

Customs Alert

Increase in customs duties in Saudi Arabia – with effect from 20 June 2020

21 June 2020



The Council of Ministers has announced an increase in customs duties effective from 20 June 2020.

The rate increases range from 0.5 to 15%. A full list of new duty rates can be found on the Saudi Customs website.

Products affected

The increase in duty rates affects a wide variety of products such as: dairy, food products, chemicals, plastic, rubber, leather, paper, clothes, shoes, fabrics, marble, ceramics, porcelain, glass, various metals, furniture and machinery. Please see below examples of the products affected:

- **Foods and beverages** - for example, dairy products, yogurt, buttermilk, cream, natural butter, butteroil, fresh cheese, maize (corn) starch, glucose sugar, cream caramel, artificial honey. The customs duty rates for these products have increased from 5% to a range between 6% and 15%, depending on the product.
- **Chemicals** - for example, bulk gypsum, zinc oxide, polyamide, silicon resins, bidets, reservoirs tanks, screws, bolts, washers). The customs duty rates for these products have increased from 5% and 12% to a range between 5.5% and 15%, depending on the product.
- **Leather products** - for example, raw skins of goats, tanned skins of goats in the wet state split but not further prepared, further prepared after tanning skins of sheet without wool un split. The customs duty rate for these products has increased from 12% to a new rate of 15%.
- **Straw, paper products** - for example, unbleached paper in rolls, box files, letter trays, packing containers for files. The customs duty rates for these products have increased from 5% to a range between 8% and 10%, depending on the product.

- **Carpets, clothes, shoes** - for example, synthetic staple fibers-not carded- combed or otherwise processed for spinning, non-woven fabrics, other non-woven fabrics of synthetic, carpets made of synthetic textile materials, blankets, men 's shoes with outer leather of wood and leather). The customs duty rate for these products has increased from 5% and 12% to a new rate of 15%.
- **Other** – for example, marble and ceramic products, granite paving stones, pipes and pipes, plates and sheets of drawn glass, mixed cast Iron, electric wires non-insulated, machinery and machine products, electrical appliances and parts thereof, certain car brands and parts, pumps, air compressors, combined refrigerator-freezers, digital control panels, optic fibers, water meters. The customs duty rates for these products may increase from 5%, 10% and 12% to a range between 7% and 20%, depending on the product.

We recommend that all importers consider a detailed assessment of their supply chain and customs practices in an effort to explore strategies to mitigate the likely negative effect of the duties increase on the business. For example, ensuring that the correct tariff codes are applied, making use of customs duty exemptions and reductions available (including the applicability of Free Trade Agreements, General System of Preferences, etc), use of bonded warehouses and tolling arrangements).

How KPMG can help you?

KPMG in Saudi Arabia can advise businesses on the impact of the duty increases by identifying options to reduce the effect on the business, and by providing support with the execution of recommended action as well as with ongoing compliance with the customs legislation in Saudi Arabia.

For more information and to discuss how this announcement might affect your business, please do not hesitate to contact us.

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