

Manual on Customs Services provided in the free zones

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Frequently Asked Questions and Answer

Introduction:

In line with the directives of the Government of Ras Al Khaimah to provide an environment that attracts investment and focuses on investor care, RAK Customs Department is very pleased to bring to you **its Manual on Customs Services in the Free Zones**. The Department presents this manual to free zone investors in order to provide them with further simplification and facilitation. In doing so, RAK Customs is emphasising the application of the Common Customs Law of the GCC States, the Unified Customs Procedures Manual, and the Unified Customs Tariff. Additionally, the Department is fully supporting and organising trade exchange and eliminating any barriers that may prevent the flow of trade movements.

1- Definition of Free Zones:

It is part of the state's territory, but it is considered to be outside the customs territory. Although usual customs procedures do not apply to free zones, they are still subject to the customs control.

2- Controls of Free Zones:

- 1) Goods may be deposited with the free zones without paying the customs taxes 'duties'.
- 2) Subject to the export restrictions and customs procedures applicable to re-export, foreign goods re-exported from inside the country may be admitted into the free zones.
- 3) According to Articles 85 and 88 of the GCC Common Customs Law, goods exiting the free zone and entering the country from the free zones shall be treated as foreign goods, and shall be subject to customs duties 'taxes', even if these customs duties have previously been paid.
- 4) Prohibited or infringing goods may not be deposited as per the national provisions and legislation.
- 5) The following goods may not be admitted into the free zones:
 - a- Flammable goods, excluding fuels.
 - b- Radioactive materials.
 - c- Arms, ammunition and explosives, of any kind.
 - d- Goods infringing the laws relating to commercial and industrial property rights and copyright protection.
 - e- All kinds of narcotic drugs and derivatives thereof.
 - f- Goods originated in an economically boycotted country.
 - g- Goods prohibited from entering the customs union, the country of final destination or the country of transit.
- 6) The imported goods, detailed in the unified customs declaration or cargo manifest, may not be transferred or admitted into the free zones unless by approval of the director general.
- 7) Goods in the free zone shall not be subject to any restriction in respect to the period they can remain therein.

3- Main Services provided by the Customs Department in the Free Zones:

<p>1. Registration and Licensing, including the following services:</p>	<p>1.1- Issue/renewal/update of Importer Code. 1.2- Issue of No Objection Certificate for (addition\amendment of activity - addition\change of partners - transfer of warehouse – cancellation of licence). 1.3- Issue\renewal of customs representative card.</p>
<p>2. Customs Clearance, including the following transactions:</p>	<p>2.1- Importation (removed from the free zone into the UAE/GCC). 2.2- Exportation (depositing within the free zone). 2.3- Re-exportation (depositing within the free zone). 2.4- Temporary admission. 2.5- Transit goods (transit).</p>
<p>3. Customs Exemptions, including the following services:</p>	<p>3.1- Industrial exemption. 3.2- Military exemption. 3.3- Exemption according to the exempted customs tariff.</p>
<p>4. Refund of Cash Guarantees and Release of Bank Guarantee</p>	

** All services provided, documents required and applicable customs fees and duties are explained below in detail:*

✓ **Main Services provided by RAK Customs Department in the Free Zones:**

1- Registration and Licensing, which includes the following services:

1.1- Issue\renewal\update of customs' customers (Importer Code):

About the Service	Details
Definition:	Issue or renewal of an importer code to a natural or legal person (companies\individuals), which allows such a person to directly deal with the Department.
Documents required:	<ul style="list-style-type: none"> - Submitting the 'Importer Code Application' form. - The trade Licence. - Valid passport copy of the Owner (and partners, if any). - Valid UAE ID copy.
Customs fees: (Issue\ renewal of new Importer Code)	AED 100 for issue of a new Importer Code\ AED 25 for annual renewal.

1.2- No Objection Certificate (for addition\amendment of activity - addition\change of partners – transfer of warehouse – cancellation of licence):

About the Service	Details
Definition:	A no objection certificate granted to free zone companies, which allows them to finalise other remaining procedures with the other competent authorities.
Documents required:	Submitting the 'No Objection Certificate Application' form.
Customs fees: (Issue\ renewal)	AED 100 for all services.

