

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

value ~~mentioned-referred to~~ in the Clause VI of this Article, or in the country of production of ~~the~~ goods being valued when applying the computed value under the Clause VII of this Article, as ~~appropriate~~the case may be.

(B) The customs may not refuse information prepared ~~according to~~according to the generally accepted accounting principles, ~~which is~~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 in addition to the value or cost of the data and software carried thereon according to the paragraph 1 of the Resolution No. 4.1 issued by the WTO Customs Valuation Committee on 24/06/1984.

II. Definitions:

1. **“Price actually paid or payable”** means the total payment made or to be made of whatever is paid or payable by the buyer to or the benefit of the seller or in his favor, against for the imported goods. ~~It is~~The payment need not necessarily ~~required that the payment is made in cash~~take the form of a transfer of money. The payment may be ~~in by way of forms of~~ letters of credit or negotiable instruments, ~~and~~ Payments 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~~containers (excluding ~~instruments of international traffic~~instruments of international traffic) and coverings of whatever nature and of packing, whether for labor or material, used in placing goods in ~~condition, packed for shipment~~condition, packed for shipment to the GCC States.
4. **“Produced”** includes grown, manufactured and mined, etc., etc.
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 ~~the~~ goods that are the same in all respects, including physical characteristics, quality and reputation to, and produced in the same country and by the same person as, the goods being valued. Minor differences in appearance 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~~ in characteristics and component materials, ~~and~~ and commercially interchangeable with the goods being valued. The quality of the goods, their 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 ~~the~~ the 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 between unrelated persons at the first commercial level after importation ~~while applying in~~ the application of any of the Clauses VI.1, 2 and 3.
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, and includes 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 ~~data statements that~~ should be prepared.

11. “**Objective Data**” means the information that helps in verifying the following:

- (1) an amount added according to ~~the~~ Clause IV (b) to the price actually paid or payable;
- (2) any adjustment according to ~~the~~ Clause V;
- (3) an amount deducted according to ~~the~~ Clause VI considered as being profit or general expenses, or value arising from further processing; and
- (4) an amount added according to ~~the~~ Clause VII considered as being a profit or general expenses.

III. ~~Methods~~ 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 ~~the~~ Clause IV;
- (2) The transaction value of identical goods provided for in ~~the~~ Clause V (a), if the transaction value cannot be determined ~~according to the~~ according to Clause IV;
- (3) The transaction value of similar goods provided for in ~~the~~ Clause V (b), if the transaction value of identical goods cannot be determined;
- (4) The deductive value provided for in ~~the~~ Clause VI, if the transaction value of similar goods cannot be determined;

(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 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 ~~the~~ Clause VIII.

IV. Transaction value of the goods being valued:

A. The customs value of the goods imported to the GCC States ~~will~~ 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~~ according to the provisions of ~~the~~ 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 this Law, ~~or restrictions that~~ limit ~~to~~ 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 ~~in accordance with~~ according to the provision of ~~the~~ Clause (B) under this method;
4. that the buyer and seller are not related according to ~~the~~ 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~~ according to the provisions of ~~the~~ Clause (A) under this method, if any of the following conditions is met:
 - a. if an examination of the circumstances surrounding the sale ~~demonstrated~~ 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 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 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.
2. No additions shall be made to the price actually paid or payable except according to the provisions of ~~the~~ Clause IV.B. of this Article of this Article. Any addition ~~is required to~~must be ~~based-made~~ only on the basis of objective and quantifiable data, i.e., on the basis of facts supported by actual figure without personal interpretation. 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~~identified separately from the price actually paid or payable:

1. Post-importation costs, such as:

- a. charges for construction, ~~erection~~erection, assembly, maintenance or technical assistance, undertaken after importation of goods to the GCC States, such as industrial plants;
- 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. interests that might ~~incur based on~~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;
- g. credit balances with the buyer in favor of the importer;
- h. amounts of export subsidy that might be provided by some countries for exportation of some goods; and
- i. 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~~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 ~~causes~~grounds, and will be given sufficient time, to be specified by the customs port, to provide response. If he ~~did~~does not provide ~~within such period~~

evidences acceptable to the customs port within such period, and the customs value could not be determined according to the provisions of ~~the~~ Clause IV of this Article, the value must then be determined according to the methods specified in ~~the~~ Clauses V to VIII sequentially until a customs value according to a practical method is arrivedestablished.

