



Tax Flash News – Gulf Cooperation Council (GCC) Countries implement the GCC Integrated Customs Tariff

Background

In December 2024, the GCC Customs Union Authority issued the first edition of the GCC Integrated Customs Tariff to be implemented from 1 January 2025 by all GCC Member States, i.e. Bahrain, Kuwait, Oman, Qatar, Saudi Arabia (KSA) and the United Arab Emirates (UAE).

The GCC Integrated Customs Tariff is based on the 2022 edition of the Harmonized System for Description and Classification (HS). The HS is a multipurpose international product nomenclature developed by the World Customs Organization (WCO), whose main objectives are to:

- a. Facilitate international trade and the collection, comparison, and analysis of statistics by harmonizing the description, classification, and coding of goods in international trade;
- b. Reduce the expenses related to international trade; and
- c. Facilitate the standardization of trade documentation and the transmission of data.

In practice, the HS allows products to be precisely classified for several purposes, including the determination of the applicable customs duty rate and the correct determination of non-tariff barriers applicable to goods imported and exported.

Before the implementation of the GCC Integrated Customs Tariff, Bahrain, Kuwait, Oman, Qatar, and the UAE used an eight-digit tariff code system based on the Unified GCC Customs Tariff, while KSA used a twelve-digit tariff code system based on the Integrated Customs Tariff (since January 2016).

Until the issuance of this update, only the Customs Authorities of Oman, Qatar, and Kuwait have officially published their GCC Integrated Customs Tariff based on twelve-digit tariff codes. The Customs Authorities of Bahrain and the UAE have yet to make the announcement, which is expected soon.

What are the main changes and highlights to consider?

1. The GCC Integrated Customs Tariff expands the tariff code system from eight digits to twelve digits, allowing products to be classified more precisely (e.g. 00 00 00 00 **00 00**).

The first and second digits represent the HS Chapter, the third and fourth digits represent the HS Heading, the fifth and sixth digits represent the HS Sub-Heading, the seventh and eighth digits represent the GCC local classification, and the ninth to twelfth digits represent a more detailed classification of goods based on specific sub-categories.

2. The addition of four digits (the ninth to twelfth digit) to the tariff codes enables more accurate classification of existing products and facilitates the classification of new products currently not on the market.

3. The GCC Integrated Customs Tariff increases the number of tariff codes from 7,800 lines to over 13,400 lines, nearly doubling the number of classifications.
4. In general terms, the changes in the GCC Integrated Customs Tariff implementation can be grouped as follows:
 - a. Current tariff codes which were complemented with four zeros “00 00” (e.g. the previous HS code 71 14 11 00 is now 71 14 11 00 00 00).
 - b. Current tariff codes which were complemented with the residual tariff “99 99” to capture all the “Other” products not explicitly mentioned (e.g. the previous HS code 84 71 90 00 is now 84 71 90 00 99 99).
 - c. Current tariff codes which are complemented with new sub-categories, for example:

Unified GCC Customs Tariff (eight digits)	GCC Integrated Customs Tariff (12 digits)
73 05 11 00 - Line pipe of a kind used for oil or gas pipelines: -- Longitudinally submerged arc welded	73 05 11 00 00 01 - Line pipe of a kind used for oil or gas pipelines: - - Longitudinally submerged arc welded: Used in oil transmission lines 73 05 11 00 00 02 - Line pipe of a kind used for oil or gas pipelines: - - Longitudinally submerged arc welded: Used in gas transmission lines
03 02 39 90 Other southern bluefin tunas (Thunnus maccoyii)	03 02 39 91 00 00 - - - - Sokatana fish (Sarda orientalis), fresh or chilled 03 02 39 92 00 00 - - - - Tabanah fish (Auxis thazard), fresh or chilled 03 02 39 93 00 00 - - - - Haqibah fish (Katsuwonus pelamis), fresh or chilled 03 02 39 94 00 00 - - - - Baghah fish (Rastrelliger kanagurta), fresh or chilled

- d. Addition to the current tariff codes, e.g. Heading 98 03 to cover the following types of goods:

Heading	HS code	Description	Duty rate
98 03		Personal luggage and gifts accompanied by travelers, not exempt from customs duties under the unified customs tariff; Goods transferred by express transport	
	98 03 00 00 00 01	Goods of value less than 1000 Saudi Riyals transferred by express transport	0%
	98 03 00 00 00 02	Personal luggage and gifts accompanied by travelers, with value exceeding 3000 Riyals, are not exempt from customs duties under the unified customs tariff	5%

Note: The amounts given in “Saudi Riyals” or “Riyals” are only for reference purposes as mentioned in the GCC Common Customs Law. These amounts should be considered as their equivalent in the currencies of the respective GCC Member States.

Why is this important for companies in the GCC?

1. With the implementation of the GCC Integrated Customs Tariff, companies in all GCC Member States should familiarize themselves with the changes affecting the customs classification of goods imported and exported. This will ensure they are using the correct 12-digit code for customs duty calculation and determination of non-tariff barriers, if any, as per the General Rules for the Interpretation of the HS. It will also help mitigate the risk of tariff classification discrepancies with the GCC Customs Authorities.

2. Companies should analyze changes on a case-by-case and country-by-country basis to avoid discrepancies in classification and customs duty rates applicable across the GCC Member States.
3. Companies should also analyze whether the changes in the tariff codes impact the Excise tax or Value Added Tax (VAT) classifications they have adopted, especially in cases where any exemption or zero rating under Excise tax or VAT has been claimed. With Oman introducing digital tax stamps on the import of carbonated beverages, sweetened beverages, and energy drinks, effective 1 February 2025, ensuring the correct use of twelve-digit tariff codes become even more important.
4. Companies should update their internal customs controls such as inventory control, ERP, and data analytics to ensure accuracy, transparency, and correct traceability using the new twelve-digit tariff code system.

How can KPMG help your business?

The practical implementation of the GCC Integrated Customs Tariff can be challenging due to the high volume of information related to affected products (line-items) and the complexity of tariff classification as per the General Rules for the Interpretation of the HS.

KPMG has a dedicated team of experienced customs specialists who can help companies navigate these changes. For instance, we can undertake an impact assessment of the GCC Integrated Customs Tariff on their day-to-day import and export operations, design a compliance-focused action plan, and proactively identify deviations to mitigate future risks. For a detailed discussion, please reach out to the team below or your regular contacts at KPMG.

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