



# Customs Alert Self-correction program in KSA

January 2020



The Saudi Arabia General Customs Authority ("Saudi Customs") recently introduced a self-correction program enabling importers to declare and pay customs duties on any historic non-compliance with the KSA customs legislation. Through this initiative, importers voluntarily submit a request to correct customs data and pay customs duties and / or taxes that were not previously paid due to:

- The inaccuracy of the information provided in the customs declarations relating to the distinctive elements of the goods (value, origin, or classification); or
- The presence of events subsequent to the date of submission of customs data that have not been reported to Saudi Customs.

#### Program Incentives

When applying for self-correction within the specified conditions and timing, the taxpayer would be pay only the outstanding customs duties and taxes and would not be subject to any additional penalties.

#### Program duration

The initiative is effective from 1 January 2020 until 30 June 2020.

#### Restrictions and limitations

As a result of this self-correction, and in the event that the concerned person submits the correction request before the errors were discovered by the General Customs Authority or before issuing an audit notice, the taxpayer need only pay the differences in customs duties and taxes due.

#### Errors that may be corrected

- Using different commercial invoices for customs and business purposes (under-declaration of import value);
- Non-declaration of the elements of the customs value subject to customs duties and taxes, such as freight, insurance or other costs (e.g. royalties, payments for trademarks, franchise rights fees, sales proceeds);
- Exemption of goods from customs duties and taxes according to the international agreements without adhering to the stipulated exemption conditions, such as if the goods were produced within free zones or they are of a non-preferential origin;

- Non-declaration of imported goods on the customs declarations or the commercial invoices submitted;
- Using of generic goods description for classification purposes with the intention to benefit from a lower duty rate or an exemption; or
- Violation of the conditions of duty exemption for the importation for industrial purposes or temporary import.

#### Information to be disclosed to Saudi Customs

Saudi Customs has published examples of situations where the additional information should have been provided to them, which may now be corrected under the self-correction program:

- Any undeclared costs or fees that should be part of the customs value but were identified after importation, such as royalties or freight costs;
- Using exempted goods for the purposes other than those for which they were exempted at the time of import; or
- Any amounts due to the seller directly or indirectly from the proceeds of any subsequent resale, disposal or subsequent use of the imported goods.

#### Conclusion

We recommend strongly that businesses consider the use of self-correction program to mitigate the imposition of penalties due for past errors.

KPMG KSA can advise the businesses on the matter and support with preparation for such voluntary disclosure as well as ongoing compliance with the customs legislation in KSA.

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