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V. The customs value will be considered:

- A. the transaction value of identical goods already accepted as a transaction value according to ~~the~~ Clause IV of this Article, exported 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 ~~the~~ Clause II.11., whether the adjustment leads to an increase or decrease in the value, taking into account consideration the difference in the costs mentioned in the Clauses IV.B.1. (7) and (8) 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 ~~the~~ Clause V (A) of the Interpretative Annex;
- B. the transaction value of similar goods already accepted as a transaction value according to ~~the~~ Clause IV of this Article, exported 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 ~~the~~ 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 ~~the~~ Clauses IV.B.1. (7) and (8) 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 ~~the~~ Clause V.B. of the Interpretative Annex.

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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, at or about the time of the importation of the goods being valued, to non-related persons according to ~~the~~ Clause II.5 of this Article, dulybut with

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 imported, then, if the importer so requests, the customs value, ~~if the importer so requests~~, 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 ~~the~~ Clause II.5 of this Article, due allowance being made for the value added by such processing, and the deductions provided for in ~~the~~ Clause 1 of this method.

VII. Computed Value:

1. If the customs value could not be determined according to ~~the~~ Clause VI, or in case the importer requested application of the computed value before the deductive value according to ~~the~~ 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:

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- (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 ~~may 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:

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- (a) If the customs value of the imported goods cannot be determined under the forgoing methods ~~mentioned-mentioned~~ in ~~the~~ 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 applying those methods even flexibly, reasonable methods not inconsistent ~~to-with~~ the principles and general provisions of the Customs Valuation Agreement (CVA), ~~and~~ 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 on the domestic market of the country of exportation;
 - iv . ~~the~~ production costs other than the computed value defined 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.

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

Interpretative Annex

Article	Interpretative Notes
I.5	<p>No credit balances pertaining to previous consignments will be considered when determining the value of the goods being valued.</p> <p>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.</p> <p>In this case, the balance is irrelevant to the shipment being valued. So, the customs value of the shipment will be SR10,000.</p>
IV.A	<p>Price actually paid or payable:</p> <ol style="list-style-type: none"> While <u>In</u> 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. “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 <u>the</u> 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. “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 on <u>owed by</u> 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 the Clause IV.B) despite being beneficial also to the seller. While <u>In</u> determining the customs value of imported goods, the costs of such activities shall not be added to the price actually paid or payable. Assembled Goods: The price actually paid or payable can represent an amount paid against <u>against</u> assembly of the imported goods. So, the price actually paid or payable will be calculated by adding the value of the components and assembling <u>assembling</u>.

	<p><i>Example:</i> 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.</p>
IV.A.1	<p>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:</p> <ol style="list-style-type: none"> 1. Restrictions specifying a particular date for selling the imported goods. <i>Example 1:</i> 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 <u>effective after</u> 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. <i>Example 2:</i> 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. <i>Example 3:</i> 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	<p>Condition or consideration for which a value cannot be determined:</p> <p>A seller specifies, for instance, <u>the</u> price of the imported goods on the condition that the importer shall <u>have to also</u> buy another goods also in specified quantities; or the price of the imported goods is dependent <u>upon</u> price/s/-at which the <u>buyer-importer</u> shall <u>have to</u> sell another 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 <u>to</u> further processing by the buyer, and the seller requires from the buyer to take a particular quantity of the goods after processing.</p>
IV.A.4.	<p>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</p>

	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	<p>The transaction value, after examination of the circumstances surrounding the sale, shall be accepted, if the customs found:</p> <ol style="list-style-type: none"> 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	<p>Test Value:</p> <ol style="list-style-type: none"> 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: <ol style="list-style-type: none"> (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. <p>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 may<u>could</u> be unacceptable, although a large difference in a case involving another -type may<u>might</u> be acceptable.</p> 3. In applying the test values, differences between the declared value and the test value will be taken into

