided at a reduced cost, the addition shall be only apportioned to the amount reduced by the buyer. 3. It shall be added if it was used in production of the goods being valued. <p>B. Determining value of assists <u>assists</u>:</p> <p>If cost of assists <u>assists</u> is to be added to the transaction value of the</p>

	<p>be deducted.</p> <ol style="list-style-type: none"> 2. If the goods being valued, however is-are sold to the order of an importer who works for his own account, then “the profits and general expenses”, that is usually paid or agreed to be paid by the seller to the importer for costs borne by him against selling the goods locally <u>added by the importer to the selling price in the local market</u>, shall be deducted, unless inconsistent with the amount for of profit <u>usually added by the importer to the selling price in the local market</u> and general expenses usually added to sales of goods being valued-being value, 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-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 <u>the</u> 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 industry-industrial sector, including but <u>not</u> 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	<ol style="list-style-type: none"> 1. <u>There might be</u> 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 the 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 <u>method will</u> 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 costings, 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, <u>supply-supplied</u> by or on behalf of the producer <u>and where it is consistent with generally accepted accounting practices in the country of the exporter</u>

