

*General
Secretariat of
Gulf Cooperation
Council*

Unified manual of Advance Ruling

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Preamble:

Gulf Cooperation Council countries (GCC) so desire to facilitate customs clearance's procedures and requirements, to particularly release goods, and to make it easy between GCC states and the world to exchange commercial transactions in compliance with Trade Facilitation Agreement (TFA) binding to GCC states as being members of WHO. Therefore, this manual of advance ruling has been prepared in a way conforming to GCC states' obligations set out in TFA in a pursuit to follow best international practices in this area.

Such a manual complies with GCC states' methodology regarding enhancement of transparency within Customs Union for GCC States- applied as of the beginning of 2003- when dealing with importers, exporters and clients in terms of providing them with the related available information.

Chapter (1)

Objectives, definitions, Advance ruling provisions And administrative measures

I. Unified manual objective

This manual aims to define the main procedures and regulations approved by GCC costumes departments to be followed by GCC states regarding issuance of advance ruling requested by importers or exporters upon import/ export operations they carry out.

Therefore, this manual serves as a guidance that helps GCC traders and businessmen, as well as exporters of goods to GCC states, understand the procedures and regulations of the advance ruling. This way such procedures and regulations can be made ready for execution and usage on one hand. On the other hand, this guidance caters to information unification of the advance ruling provided to all GCC First Points of Entry and customs departments.

The advance ruling is deemed a significant instrument that helps facilitate the process of import declaration- accordingly the procedures of customs clearance can be plainly performed- within the GCC objectives of trade facilitation, enhancement of exchange flows, increase of GCC and international trade.

II. Definition of advance ruling

Advance ruling can be defined as the ruling issued in writing by GCC customs departments prior to import process upon request of the importer or exporter. Such ruling involves specific information and data related to customs classification, rules of origin and customs valuation for certain goods the applicant desires to bring from outside GCC states.

The advance ruling represents decisions binding to all points of entry and customs departments of the exporting country. Furthermore, such advance ruling is deemed a guidance for all GCC First Points of Entry and customs departments.

III. The competent entities issuing advance ruling.

They are the entities concerned with issuance of advance ruling in the customs departments assigned by GCC states. Such advance ruling is to be applied by Gulf countries.

IV. Advance ruling Applicant

This items includes natural and legal persons, either importers and their representative- so long as they hold commercial registers issued by GCC competent entities- or exporters to GGC countries and their representative.

V. Advance ruling provisions

The manual of advance ruling incudes information and data related to the following:

1. Classification of goods per unified customs tariff

As for classification, advance ruling refers to sub-clause related to goods to be imported per GCC unified customs tariff conforming to Harmonized Commodity Description and Coding System issued by World Customs Organization.

Advance ruling addressees remission of import customs taxes "fees", if any, under international commercial agreements executed by and between GCC states and the world.

As for the above, the advance ruling including classification clearly determines the customs tariffs items for the import goods prior to import process. Accordingly, such advance ruling facilitates process of import declaration and accelerate customs clearance procedures.

2. Rules of origins

The advance ruling addresses the rules of origin applied to the goods to be imported. Such rules of origins involve the standards- approved by entities concerned with issuance of advance ruling- that determine the origins country of goods to be imported. Such standards are particularly important when the case may be application of preferential treatment for the very goods under international commercial agreement entered into by GCC states.

The rules of origin addresses certain standards that determine the origin country for the goods in terms of the full manufacturing in the export country, addition of some components that change the origin or industrial transformation that modifies the customs classification. Therefore, the advance ruling involving the rules of origin is deemed a reference that strengthen and clarify the importers' view regarding determination of the goods origin prior to import process.

3. Goods valuation for customs purposes

Goods valuation plays an important role in determination of customs taxes "fees" applied to imports. Moreover, goods valuation is a critical stage in the process of goods import to GCC a, that is, customs departments determine the goods value for customs purposes based on various ways given the kind and classification of goods per unified customs tariff. This matter shall be performed pursuant to Common Customs Law for GCC States, the executive regulation thereof and WTO agreement on customs valuation.

Accordingly, the advance ruling including customs valuation methods followed by GCC states forms an effective way that facilitates import process, pre-clarifies standards of customs valuation for certain goods and prepares document required to verify the customs value prior to import process.

VI. Administrative measures taken by GCC customs departments to put into practice the advance ruling system

Putting into practice the advance ruling system, GCC customs departments take the following administrative measures:

1. Establishing special units inside customs departments to deal with the advance decisions applications. Such units are to be equipped with specialized staff, electronic systems and central database in order to help unify the information of the advance ruling in a way that ensures consistency and coordination between all GCC First Points of Entry and customs departments.
2. Disseminating all information related to execution of the advance ruling system to all GCC First Points of Entry and customs departments.
3. Having received and reviewed application and after issuing the respective advance ruling, the issuer of such advance ruling shall disseminate such ruling to all customs department's competent entities inside the issuing country so such advance ruling can be applied in this country. An e-copy of such advance ruling shall be sent to the other GCC states for guidance purposes.
4. Providing all contact channels between all GCC First Points of Entry and customs departments on one part and the advance ruling applicants on the other part. In addition, a system shall be developed to deposit the very applications through the form attached hereto or electronic media recognized for application deposit.