	<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> <ul 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>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:</p> <ol style="list-style-type: none"> 1. If the assists consists 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 seller, the value of the assist would be the cost of the lease. Repairs or modifications to an assists may increase its value. <p><i>Example 1:</i> ☞ Saudi importer 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.</p> <p><i>Question:</i> Should the customs value of the goods include the value of the assists?</p> <p><i>Answer:</i> No, design work undertaken in the GCC States may not be added to the price actually paid or payable.</p> <p><i>Example 2:</i> A Saudi importer supplied molds free of charge to foreign producer (exporter). The molds were necessary to manufacture goods for the Saudi importer. The Saudi importer had some mold manufactured in a GCC State and others manufactured in a third country.</p> <p><i>Question:</i> Should the customs value of the goods include the value of the mold?</p> <p><i>Answer:</i> Yes. The value of the assists must be added to the transaction value whether manufactured in or out of the</p>
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	<p>GCC States.</p> <p>C. Assist value <u>Apportionment of the value of assists</u>:</p> <p>The apportionment of the value of assists <u>assists</u> to imported goods will be made in a reasonable manner appropriate to the circumstances and in accordance with <u>according to</u> generally accepted accounting principles. The method of apportionment will depend upon the documentation submitted by the importer.</p> <p>If the entire anticipated production using the assist <u>assist</u>, for example, is for exportation to the country of importation, the total value may be apportioned applying <u>one of</u> the following methods:</p> <ol style="list-style-type: none"> 1. the first shipment, if the importer wishes to pay duty on the entire value of the assist <u>assist</u> at once, 2. the number of units produced up to the time of first shipment, 3. the entire anticipated production of the assist <u>assist</u>, if definite contracts or undertakings exist regarding to such production, 4. any other method <u>of</u> apportionment requested by the importer in accordance with <u>according to</u> generally accepted accounting principles, or 5. if the imported goods is <u>are</u> only a part of the production, or if the assist <u>assist</u> is used in several countries, the method of apportionment will depend upon the documentation submitted by the importer. <p><i>Example:</i> ☉An importer provides the producer with a mold <u>mold</u> to be used in production of the imported goods, and contracts to buy <u>buy</u> 10,000 units. By the time of arrival of the first shipment of 1,000 units, the producer has already produced 4,000 units.</p> <p>In this case, the importer may request the customs to apportion the value over 1,000, 4,000, 10,000 <u>10,000</u> units, or any other figure which in accordance with <u>conforms to</u> generally accepted accounting principles.</p>
IV.B.1.v.	<ol style="list-style-type: none"> 1. Fees paid by the importer against for <u>for</u> 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 to reproduce <u>of reproduction</u>. It relates to the

	<p>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.</p> <p>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 <u>to</u> export the imported goods to the GCC States.</p> <p>4. If the royalty is based partially on the imported goods and partially on other factors <u>which have</u> 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.</p> <p>5. If the royalty, however, is based only on the imported goods and <u>can</u> readily can be quantified, an addition to the price actually paid or payable shall be made.</p>
IV.C.1.c.	<p>How to exclude the customs duties and any other taxes:</p> <p><i>Example:</i> 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.</p> <p>The customs duties and taxes shall be excluded as following:</p> $56,000 - 500 = 55,500$ $55,500 / 1.20 = 46,250$
IV.C.1.d.	<p>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 <u>due to the seller</u> 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.</p>
IV.C1.e.	<p>The interests of-on financing <u>provided</u> by the seller, <u>a</u> bank or any other person, for buying the imported goods, shall not be included in the customs value, provided:</p> <p>1. that such interests are-is separated from the price actually</p>

	<p>paid or payable against <u>for</u> the imported goods;</p> <ol style="list-style-type: none"> 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 <u>rate</u> 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 the Clause IV.B, even if beneficial to the seller, include for example studies, market researches, publicity and advertisement, preparation of the showrooms, and participation in the commercial exhibitions.
IV.C.1.g	Credit balances with the seller in favor <u>in favor</u> of the importer, included in the price actually paid or payable for the goods being valued, as compensation to <u>for</u> 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.	<ol style="list-style-type: none"> 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 was <u>were</u> sold to <u>for</u> export to a GCC State, as <u>of</u> or about, the same date as the export of the goods being valued, from the same manufacturer, at the same commercial level and quantity of the goods being valued. 2. Where no such value is found, the transaction of identical goods according following priorities will be used: <ol style="list-style-type: none"> a. from the same manufacturer, in different quantities and/or commercial level of the importer; b. from a different manufacturer, in the same quantities and/or same commercial level of the importer; c. from a different manufacturer, in different quantities and/or commercial level of the importer; 3. If there is difference in the goods being valued and the identical goods in the quantities, commercial level and costs mentioned in the Clauses IV.B.1.(7) and (8) of this Article, the transaction value of identical goods shall be adjusted to