1.3- Issue\renewal of Customs Representative Card:

About the Service	Details
Definition:	An annual card issued by the Department, which authorises its holder to finalise all types of transaction with the Department.
Documents required:	<ul style="list-style-type: none"> - Submitting the 'Customs Representative Card Application' form. - The trade licence. - Valid passport copy of the representative. - Valid UAE ID copy. - One passport photograph.
Customs fees: (Issue\ renewal)	AED 150

2- Customs Clearance, which includes the following transactions:

- 2.1- Importation (removal from the free zone into the UAE/GCC)
- 2.2- Exportation (depositing within the free zone)
- 2.3- Re-exportation (depositing within the free zone)
- 2.4- Temporary admission
- 2.5- Transit goods (transit)

2.1 Importation (removal from the free zone): a declaration made for goods imported into the local market from other countries or from the free zones against the payment of applicable customs duties or against an exemption of such duties, whichever applicable, according to the GCC Common Customs Law.

Types of Customs Duties and Fees:

In the event of removing the goods from the free zones (importation) in to the local market, customs duty will be levied in accordance with the following:

According to the type of goods	Customs duty (tax)
A number of goods and commodity list are exempted (e.g. foodstuff)	0%
Goods and commodities in general	5%
Alcoholic beverages	50%
Cigarettes, tobacco and derivatives thereof	100%
AED 70 will be levied for registration of the customs declaration, and a gate pass fee of AED 20 per vehicle.	

In the event of importing the goods into one of the GCC States, the customs tax will be levied as detailed above. The amount of the customs tax will be directly transferred to the country of destination under the Local Customs Direct (LCD).

Documents to be attached:

1-	The original invoice.
2-	The original certificate of origin.

All goods imported from the free zones will be treated as foreign goods and will be subject to applicable customs duties 'taxes', even if customs duties have previously been paid on those items.

2.2 Exportation (depositing within the free zone): a customs declaration must be made when goods of national origin are admitted in to the free zone.

Types of Customs Duties and Fees

In the event of admitting national goods in to the free zone (exportation), no customs duty 'tax' will be levied. The goods will only be issued a customs declaration and gate pass:

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| 1. | AED 50 will be levied for registration of the customs declaration, and a gate pass fee of AED 20 per vehicle. |
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Documents to be attached:

	A copy of the original invoice stating the country of origin.
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2.3 Re-exportation (depositing within the free zone): a customs declaration must be made when goods of a foreign origin are admitted in to the free zone.

Types of Customs Duties and Fees

In the event of admitting goods of a foreign origin in to the free zone (re-exportation), no customs duty 'tax' will be levied. The goods will only be issued a customs declaration and gate pass.

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| 1. | AED 50 will be levied for registration of the customs declaration, and a gate pass fee of AED 20 per vehicle. |
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Documents required to be attached:

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| 1. | A copy of the initially issued Import declaration |
| 2. | The invoice. |

2.4 Temporary Admission

It is the admission of goods of a foreign origin into the UAE under customs declarations for specific purposes and against financial guarantee to secure the customs duties for specific periods of time. These goods should then be re-exported, locally cleared following the payment of applicable duties and taxes and submission of necessary relevant approvals, or deposited back into the free zone.

Types of Customs Duties and Fees

Customs Duties
5% of the value of the goods will be levied as a deposit, which will be refunded after: 1) proving that the goods have left the UAE, 2) upon return of the same goods to the free zone if remained in the UAE during the Temporary Admission period.
AED 70 will be levied for registration of the customs declaration, and a gate pass fee of AED 20 per vehicle.
A reclaim fee of AED 50 will be collected, in addition to AED 20 for issuing the cheque.

Documents required to be attached:

1-	A copy of the original invoice stating the country of origin.
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Documents to be attached to reclaim the guarantees for temporary admission cases: (one of the following documents is to be submitted)

1.	A copy of the Re-export declaration.
2.	A copy of the declaration issued to allow the re-deposit of goods within the free zone, or with customs stores and warehouses.
3.	A copy of the Import declaration proving that the goods were cleared for local consumption and that the applicable customs duties have already been paid.
4.	A <i>discharge certificate</i> approved by the competent authorities at the country of destination certifying that the goods have been imported into it.

2.5 Transit Goods (Transit):

It is a transit of goods imported from outside the UAE in the favour of an importer located outside the country and in his name or his authorised agent, who is licensed by the authorised local licensing authorities. The customs declaration will be made merely to register such goods due to its transit through the country's territories to its final destination. A deposit equivalent to the customs duty 'tax' on the total value of the goods to ensure that the goods will leave the country within a period prescribed by 72 hours from the date of the customs transaction.

Types of Customs Duties

Customs Duties	
5%	of the value of the goods will be levied as a deposit, which will be refunded after proving that the goods have left the UAE or arrived at the transit documented destination.
AED 70	will be levied for registration of the customs declaration, and a gate pass fee of AED 20 per vehicle.
A reclaim fee of AED 50	will be collected, in addition to AED 20 for issuing the cheque.

