

## Saudi Customs launches self-correction program for import transactions

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### Executive summary

Saudi Customs announced, on 1 January 2020, the launch of its self-correction program, a voluntary disclosure scheme aimed at encouraging importers to self-correct any past non-compliant import transactions. Importers who approach Saudi Customs to voluntarily correct any errors related to past import transactions, generally within the preceding five years, will be liable only for applicable duties and taxes due and will not be subject to the penalties that would otherwise apply if the errors were to be discovered under an investigation initiated by Saudi Customs. The program is intended to be in effect for six months from its initiation. Businesses may, therefore, take the opportunity to review their records of import transactions over the last five years (or more, as applicable) and consider reporting any errors to Saudi Customs promptly to take advantage of this program.

### Detailed discussion

#### Background

The self-correction program is administered together with the Saudi Customs post-clearance audit program. While errors detected during a post-clearance audit may be subject to penalties as provided in the Gulf Cooperation Council

Common Customs Law in addition to applicable duties and taxes, errors that are voluntarily reported by importers are only subject to the unpaid duties and taxes. The goals of the program are to promote transparency and enhance trust and partnership between the customs authorities and importers.

### The self-correction program

Importers may request self-correction via the Saudi Customs website portal. Details about the errors are submitted in Arabic and dates are provided according to the Hijri calendar.

Errors to be reported may be any inaccuracy concerning information provided on a customs declaration form (e.g., value, origin, tariff classification) as well as any omission to report details occurring post-importation that are subject to reporting (e.g., subsequent proceeds from post-importation sale).

The statute of limitations (or periods of prescription) is 5 years for most errors related to import transactions but may be as high as 15 years for criminal violations.

The self-correction program is not intended for requests for refund of overpaid duties, for which there is a separate procedure.

To take advantage of the self-correction program, importers must report errors before Saudi Customs detects these errors and issues an audit notice.

The program is scheduled to end on 30 June 2020.

## Implications

Saudi Customs is currently expanding its post-clearance audit activities and has been active in approaching multinationals and local importers for customs audits. The audit visits have focused on a wide range of issues, including examining the transaction value, financial statements, non-financial records, payment terms and customs duty payments. As penalties for errors discovered during a post-clearance audit may be as high as three times the value of the goods and may include imprisonment for certain infractions, importers may potentially stand to benefit from reviewing their records for the last five years (or longer, if applicable) to detect possible errors and voluntarily report these errors in a timely manner formally under the self-correction program.

Businesses open to exploring the advantages of the above program should consider a review of their documentation, processes and controls to identify any undiscovered errors and should consider the implications of such corrections under consultation.

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For additional information with respect to this Alert, please contact the following:

#### Ernst & Young and Co (Certified Public Accountants), Riyadh

- ▶ Mishal Al Faraidy                      mishal.alfaraidy@sa.ey.com

#### Ernst & Young Middle East (Dubai Branch)

- ▶ Ramy Rass                              ramy.rass@ae.ey.com
- ▶ Richard Dearing                      richard.dearing@ae.ey.com
- ▶ Zain Satardien                          zain.satardien@ae.ey.com

#### Ernst & Young LLP (United States), Middle East Tax Desk, New York

- ▶ Asmaa Ali                                asmaa.ali1@ey.com

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