	<p>take account of such differences, whether the adjustment leads to an increase or decrease in the value, based on demonstrated demonstrated evidence which establishes reasonableness and accuracy of the adjustment, such as authorized price lists containing values reflecting different levels and quantities; and</p> <p>4. If, <u>in the application of this Article</u>, 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; kind of sale i.e., of 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.</p> <p><i>Example:</i> If the imported goods being valued consist of 10 pieces, and the only identical goods for which the a transaction value exists involved 500 pieces, and iA <u>If a</u> price list from the foreign seller is available that contains different prices according to the quantities, -In such case, 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.</p>
V.B	<p>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 was <u>were</u> sold to for export to a GCC State, <u>as of</u> or about, the same date as the export of the goods being valued, from the same manufacturer, at the same commercial level and quantity of the goods being valued.</p> <p>2. Where no such value is found, the transaction of similar goods according following priorities will be used:</p> <ol style="list-style-type: none"> from the same manufacturer, in different quantities and/or commercial level of the importer; from a different manufacturer, in the same quantities and/or same commercial level of the importer; from a different manufacturer, in different

	<p>quantities and/or commercial level of the importer;</p> <p>3. If there is difference in the goods being valued and the similar goods in the quantities, commercial level and costs mentioned in the Clauses IV.B.1.(7) and (8) of this Article, the transaction value of similar goods shall be adjusted to take <u>into</u> account of such differences whether the adjustment leads to an increase or decrease in the value, based on demonstrated <u>demonstrated</u> evidence which establishes reasonableness and accuracy of the adjustment, such as authorized price lists containing values reflecting different levels and quantities; and</p> <p>4. If, <u>in the application of this Article</u>, 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 ; kind of sale i.e., of 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.</p> <p><i>Example:</i> If the imported goods being valued consist of 10 pieces, and the only similar goods for which the transaction value exists involved 500 pieces. A and if a price list from the foreign seller is available that contains different prices according to the quantities. In such case, then an adjustment can be reached by referring to that price list, through applying an appropriate value according to the imported goods being valued<u>d</u>. 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.</p>				
VI.1.	<p>1. <i>Unit price in greatest aggregate value:</i> It will be established after a sufficient number of units have been sold to an unrelated person, at the first commercial level after importation. If the units have been sold in different quantities, the unit price to be used will be <u>the</u> price at which the greater number of the units is sold.</p> <p><i>Example 1:</i> Goods is-are sold based on a price list which grants favorable unit prices for purchases. is-made in larger quantities:</p> <table><tr><td>Sale quantity</td><td>Unit price (SR)</td><td>Number of sales</td><td>Total quantity sold at each price</td></tr></table>	Sale quantity	Unit price (SR)	Number of sales	Total quantity sold at each price
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																
	<p>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.</p>																			
	<p><i>Example 2:</i> 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.</p>																			
	<p>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 SR95.</p>																			
	<p>Example 3: Various quantities are sold to unrelated persons at various prices:</p>																			
	<ul style="list-style-type: none">Sales:																			
	<table><tr><th>Sale quantity (unit)</th><th>Unit price (SR)</th></tr><tr><td>40 units</td><td>100</td></tr><tr><td>30</td><td>90</td></tr><tr><td>15</td><td>100</td></tr><tr><td>50</td><td>95</td></tr><tr><td>25</td><td>105</td></tr><tr><td>35</td><td>90</td></tr><tr><td>5</td><td>100</td></tr></table>				Sale quantity (unit)	Unit price (SR)	40 units	100	30	90	15	100	50	95	25	105	35	90	5	100
Sale quantity (unit)	Unit price (SR)																			
40 units	100																			
30	90																			
15	100																			
50	95																			
25	105																			
35	90																			
5	100																			
	<ul style="list-style-type: none">Totals:																			
	<table><tr><th>Sale quantity sold (unit)</th><th>Unit price (SR)</th></tr><tr><td>65 units</td><td>90</td></tr><tr><td>50</td><td>95</td></tr><tr><td>60</td><td>100</td></tr><tr><td>105</td><td>25</td></tr></table>				Sale quantity sold (unit)	Unit price (SR)	65 units	90	50	95	60	100	105	25						
Sale quantity sold (unit)	Unit price (SR)																			
65 units	90																			
50	95																			
60	100																			
105	25																			
	<p>In this example, the greatest <u>number</u> of units sold at a particular price is 65; therefore, the unit price in the greatest aggregate quantity is SR90.</p>																			
VI.1.a	<p>1. In case the goods being valued <u>is-are</u> owned by the seller or exporter outside the GCC States, and <u>is-are</u> sold <u>at-on the basis of</u> commission-basis, that <u>commission-which</u> is usually paid or agreed to be paid by the seller to the importer for costs borne by him <u>against-for</u> selling the goods locally, shall</p>																			

