

The Zakat, Tax and Customs Authority ("ZATCA") announces The Rules of Customs Procedures

January 2024



In brief

The Zakat, Tax and Customs Authority (“ZATCA”) through decision number (28624) dated 23/5/1445 (corresponding to 6 December 2023) has approved the The Rules of Customs Procedures (“the rules”), which were earlier made available for public consultation and have now been published in Saudi Official Gazette Umm Al-Qura.

The rules are currently available in Arabic which can be accessed [here](#). The announcement is accessible through this [link](#).

The effective date of the rules entering into force are 30 days from the date of its publication in the official gazette, i.e., effective from 29 December 2023

In detail

These rules aim to clarify the customs procedures relating to the import and export of the goods and to indicate the application of the associated customs procedures, in line with the provisions of the Common Customs Law of the GCC states and its implementing regulations.

In this sense, the rules entail a very comprehensive scope, with a particular aim at:

- Streamlining the documents that must be attached when importing goods and the mechanism for submitting them.
- Clarifying the process of transportation of the goods and container conditions.
- Detailing business friendly inspection rules and process.
- Simplifying the conditions of exemption of customs duties.
- Streamlining the process for the provision of bank guarantees and refunds.
- Clarifying the conditions for the suspension of customs duties, in the case of:
 - Movement of the goods into, within and from Special Economic Zones (SEZ);
 - Transit;
 - Temporary admission;
 - Re-export of goods.



These controls regulate the customs procedures described in the GCC Law, to facilitate import and export operations





Overview of the Rules

In order to streamline the customs procedures in line with the aims stated by ZATCA, the rules chapters cover matters from documentation and transportation requirements, to the procedure for inspections, suspension and exemption of customs duties and provision of guarantees, as detailed below:

1. **Documentation process for importing goods:** Clarifies the documents that must be attached when importing goods and the mechanism for submitting them.

In this sense, it states that these documents will be archived and kept electronically for the period of 5 years, according to the provisions of the GCC Common Customs Law.

Additionally, the procedure for amending customs declarations is also detailed, which must be requested by the person/entity that submitted the customs declaration, although as an exception ZATCA may amend it by its own initiative if the information entered in the declaration differs from the attached documents

2. **Transportation process:** Outlines situations where goods received through land customs ports may be redirected to customs offices within KSA, such as if the shipment requires inspection in another port.

Moreover, it specifies when it's possible to split a single consignment received under one transportation document (i.e., air waybill or bill of lading) and owned by one owner, namely when the goods are received incompletely from the exporting country, or due to the goods' size.

An important aspect regards the prerequisites for the pre-clearance of goods entering KSA, as it allows importers time-saving possibilities regarding the customs clearance of the goods. In this case, the goods must have already been shipped from the country of export, and the customs declaration must be submitted electronically no later than (24) hours before the goods arrive at customs ports.

3. **Inspection Rules and Procedures:** Establishes the principles and criteria for the inspection of imported goods, according to risk standards. In this sense, for goods that require to be inspected outside the customs office, due to the goods' nature, the owner of the goods is obliged to transport them and ensure their safety at the designated inspection site.

Additionally, the owner of the goods can request to ZATCA the inspection of the goods before submitting the customs declaration, and take samples from them. Upon approval of the request, a customs declaration is generated for the samples, and customs duties are due.



Overview of the Rules

4. **Conditions for the suspension of customs duties:** Details the conditions for customs duties suspension regarding the movement of goods entering, leaving or transported between SEZ, namely:
 - a. For goods entering SEZ from KSA, in order to claim a refund of customs duties paid upon import into KSA, the owner of the goods must submit a re-export declaration linked to original import declaration in KSA;
 - b. As customs duties are suspended within the SEZ, when moving the goods into KSA an import declaration must be submitted, and customs duties will be due.
 - c. For goods transported from one SEZ to another, duty suspension must be previously approved by ZATCA, and a customs declaration must be submitted with the details of the goods to be transported.

The conditions for other customs procedures under which customs duties are suspended are also specified, namely the obligations of the carrier when transporting goods under transit, and the provision of a guarantee for goods under temporary admission status. Also, in case of re-export of previously imported goods, the re-export declaration must be linked to the original import declaration of the goods into KSA by the owner of the goods, in order to be able to obtain a refund of the corresponding customs duties.

5. **Conditions of exemption from customs duties:** Explains the criteria for customs duty exemption pertaining to personal effects and used household, which applies to citizens residing abroad for a period of no less than (6) months and foreigners entering KSA for the first time.

The conditions for exempting commercial samples with a customs value not exceeding (5000) SAR are also outlined, which must be requested by the owner of the goods.

6. **The process for providing guarantees and requesting refunds:** Entails the possibility of importing goods and transport them to another place within KSA without the payment of customs duties upon importation, by submitting a cash, bank or documentary guarantee.

The owner of the goods might also require to ZATCA that the payment of customs duties is postponed for a period of (30) days from the clearing date, for which a guarantee must also be provided.

Additionally, there's a specific provision regarding the re-export of harmful or non-conforming goods, which in case is approved by ZATCA, and customs duties have been paid upon import, allows the owner of the goods to claim the corresponding refund.

The Takeaway

The Rules of Customs Procedures aim at facilitating trade and simplify customs procedures, by clarifying the requirements regarding both standard customs procedures, as well as cases where exemption, suspension (including SEZ) and postponement of the payment of customs duties are possible.

In this sense, the rules clarify the compliance requirements that traders must follow for importing and exporting goods into and from KSA, but also introduce cash-flow management opportunities to be considered. We advise our clients to undertake a comprehensive analysis to their customs operations in KSA, in order to identify and mitigate potential risks, but also look into the opportunities that the current rules entail.

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Let's talk

For a deeper discussion of how this issue might affect your business, please contact:

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