Documents to be attached:

1-	The original invoice.
2-	The original certificate of origin

Documents to be attached to reclaim the guarantees for transit cases: (one of the following documents is to be submitted)

1-	A copy of the Transit declaration.
2-	A copy of the declaration issued to allow the admission of goods into the free zone, in event of admitting goods into the free zone.
3-	A <i>discharge certificate</i> approved by the competent authorities at the country of destination certifying that the goods have been imported into it.
4-	A copy of the Import declaration proving that goods were cleared for local consumption, and that the applicable customs tax 'duties' have already been paid.

3- Customs Exemptions in the Free Zones, including the following services:

Goods imported into the UAE are subject to customs taxes “duties” specified in the unified customs tariff, and the other applicable fees, excluding those exempted under the provision of the GCC Common Customs Law or under the Unified Economic Agreement of the GCC Arab States or any other international agreement within the framework of the Council. (Section II – Article 9 of the Common Customs Law).

3.1 Industrial Exemption

Target category: (National factories located outside the free zone)

In case of importing primary raw materials and semi-manufactured materials from the free zones, these materials will be exempted in favour of the national factories.

Controls & Conditions:

1. The industrial facility must have a valid industrial licence issued by the competent authority.
2. The owner of the industrial facility, who was granted the customs exemption, must maintain a *register* of ‘C’ and ‘D’ forms in conformity with the controls of industrial inputs in the GCC States.
3. Exemption covers machinery, equipment, parts, raw materials, semi-manufactured materials and packing materials required for immediate industrial production. Exemption will be valid as long as the plant is running business.
4. The industrial facility may not dispose with the machinery, equipment, parts, raw materials, semi-manufacture materials or packing materials exempted from the customs duties “taxes” for purposes other than those for which these goods were exempted. The Customs Department has the right to conduct post audit checks. If these goods cannot be used for the purposes for which they were exempted, the facility should apply to the Customs Department for approval and payment of applicable customs taxes ‘duties’.
5. The facility, which has the industrial licence, will adhere to importing the specified quantities in conformity with the licensed industrial production capacity (proportions).
6. Quantities specified will be exempted only by an industrial decision. If the specified quantity is exceeded, the customs duties will then be levied.
7. Taxes ‘duties’ can be secured with deposit for six months (180 days) renewable for a similar period which will not exceed one year (365 days) from the date of the customs declaration upon a recommendation by the competent authority or according to the procedure applied in each country until the industrial exemption decision is obtained.
8. Taxes ‘duties’ can be secured with deposit for three months (90 days) renewable for similar periods which will not exceed one year (365 days) from the date of the customs declaration and until the industrial exemption Form “B” is obtained.

Documents to be attached:

1-	A customs exemption certificate for the imports of an industrial facility by the competent authority of the GCC country of final destination to the first port of entry (Form B).
2-	The original invoice.
3-	The original certificate of origin.

3.2 Military Exemption

For goods supplied to the Armed Forces or Internal Security Forces of any of the GCC States.

Documents to be attached for military exemptions:

Documents to be attached:

1-	A letter by the Armed Forces or Internal Security Forces of any of the GCC States indicating that the shipment belongs to them.
2-	The original invoice.
3-	The original certificate of origin.

3.3 Exemption according to the Customs Tariff for exempted Goods

Lists of exempted goods under the unified customs tariff system are available.

4- Refund of Cash guarantees and Release of Bank Guarantees**Controls:**

1. Refund of Cash guarantees and release of bank guarantees for the situations where customs duties are suspended, and refund of guarantees submitted for documents and for all other cases may be made.
2. The guarantee shall be refunded to the same importer in whose name the goods were imported, or any other person who can definitively prove his right to receive the guarantee.
3. Any claim for refunding cash guarantees and releasing bank guarantee beyond the period prescribed for refunding the guarantee will be rejected.
4. The claim for refunding cash guarantees and releasing bank guarantees for the situations where customs duties are suspended may be submitted within three months (90 days) from the date of the customs declaration, with exception to the transit cases (72 hours for arriving at destination and 30 days for submitting the claim).

5. A request for extending the claim permit period to another three months (90 days) may be submitted before the end of the previous period (the first three months '90 days'). Extension will be granted for only one period.
6. Claims for refunding cash guarantees and release of bank guarantees submitted for any missing documents that have to be attached to the customs declaration, for any customs situation, can be made within a non-renewable period not exceeding three months (90 days) from the date of the customs declaration.