	<p>be deducted.</p> <ol style="list-style-type: none"> If the goods being valued, however is<u>are</u> 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 <u>being valued-being value</u>, 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. The profit and general expenses should be taken as a whole. A figure can be inconsistent with similar figure of the same industry. As<u>As</u> 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. “Goods of same class and kind” are goods falling within a group or range of goods produced by a particular industry or <u>industry-industrial</u> 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"> <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. 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.	<ol style="list-style-type: none"> 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>. Where such information was 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 the <u>Article 51 of the Common Customs Law Clause I.3 of this Article</u>. 2. The cost or value mentioned in this Clause includes the following: <ol style="list-style-type: none"> (a) cost of elements specified in the Clause IV.B.1.(ii) and (iii). of this Article; and (b) cost of elements specified in the Clause IV.B.1.(iv). of this Article apportioned as appropriate under the provisions of <u>Clause IV.B.1.iv.</u> of this Interpretative Annex. ¶Taking into account <u>that</u> the costs of the elements specified in <u>Clause IV.B.1.iv.(d)</u> undertaken in the GCC States shall be included only to the extent that the elements are <u>charged to borne by</u> the producer <u>against for</u> obtaining such elements. No cost or value of elements referred to in this Clause shall in any case be counted twice.
VIII.(a)	<p>This Clause does not provide for a specific method of valuation. Rather, it requires <u>that</u> the customs value shall be determined according to the following:</p> <ol style="list-style-type: none"> 1. using reasonable means or methods; 2. should be consistent with the principles and general provisions of the Customs Valuation Agreement (CVA), and the Article VII of the GATT 1994; and

	<p>3. be based on the data available in the country of importation.</p> <p>1. <u>Value determination using reasonable methods:</u></p> <p>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 the Clauses IV to VII with reasonable flexibility in the application in conformity with the aims purposes and provisions 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:</p> <ol style="list-style-type: none"> 1. such methods are not prohibited under the Clause VIII.B; and 2. such methods are consistent with general principles and provisions of the CVA. <p><i>Example:</i> A consignment containing an equipment leased for specified period, for instance, of three years (that is the supposed-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 the Clauses IV to VII.</p> <p>In order to determine the customs value of the equipment, it is to should be taken into account that there is no sale to apply to the transaction value; no identical or similar equipment is 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 the Clauses IV to VII even if in its flexible in its flexible form form. However, there is reasonable method that can be applied according to the Clause VIII, i.e., using total rent representing the supposed <u>supposed</u> life of the equipment (36 months x 2,000 = SR72,000) as the customs value.</p> <p>2. <u>General principles of the Customs Valuation Agreement:</u></p> <ol style="list-style-type: none"> a. Dependence-Reliance to the greatest extent possible on the transaction value of the imported goods; b. Uniform valuation system;
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	<ul style="list-style-type: none"> c. Simple and equitable criteria; d. Clear and neutral systems; e. Consistent Consistent with trade <u>commercial</u> practices. <p>3. <u>Data available in the country of importation:</u></p> <p>In case of availability of data from a foreign source, usage <u>utilization</u> of such data for purposes of determining customs value under the Clause VIII of this Article is not precluded. So long as correct and accurate information, however is available in the GCC States, it should be used.</p>
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