

Saudi Arabia increases customs duty rates on imports

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Saudi Arabia enacted Cabinet Decision No. 559, on 28 April 2020, to amend the Harmonized Tariff Schedule (HTS) and increase various customs duty rates. The changes take effect from 10 June 2020 and certain rates are increased up to 25%. Businesses should review the changes in the HTS to determine whether their products are affected and how the changes may impact their supply chain and operations.

The following table sets forth some of the products (includes consumer, industrial and agricultural products) covered by the rate changes.

Product	Current rate	New rate
Foods and beverages (such as live animals, meats, seafood, milk products, yoghurts, vegetables, fruits, sugars, rice, sweets, juices, sauces and honey)	0 to 5%	7% to 25%
Mineral products (such as lime and coal)	5%	15%
Chemicals (such as acids, sulphates, oxides, methane, magnesium and chlorides)	5%	5.5 to 6.5%

Product	Current rate	New rate
Textile fabrics and clothing (such as polyvinyl chloride, textile wall coverings, adhesive tapes, textile fabrics, wearable clothing, blankets, linens and bags)	5%	10% to 15%
Plastics and rubber items	5%	6.5% to 15%
Building materials (such as stone, marble bathtubs, marble handwashers, wood panels, boards, certain wooden tiles, ceramic tiles, pipes, glass items, paints, plastic tubes, steel basins, showers, sprinklers, window frames, tanks, pumps, screws and lights)	5% to 12%	Up to 15%
Metal products (such as iron or non-alloy steel, stainless steel, alloy steel, wire, pipes and tubes, steel bolts, and articles of copper)	5%	20%
Machinery, equipment and parts (such as refrigerators, freezers, beverage coolers, mineral oil filtering machines, irrigation systems, cranes, fire extinguishers, valves, crankshafts, gearboxes, engines and batteries)	5% to 12%	Up to 15%
Motor vehicles and spare parts (such as tractors; emergency vehicles, armored cars, motor vehicles, four-wheel drive vehicles, diesel powered and electric powered vehicles and refrigerated vehicles)	5%	15%

Implications

Cabinet Decision No. 559 has made significant changes to the HTS and duty rates. This will affect all imports into Saudi Arabia under the revised HTS codes as of 10 June 2020.

Businesses should assess the impact of the above revisions on their imported goods and ensure these goods are imported with the appropriate tariff classification. Additionally, businesses need to understand the practical implications regarding the movement of goods between Gulf Cooperation Council countries with differing duty rates, and how these changes might affect their supply chain in the future.

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EYG no. 003682-20Gbl

1508-1600216 NY
ED None

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