Documents required for Refund of Cash Guarantees and Release of Bank Guarantees:

1- The claim for refund of cash guarantees and release of bank guarantees for the *admission into the free zone* may be made and submitted as from the date of one of the following evidences:

- a. A copy of the declaration issued to allow the admission of goods into the free zone.
- b. A *discharge certificate* approved by the competent authorities at the country of destination certifying that the goods have been imported into it, and a copy of the Re-export declaration stamped/sealed and signed by the competent customs officer indicating that the goods have entered into the free zone.
- c. A copy of the declaration issued to allow the admission of goods into the free zones, or into the customs stores and warehouses.

2- The claim for refund of cash guarantees and release of bank guarantees for the *import for re-export* may be made and submitted as from the date of one of the following evidences:

- a. A copy of the Re-export declaration stamped/sealed and signed by the competent customs officer at the customs office of exit proving that the goods have left one of the GCC States.
- b. A copy of the Re-export declaration stamped/sealed and signed by the competent customs officer proving that the goods have entered the free zone.
- c. A copy of the declaration issued to allow the admission of goods into the free zones, or into the customs stores and warehouses
- d. A *discharge certificate* approved by the competent authorities at the country of destination certifying that the re-exported goods have been imported into it.

Free Zone Customer Frequently Asked Questions, and Answers

Q 1- As a RAK Free Zone (FZ) licensed company, when does customs duty need to be paid in the UAE?

- Customs duties must be paid when the goods are imported into the local market. This means that the customs duties must be paid in full whenever the goods leave the FZ destined for the UAE local market, even if the customs duties have already been collected according to Articles 85 and 88 of the Common Customs Law.
- If the goods are destined for one of the GCC States, the customs duty 'tax' must be paid at the first point of entry into the GCC which will be RAK if the goods are leaving a RAK FZ. The amount of customs duties will be transferred to the treasury of the GCC country of final destination.
- If the goods are imported into another FZ or customs zone, the amount of customs duties will be collected at the first point of entry as a guarantee, in the form of a deposit, which will be refunded following the completion of the customs procedures required and within the prescribed refunding period.

Q 2- How do I move my goods from a UAE Port, Airport or Border to RAK FZ?

- A customs declaration will be issued by the first point of entry (a Transit declaration), and the customs duties will be collected as a refundable deposit. A Customs Exit/Entry Certificate will also be issued. When the goods arrive at any of RAK FZs, the documents provided by the customer will be checked by RAK Customs. The goods will be inspected; then a customs declaration will be issued, providing that all requirements and procedures are both met and completed. A Customs Gate Pass will be issued to allow the goods to pass into the FZ.

Part of this process will involve RAK Customs signing and stamping the Exit/Entry Certificate to show that goods have arrived at the FZ. The Exit/Entry Certificate must be returned, within 30 days of issue, to the issuing Customs Authority in order to receive a refund of the customs duty deposit.

Q 3- What procedures are involved in admitting UAE local market goods into the FZ?

- A customs declaration is required to be issued for the goods, which will also be inspected and examined. A gate pass will then be issued, providing that an original detailed invoice is produced.

Q 4- Do I have to pay customs duty on the same UAE local market goods when they leave the FZ for a UAE local market company/buyer?

- Yes. Article 85 of the GCC Common Customs Law 2008 states "Goods taken out from the free zones into the Customs Office are treated as foreign goods even if incorporating local raw materials or articles on which customs duties and taxes have been collected prior to their admission into the free zone".

Q 5- My goods/finished products leaving the FZ are a combination of UAE local market goods and foreign goods. Do I have to pay customs duty on the full invoice value of the goods leaving the FZ, even though they are partly made up of UAE local market goods which are considered to be customs duty paid?

- Yes. Article 85 of the GCC Common Customs Law 2008 states "Goods taken out from the free zones into the Customs Office are treated as foreign goods even if incorporating local raw materials or articles on which customs duties and taxes have been collected prior to their admission into the free zone".

Q 6- How can I move my goods from UAE FZs?

- A customs 'Transit' declaration will be issued and a refundable deposit of an amount equivalent to 5% of the total value of the goods must be paid. The deposit will be refunded upon proving the arrival of the goods to another customs zone through the submission of the required customs documents approved by the customs office/centre receiving the goods.

Q 7- Can I sell my goods to another company within the FZ?

- Yes, providing that coordination is exercised with the customs centre of the FZ. The arrival of the goods at the other company within the FZ must be proved, and the necessary customs procedures which will document the transfer of the goods between the two FZ companies. (Customs duties will not be collected)

Q 8- Can I bring goods belonging to a UAE local market company (LLC) into my FZ facility for repair, additional processing, fabrication etc. etc and then return the goods back to the same owner/supplier and pay 5% duty on the value of the service (added value) excluding the value of the goods, when they leave the FZ?

