

## **RULES ON CUSTOMS VALUATION**

### **ARTICLE 1: -DEFINITIONS : IN THIS ACT, UNLESS THE CONTEXT OTHERWISE REQUIRES:**

- (1) ***“Inspector General” means the Inspector General of Police and Customs.***
- (2) ***“Director General” means the Director General of Customs.***
- (3) ***“Directorate”: The Directorate General of Customs.***
- (4) ***“The Customs Area of the Sultanate of Oman includes “- Oman Territories - Oman Airspace. Oman territory waters***
- (5) ***“the price actually paid or payable” means the total amount paid or payable to the seller directly or indirectly, for the goods imported by the buyer or for his favour .***
- (6) ***“the imported goods being valued” means the goods being valued for customs purposes.***
- (7) ***“identical goods” means goods which are the same in all respects, including physical characteristics, quality and reputation. Minor differences in appearance would not preclude goods otherwise conforming to the definition from being regarded as identical.***
- (8) ***“similar goods” means goods which, although not alike in all respects, have like characteristics and like component materials which enable them to perform the same functions and to be commercially interchangeable. The quality of the goods , their reputation and the existence of a trademark are among the factors to be considered in determining whether goods are similar.***

- (9) ***“sales commission” means the commission paid to the sellers agent who is related to the seller or the factory, governed by or acting for it’s favour or on it’s behalf.***
- (10) ***“packing costs” means the cost of all packing and coverings (excluding instruments of international traffic) whether for the labor or the materials used for placing the goods in packing suitable for shipping to the Sultanate of Oman.***
- (11) ***“unit price at the greatest total quantity” means the unit price at which certain goods are sold to unrelated persons, at the first commercial level after importation in its state when imported or after further preparation or processing if the importer so requested.***
- (12) ***Persons shall be deemed to be related only if:***
- (a) ***they are legally recognized partners in business,***
  - (b) ***they are officers or directors of one another’s business,***
  - (c) ***they are employer and employee,***
  - (d) ***any person directly or indirectly owns, controls or holds 5 percent or more of the outstanding voting stock shares of both of them,***
  - (e) ***one of them directly or indirectly controls the other,***
  - (f) ***both of them are directly or indirectly controlled by a third person,***

- (g) *together they directly or indirectly control a third person,*
  - (h) *they are members of the same family.*
- (13) *“Valuation Agreement” means the Agreement on implementation of Article VII of the GATT 1994.*

**ARTICLE II - GENERAL PROVISIONS:**

- (1) *The importer may clear his goods after paying customs duties under cash deposit, if the final determination of the value is prolonged.*
- (2) *The importer may obtain, upon a written request, a written clarification of the method used in determining the customs value of his goods.*
- (3) *The importer or any person liable for payment of the duty may appeal against the determined customs value, without penalty.*
- (4) *The confidential information or the information provided as confidential for valuation purposes will not be disclosed unless so required for court procedures .*
- (5) *Freight and insurance charges and other relevant charges shall be added to the customs value of the imported goods until the port of unloading in the Sultanate of Oman.*
- (6) *The time of payment of customs duties is the time approved for currency exchange.*

- (7) *Any discounts or deductions of the payable or actually paid price will not be considered when determining the transaction value, if such discounts/deductions are made between the buyer and seller after the date of importation of the goods.*
- (8) *Valuation agreement will be the reference in implementing and interpretation of this article .*

**ARTICLE III - BASES OF CUSTOMS  
VALUATION**

*Imported goods are valued according to the following bases:*

- (a) *Transaction value of the imported goods being valued.*
- (b) *If the customs value can not be determined according to the first basis above, it shall be determined by application of the following methods, in sequence:*
- *Transaction value of identical goods.*
  - *Transaction value of similar goods.*
  - *Deductive value.*
  - *Computed value.*
- (c) *If the customs value can not be determined under the above methods, it shall be determined by application of reasonable methods that conform to the general principles and provisions of the Valuation Agreement, with more flexibility.*

- (d) *The importer may request that “Deductive Value” and “Computed Value” be applied in reverse sequence.*

**FIRST METHOD: TRANSACTION VALUE  
OF THE GOODS BEING VALUED:**

*Transaction value is the price actually paid or to be paid against the sale of the goods for export to Sultanate of Oman, mutates mutandis.*

- (l) *The transaction must satisfy the following conditions:*
- 1. that there are no restrictions applicable to the disposition or use of the imported goods by the buyer, other than the restrictions imposed by law or by the authorities of the Sultanate of Oman or those which specify the geographical area within which the goods may be resold, or those which do not substantially affect the value of the goods;*
  - 2. the sales price is not subject to any condition or compensation whose value can not be determined;*
  - 3. that the seller is not entitled to any part of the proceeds of the resale, disposition or use of the goods by the importer as a subsequent stage, directly or indirectly, unless a proper adjustment can be made; and*

**4. That the seller and buyer are not related, unless that relationship does not affect the price according to the provisions of Article 1.2 of the Agreement on Customs Valuation.**