Chapter (2)

Procedures and regulations of the advance ruling

I. Issuance of advance ruling:

1. The GCC assigned entities shall issue advance ruling involving certain binding data related to classification of the goods to be imported, to the standards recognized for determination of the origin country, or to the approved methods of valuation for customs purposes.
2. The advance ruling associated with the classification may include guiding information about the customs taxes "fees" remission as stipulated in the related Free Trade Agreements executed by GCC.
3. The advance ruling on customs classification and rules of origin shall be binding to all points of entry and customs departments inside the issuing country. Such advance ruling shall be deemed a guidance for all GCC First Points of Entry and customs departments.
4. GCC competent entities are not duly committed to issue advance ruling for the customs valuation. Rather, such entities may issue a guiding advance ruling on this regard to help importers and exporters understand the method upon which goods value can be determined for customs purposes. This matter excludes the method of calculation of goods value amount and the accrued customs fees.
5. GCC customs departments issues the advance ruling in consideration for administrative fees determined by the competent entities.
6. The advance ruling is to be issued for certain goods supplied by certain exporter to certain importer. Same advance ruling may not serve as a reference for other goods, even if similar, and cannot be used by other importers of the same goods.
7. The advance ruling is issued upon the information and data provided by the applicant, which information and data in no way include confidential commercial data. All documents and information related to the advance ruling shall be deemed confidential, that is to say, not to be disclosed for public, so the importers can be enabled to provide all related documents and data.

8. GCC customs departments' competent entities issues the advance ruling within 60 (sixty) days effective from the date of receiving a proper and fully-equipped-with-document application.

II. The validity of the advance ruling

1. The advance ruling shall be valid for at least 180 (one hundred and eighty) days effective from the respective issuance for all points of entry and customs departments inside the issuing country. Such advance ruling shall be deemed a guidance throughout the validity period referred to by all GCC First Points of Entry and customs departments.
2. The advance ruling shall be invalid upon expiry or if revoked by the issuing customs department (refer to section (6) on the advance ruling revocation)

III. Use of advance ruling

1. Throughout the validity period, applicant shall be entitled to use the advance ruling during the process of unified customs declaration provision (import status), which advance ruling is applicable in First Points of Entry and all customs departments inside the issuing country, per paragraph (3) of first part (I) of chapter (2) hereof. Use of such advance ruling shall be on guidance basis for all GCC First Points of Entry and customs departments.
2. Goods shall be disclosed in the customs declaration (import status) according to the related provisions of the advance ruling issued by GCC customs departments' competent entities. The advance ruling serves as a ground during import process to verify customs classification.
3. The fact that importer relies on the advance ruling regarding the customs classification during provision of the unified customs declaration does not prohibit the GCC customs departments from goods inspection to ensure that the approved goods conform to the goods mentioned in the advance ruling.

IV. Application of advance ruling

1. The application of the advance ruling is to be submitted by importers or their representative before GCC customs departments' competent entities regarding the good to be imported. Such application shall be exclusive for the importers holding GCC CR.
2. The GCC exporters submit an application of the advance ruling through their GCC representatives before GCC customs departments' competent entities regarding the good to be imported.

3. The subject of the advance ruling application shall be determined amongst those mentioned in section (5) of chapter (1) on the advance ruling provisions related to the following:
 - a) Customs classification,
 - b) Rules of origin,
 - c) Or customs valuation.
4. Only one application per a kind of goods and a subject of the advance ruling mentioned in section (5) of chapter (1) on the advance ruling provisions is submitted. In the event of multi-goods or multi- subjects, separate application for every kind of goods and subject is to be submitted.
5. The following data and documents shall be attached to the advance ruling:
 - a) Applicant's Name in full, address, and CR No. for legal person.
 - b) Detailed description of the goods.
 - c) In case of advance ruling application related to classification, the expected goods classification, classification bases, components description and usage area shall be mentioned. In such a case, samples, photos, designs, publications, test results, any other data that can help classify the goods or manufacturing method, or any other technical documents that determine the proper classification of the goods and the origin country shall be attached.
 - d) Where application of advance ruling related to the origin is submitted, the potential origin country, legal framework of the origin (be it preferential or non-preferential), and the information and data that help determine the origin including the rule of origin applicable for the goods (a copy of the origin certificate to be provided) shall be mentioned. Furthermore, a reference shall be made to names, addresses and any other items that prove the identity of other parties involved in the transaction (vendors, exporters and producers).
 - e) Should an application related to the customs valuation is submitted, kind and framework of the transaction (sale terms and conditions and the parties' relationship) shall be mentioned. Moreover, a copy of the respective invoice, contract, agreement or any other information or data that help determine the proper value shall be attached.
 - f) A statement providing that there is no any application involving a subject of same or similar goods submitted to obtain advance ruling before the competent customs department.
 - g) A statement that there is no any advance ruling regarding same or similar goods under administrative or judicial review procedures.
6. A Customs department may request additional data or document within 21 (twenty one) days. In case of failure to provide the same within the

determined period, the competent entities, then, is not committed to issue the advance ruling.

