

WORLD TRADE ORGANIZATION

RESTRICTED

WT/ACC/SAU/57

17 March 2004

(04-1177)

**Working Party on the Accession
of the Kingdom of Saudi Arabia**

Original: English

ACCESSION OF THE KINGDOM OF SAUDI ARABIA

Submission from the Kingdom of Saudi Arabia

Questionnaire on Information, Implementation and Administration of the Customs Valuation Agreement

The following submission, dated 15 March 2004, is being circulated at the request of the Kingdom of Saudi Arabia.

QUESTIONNAIRE

INFORMATION ON IMPLEMENTATION AND ADMINISTRATION OF THE CUSTOMS
VALUATION AGREEMENT

1. Questions concerning Article 1:

(a) Sales between related person:

- i. Are sales between related persons subject to special provisions?
- ii. Is the fact of intercompany prices prima facie considered as grounds for regarding the respective prices as being influenced?
- iii. What is the provision for giving the communication of the afore-mentioned grounds in writing if the importer so requests? (Article 1.2(a))
- iv. How has Article 1.2 (b) been implemented?

Answer:

There is a provision in Article 1 of the Rules of Implementation of the GCC Common Customs Law which says that "no relationship, if any, shall exist between the seller and buyer which affects the transaction value."

However, in practice, Saudi Arabia is following the provisions of paragraph 2 of Article 1 of the Customs Valuation Agreement.

(b) Price of lost or damaged goods:

Are there any special provisions or practical arrangements concerning the valuation of lost or damaged goods?

Answer:

Article 57 of the GCC Customs Law deals with lost goods. It says: "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 herein"

As for damaged goods, the value is estimated according to their condition at the time of registration of customs declaration, as provided by Article 18 of the GCC Common Customs Law.

Question 2:

How has the provision of Article 4 to allow the importer an option to reverse the order of application of Articles 5 and 6 been implemented?

Answer:

Article 1: "Bases of Customs Valuation": paragraph 4, of the Rules of Implementation of the GCC Common Customs Law provides that the importer may request that deductive value and computed value be applied in reverse sequence. The request shall be accepted.

Question 3:

How has Article 5.2 been implemented?

Answer:

Article 5.2 of the Custom Valuation Agreement has been implemented vide Article 1: " Fourth Method: Deductive Value", paragraph 3, of the Rules of Implementation.

Question 4:

How has Article 6.2 been implemented?

Answer:

Article 6.2 is met in that the customs authorities in Saudi Arabia have no authority to compel producers of imported goods abroad to produce any data for determining the customs value.

Question 5:

Questions concerning Article 7:

- (a) What provisions have been made for making value determinations pursuant to Article 7?**
- (b) What is the provision for informing the importer of the customs value determined under Article 7?**
- (c) Are the prohibitions found in Article 7.2 delineated?**

Answer:

Article 1 of the Rules of Implementation of the GCC Common Customs Law provides for the following:

- (a) Article 1: "Flexible Valuation Methods" of the Rules of Implementation says that if the customs value of the imported goods cannot be determined under the first five methods, the customs value shall be determined using the five methods with reasonable flexibility.
- (b) According to Article 1: 1 (2) of the Rules of Implementation, the importer will be furnished, upon request, with a written explanation of the method applied for determining customs value.
- (c) Prohibitions found in Article 7.2 of the Customs Valuation Agreement are delineated in Article 1 of the Rules of Implementation: "Flexible Valuation Methods": Imported goods may not be valued on the basis of".

Question 6:

How have the options found in Article 8.2 been handled? In the case of f.o.b application, are ex-factory prices also accepted?

Answer:

Article 1: 1(5) of the Rules of Implementation of the GCC Common Customs Law provides that freight, insurance and other relevant charges shall be included in the customs value (CIF basis).

Question 7:

Where is the rate of exchange published, as required by Article 10?

Answer:

Foreign exchange rates are published in the bulletin of the Saudi Arabian Monetary Agency (SAMA).

Question 8:

What steps have been taken to ensure confidentiality, as required by Article 10?

Answer:

Article 1: 1 (4) of the Rules of Implementation contains provisions on confidentiality.

Question 9:

Questions concerning Article 11:

- (a) What rights of appeal are open to the importer or any reason other person**
- (b) How is he to be informed of his right to further appeal?**

Answer:

- (a) According to Article 61 of the GCC Common Customs Law, the importer may appeal decisions on customs valuation to the Valuation Committee of the Customs Department. An appeal against the decision of the Committee lies to the court. Article 1: 1(3) of the Rules of Implementation also refers to appeals.
- (b) Article 61 of the GCC Common Customs Law provides that the importer shall be informed in writing of the decision on his appeal. Article 61 gives right of appeal to the court.

Question 10:

Provide information on the publication, as required by Article 12, of:

- (a)**
 - (i) The relevant national laws;**
 - (ii) The regulations concerning the application of the Agreement;**

- (iii) **The judicial decision and administrative rulings of general application relating to the Agreement;**
- (iv) **General or specific laws being referred to in rules of implementation or application.**
- (b) **Is the publication of further rules anticipated? Which topics would they cover?**

Answer:

Laws, regulations, judicial decisions, etc. are published in the Official Gazette. Rules of Implementation have also been published. Any future rules also would be published in the Official Gazette.

Question 11:

Questions concerning Article 13

- (a) **How is the obligation of Article 13 (last sentence) being dealt with in the respective legislation?**
- (b) **Have additional explanations been laid down?**

Answer:

In case of delay or dispute concerning the determination of value, Article 62 (b) of the GCC Common Customs Law provides that goods can be cleared from customs upon a deposit. No additional explanations have been laid down.

Question 12:

Questions concerning Article 16:

- (a) **Does the respective national legislation contain a provision requiring customs authorities to give an explanation in writing as to how the customs value was determined?**
- (b) **Are there any further regulations concerning an above-mentioned request?**

Answer:

- (a) Yes, Article 1: 1 (2) of the Rules of Implementation provides that the importer may obtain, upon request, a written explanation as to how the customs value was determined.
- (b) No, there are no further regulations.

Question 13:

How have the Interpretative Notes of the Agreement been included?

Answer:

According to Article 1: 1(8) of the Rules of Implementation, the Customs Valuation Agreement shall be the reference for the interpretation and application of the Rules of Implementation, thus including the Interpretative Notes.

Question 14:

How have the provisions of the Decision of 26 April 1984 on the Treatment of Interest Charges in the Customs Value of Imported Goods (Val/6/Rev.1) been implemented?

Answer:

Decision N° 3.1 of the Customs Valuation Committee is being implemented according to the provisions of this decision.

Question 15:

For those countries applying paragraph 2 of the Decision of 24 September 1984 on the Valuation of Carrier Media Bearing Software for Data Processing Equipment (Val/8), how have the provisions of this paragraph been implemented?

Answer:

Saudi Arabia has opted for paragraph 1 of Decision 4.1 of the Customs Valuation Committee.
