

Dubai Customs eliminates the guarantees required to export goods from the main cargo free zones as of 1 June 2016

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Free zone businesses are expected to reduce the cost of exporting goods through Dubai's airports and Jebel Ali Port following Dubai Customs' decision of eliminating the cash/bank guarantees currently required.

Background

Dubai Customs has issued Customs Notice 3 of 2016 to streamline and facilitate trade activities within Dubai's main cargo free zones, and better control the customs procedures associated with the export of goods.

Goods warehoused in free zones can be exported to any territory outside of the GCC Customs Union by processing a 'FZ transit-out' declaration without the requirement of lodging a cash or bank guarantee equivalent to the goods' payable customs duties (normally, 5% of the CIF value), provided that the goods are exported from the same customs office they were admitted into upon import.

Exporters are eligible to benefit from the new financial advantage in the following free zones:

1. Jebel Ali Free Zone ("JAFZ") – for exports from Jebel Ali Port or Al Maktoum International Airport.
2. Dubai Logistics City Free Zone ("DLC") – for exports from Jebel Ali Port or Al Maktoum International Airport.
3. Dubai International Airport Free Zone ("DAFZA") – for exports from Dubai International Airport.

Requirements

Goods must be exported from the respective free zone within 30 days from the date of processing the FZ transit-out declaration. In addition, for the purpose of proving the export of the goods from the free zone, the exporter is required to request the settlement of the export declaration and submit a copy of the FZ transit-out along with the goods' Exit Certificate, signed and stamped by the responsible customs officer, within 60 days from the date of processing the FZ transit-out declaration.

Failure to comply with the above conditions may lead Dubai Customs to levy customs duties on the exported goods, plus any applicable penalties in accordance with the GCC Common Customs Law and other regulations enforced by Dubai Customs.

Takeaway

Exporters are not required to lodge cash or bank guarantees to export their goods from the aforementioned free zones as of 1 June 2016. We recommend free zone businesses to review their export procedures and associated document policy to ensure the formalities required by Dubai Customs are met and avoid potential customs duty (and penalties) on the goods exported outside of the GCC.

If you would like to discuss further please do not hesitate to contact your PwC Customs & International Trade advisor.

Jeanine Daou

Middle East Indirect Taxes Leader
+971 (0) 4 304 3744
jeanine.daou@ae.pwc.com

Carlos Garcia

Customs & International Trade Director
+971 (0) 4 304 3936
c.garcia@ae.pwc.com