**(II) There shall be added to the price actually paid or to be paid for the imported goods, only the following:**

**a. the costs borne by the buyer to the extent they are not included in the price actually paid or to be paid;**

**amounts of commission and brokerage, excluding the purchasing commission,**

**cost of the containers that are treated for customs purpose as one unit along with the goods under assessment, and**

**packing cost, whether for labor or material.**

**b. an appropriate percentage of the costs of the following goods and services provided by the buyer, directly or indirectly, free or at a reduced cost against its use in production of the imported goods, if it was not included in the price paid or to be paid, as per the following:**

**materials, parts, components and similar items used in production of the imported goods.**

*tools, dies, molds and similar items used in production of the imported goods.*

*materials consumed in production of the imported goods and*

*engineering works, designs, studies, graphs, drawings and similar items necessary for production of the imported goods and done in a country other than Sultanate of Oman.*

- c. licence and royalty fees relating to the imported goods under assessment that must be paid by the importer (buyer), directly or indirectly, as a condition of sale of the goods under assessment, and*
- d. value of any part of the proceeds from any subsequent sale, disposition or use of the imported goods, payable to the seller directly or indirectly.*

*(III) The amounts related to the items mentioned in paragraphs (II a.) to (d) of the first method shall be included only if based on objective and quantifiable date.*

**SECOND METHOD: TRANSACTION VALUE OF IDENTICAL GOODS**

*Transaction value of the identical goods sold for export to Sultanate of Oman and exported at or about the same time as the exportation of the goods being valued at the time of its application, the transaction value of identical goods in a sale at the same commercial level and quantity shall be used.*

***In case such a transaction is not found, the transaction value of identical goods sold at a different commercial level or different quantity, adjusted for the difference shall be used. In case such a transaction is not found, the transaction value of identical goods sold at a different commercial level or different quantity adjusted for the difference, shall be used.***

***If more than one transaction value for identical goods is found, at the time of applying this method, the smaller of such values shall be used for determining the customs value for the imported goods.***

**THIRD METHOD: TRANSACTION VALUE OF SIMILAR GOODS**

***If the customs value of the imported goods being valued can not be determined under provisions of the first and second methods, the customs value will be the transaction value of similar goods sold for export to the Sultanate of Oman and exported at or about the same time as the goods being valued. Upon application of this method, the transaction value of similar goods will be used at the same commercial level and in the same quantities. If such a transaction does not exist, the transaction value of similar goods sold at a different level or in different quantities will be used adjusted to allow for the difference.***

***When there is more than one transaction value of similar goods, the lowest value will be used as the customs value of the imported goods.***

**FOURTH METHOD: DEDUCTIVE VALUE**

***If the customs value of the imported goods can not be determined under provisions of the first, second, or third methods, the customs value will be determined according to the unit price of the goods being valued, or identical goods, or similar goods (in that order), in the earliest sale in the Sultanate of Oman, in the local market, at the greatest aggregate (wholesale) quantity at or about the time the goods being valued are imported but before the lapse of 90 days from importation, to non-related persons, provided that the following costs and expenses incurred after arrival of the goods shall be deducted:***

- (i) commissions usually paid or payable or additions usually added to allow for profit and general expenses in connection with the imported goods of the same class or kind sold in the Sultanate of Oman.***
- (ii) local transportation and insurance costs and related costs;***
- (iii) customs duties***

***If the imported goods, identical goods or similar goods are not sold in the local market in the same condition as imported, the customs value shall be based, if requested by the importer, on the unit price at which the imported goods are sold at the greatest aggregate quantity to non-related persons in the Sultanate of Oman, along with making the appropriate deductions for the cost of further processing and the deductions provided for in (i) (ii) and (iii) of this method.***

**FIFTH METHOD: COMPUTED VALUE**

*If the customs value of the imported goods being valued can not be determined under provisions of the previous four methods, it shall be determined by computed value which is the sum of:*

- (i) cost or value of materials and fabrication or other processing employed in producing the imported goods:*
- (ii) 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 producers in the country of exportation for export to the Sultanate of Oman.*
- (iii) the costs listed in (Iib.) of the first method, if not included in (i) or (ii) above, and the cost of packing.*

**FLEXIBLE, REASONABLE VALUATION METHODS**

*If the customs value of the imported goods can not be determined under the foregoing methods, the customs value shall be determined by reasonable methods that are in line with the general principles and provisions of the Valuation Agreement by referring once again to those five methods but with more flexibility of application.*

*Imported goods may not be valued on the basis of:*

- 1. The selling price in the Sultanate of Oman of goods produced in the Sultanate of Oman.*

2. ***A system which provides for the acceptance, for customs purposes, of the higher of two alternative values;***
3. ***The selling price of the goods in the local market of the country of exportation;***
4. ***Minimum, arbitrary or fictitious values;***
5. ***The price of goods for export to a country other than the Sultanate of Oman; or***
6. ***Production costs different from the computed value defined in the fifth method.***

***ARTICLE 4: If The importer believes that he has been unjust treated in the decision made by the customs duty assessment he has the right to raise his case to the permanent committee formed by a decision of the inspector general provided that the claimant is represented in the same committee .***

***The executive regulations will determine the work procedures of the said committee .***

***The decision by such committee could be challenged - without penalty- before competent department at commercial court within sixty days from the date being notified in writing about committee's decision .***