Under the ambit of Vision 2030 economic reforms, the Saudi Arabia Customs Authority (Saudi Customs) is working to enhance trade facilitation and improve customs compliance as part of the Government's vision for transforming Saudi Arabia into an international logistical hub.

To meet this objective, Saudi Customs is implementing programs to ease trade, reduce clearance time and documents and, more importantly, increase customs compliance culture through the introduction of an “audit after clearance initiative.” This initiative aims to approach importers after goods have been cleared to confirm that the importers have satisfied their customs regulatory obligations and that all customs records are compliant and complete.

In connection with the audit after clearance initiative, Saudi Customs has recently approached many multinational and local importers for customs audits. The audit visits have focused on a wide range of issues, including examining the transaction value, bank statements, sales contracts, inventory papers, financial statements, non-financial records, payment terms, total imports, tariff headings and customs duty payments.

Based on the audits, it appears that Saudi Customs expects importers to have these documents readily available, and to be able to establish a clear demonstrable link between all documents in the transaction, from the commercial invoice to the customs Bayan and payments. If Saudi Customs
concludes that an importer is non-compliant, potential penalties under Saudi customs law range from SAR500 per offense up to twice the amount of the customs duties due on an imported consignment.

Saudi-registered importers, irrespective of the scale of their operations, may be subject to audit on operations and customs transaction compliance in the future. To assess readiness for a customs audit, taxpayers should consider the following issues:

- Have you conducted a pre-assessment of your customs activities to identify potential gaps and issues that could be challenged by Saudi Customs? How do you plan to regularize any issues before a customs audit to avoid potential liabilities and penalties?
- How adequately is your company prepared to manage a customs audit? Do you have a customs audit management strategy in place? How will you handle your communications with Saudi Customs and internal coordination between the various departments? Who in your organization is going to lead the discussions with Saudi Customs?
- How satisfied are you that your company can provide and explain, on a timely basis, a complete and organized set of customs transaction documents in response to any unexpected customs audit queries?
- Do you have sufficient audit trails to link a Bayan number to the full set of import documentation, purchase order/contract and corresponding financial transactions?
- How satisfied are you that your company is in full customs regulatory compliance from a documentary reconciliation, valuation, HS/tariff code, royalty, and duty payment standpoint to avoid potential liability and penalties?

Businesses engaged in import/export operations in Saudi Arabia, including those experienced in customs practices, should consider a review of their documentation, processes and controls to ensure they are ready for a potential customs audit.

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