7. The form of the advance ruling application is to be submitted in hardcopy or softcopy based on the methodology followed in every GCC country and according to the form attached hereto. The application kind shall be mentioned (be it customs classification, rules of the origin or customs valuation).
8. The attached applications of the advance ruling, information and data shall be confidentially handled.

V. Refusal to issue the advance ruling

- a) GCC customs departments' competent entities may refuse to issue the advance ruling for the following reasons:
 1. If the respective, same or similar goods are reviewed under administrative or judicial review procedures or subject to court judgment.
 2. If a customs declaration of the respective goods is submitted.
 3. In case a previous application submitted by the same importer for the same goods is being reviewed.
 4. In case of unfulfillment of the requirements needed by GCC competent entities.
 5. If the additional documents required to complete the application file is not provided within 21 (twenty one) days from the date of requesting the same by GCC competent entities.
 6. In case insufficient or improper data/ documents are provided.
- b) Any cases, the decision to refuse the advance ruling application shall be justified.

VI. Procedures of the advance ruling review

1. The advance ruling related to the classification, origin, or the decision to revoke or amend the same is reviewed upon the importer's written request, be it before or after practical execution of such advance ruling to import process, by GCC competent entities.
2. The advance ruling related to the valuation, or the decision to revoke or amend the same is reviewed upon the importer's written request before the import process, by GCC competent entities.
3. A written report on the review findings shall be prepared and provided to the applicant.
4. In case the advance ruling is required to be amended, it shall stand revoked. A new advance ruling is to be issued to replace the revoked one.
5. Importer may submit a grievance before Director General of Saudi Customs requesting to review the advance ruling related to classification, origin, or

the decision to revoke or amend the same, be it before or after practical execution to import process.

6. If disagreed, the importer may refer to the court to request reviewing the advance ruling related to classification, origin, or the decision to revoke or amend the same, be it before or after practical execution to import process.
7. The advance ruling related to remission of customs taxes "fees" may not be subject to judicial review procedures since such advance ruling involves guiding views.

VII. Revocation of the advance ruling

- a) The advance ruling may be revoked- as to the discretion of GCC customs departments- for certain reasons including but not limited to:
 1. If administrative or legal measures that might result in a change of the goods classification clauses or fees category are taken.
 2. In case of nondisclosure of full data submitted by the applicant.
 3. In case that the customs department are provided with incomplete, incorrect, false or misleading information.
 4. In case of issuing contradictory advance ruling issued for goods of same category or kind.
 5. In case the advance ruling is reviewed under the internal procedures of the customs departments.
 6. If the advance ruling is reviewed under judicial review procedures.
- b) Should the advance ruling is revoked, the applicant shall be provided with written notice involving circumstances and grounds of such refusal.

VIII. How to deal with the improper advance ruling

Issued by GCC customs departments, the advance ruling shall be reviewed, either upon the concerned person's (applicant) request or as to the discretion of customs departments to verify such advance ruling.

In case of invalidity, the advance ruling shall be stand revoked. The results, then, depend on the grounds of the advance ruling invalidity and the actual date of goods import as follows:

| Grounds for the advance ruling invalidity | Results |
|--|---|
| 1. GCC customs departments are provided with improper, incomplete or misleading data. | <ul style="list-style-type: none"> a) The advance ruling is invalid; b) The importer shall pay customs fees "taxes" or any other accrued fees practically applied to imported goods; c) Importer shall pay the customs fee "tax" difference resulted out of the advance ruling; d) Fines shall be applied to the importer according to Common Customs Law for GCC States. |
| 2. Customs tariff clause or customs fees category is changed. | The accrued customs fees "taxes" shall be applied to the provision of import declaration. |
| 3. The advance ruling is reviewed, which results in more customs fees "taxes" on the imported goods. | <ul style="list-style-type: none"> a) There shall be applied the fees "taxes" stipulated in the advance ruling with respect to the imported goods during validity of the advance ruling. b) There shall be applied the increased fees "taxes" with respect to the imported goods, either before or after validity period of the advance ruling. |
| 4. The advance ruling is reviewed, which results in less customs fees "taxes" on the imported goods. | The importer is entitled to request application of the proper customs fees "taxes" and be refunded the paid excess. |

IX. Publication of the advance ruling

The advance ruling issued by GCC Customs departments, which may be of interest to other importers, shall be published through regular bulletins and on the websites of the customs departments. Information of the above advance ruling's applicant may not be published; as such information and data shall be kept confidential.