- Yes, but only after receiving the prior approval of the Director General. If prior approval is not sought and or refused customs duty at 5% of the total, value of the goods and the modification will be levied.

Q 9- Can I store both foreign and UAE local market goods in my FZ facility?

- Yes. However, Articles 85 and 88 of the GCC Common Customs Law state that all goods imported into from the free zones will be treated as foreign goods and shall be subject to the customs duties, even if customs duties and taxes have already been paid.

Q 10- Is there a limit to the period that goods can remain in my FZ facility?

- Goods in the FZs shall not be subject to any restrictions in respect to the period they can remain therein as per Article 78 of the GCC Common Customs Law 2008.

Q 11- How do I move my goods out from the FZ to a UAE port or airport for re-export to outside the GCC?

- A customs declaration (a Transit declaration) will be issued by the FZ customs centre, and customs duty (tax) will be paid as a refundable deposit. An Exit/Entry Certificate will also be issued for the goods. Upon the arrival of the goods to another border port and upon approving the Exit/Entry Certificate by the point of final exit, the deposit will be refunded providing that all customs requirements and procedures are completed within the prescribed periods.

Q 12- How do I move my goods out from the FZ to a UAE port, airport or border for re-export to another GCC country?

- A Statistical Import declaration will be issued by the FZ customs centre. The amount of the customs duty will be collected by RAK Customs Department and transferred to the country of destination through the Local Customs Direct (LCD) system.

Q 13- How do I move my goods out from the FZ to a UAE local market?

- An invoice must be provided to the customs centre. A customs declaration will be issued and the applicable customs duty (tax) will be collected. The goods will be subject to inspection and examination after which a customs gate pass will be issued for the goods to exit.

Q 14- How can I move machineries/scaffolding/equipment stored in my RAK FZ company to a project in the UAE local market or another GCC country without paying the customs duty as following completion of the project, the machineries and equipment will be returned to the FZ?

- As per Article 90 of the GCC Common Customs Law 2008, the Director General may grant temporary admission to the following:- heavy machinery and equipment for completion of projects or for conducting the experiments and tests relating to such projects.// foreign goods imported for completion of processing.// items temporarily exported for playgrounds, theatres, exhibitions and like events.//machinery and equipment exported outside the country for repair.//containers and packing exported for refilling.// animals exited for grazing.// commercial samples for exhibition.// the other cases so requiring. (Differing periods apply according to the category of the temporary admission)

The customs Temporary Admission procedure to be completed: a customs declaration will be issued and a refundable deposit of 5% of the value of the equipment will be collected, and it will be subject to inspection and examination. A customs gate pass will then be issued.

Q 15- What are the customs procedures concerning the sale of scrap from a RAK FZ company?

- A customs Import declaration will be issued. The purchase invoice must be submitted. The scrap will then be examined in order to establish the type of material for valuation and audit purposes; then the applicable customs duties will be levied (5% of the goods value).

Q 16- What are the customs procedures concerning the removal of garbage/sewage and other waste products to outside the FZ?

- The waste products of FZ companies are classified under two cases:

The first case: general waste products of no commercial value: there are garbage containers inside the FZs wherein waste can be disposed. If the waste products are of large quantities, they can be disposed of via the landfill of the RAK Public Works & Services Department (PWSD) following an official letter to the PWSD and completion of the customs procedures. Also, sewage will be issued a gate pass.

The second case: waste products of commercial value (scrap materials/paper/broken glass/steel/wooden pallets), a customs Import declaration will be issued and a customs duty of 5% of the goods value will be levied, and a customs gate pass will also be issued. (Certain materials may require prior approval from the RAK Environment Authority).

Q 17- What are the customs procedures concerning the purchase of diesel for generators within a FZ facility?

- A customs gate pass will be issued for fuel used for power generators inside the FZs for providing power to the warehouse (e.g. lights and air conditioners). However, the fuel for the equipment of the company activity will need to be issued with a customs declaration and customs gate pass

Q 18- What are the procedures concerning the cancellation or deregistration of the FZ companies?

- Customer has to attend the customs centre, and fill in the NOC application form (for FZ companies). The form will be approved by the manager of the FZ customs centre after checking for the presence or the non-presence of any goods belong to the customer inside the company's warehouse inside the FZ.
- Then, the customer has to attend the *Registration and Licensing Section* of the Customs Department to deactivate the customs code, submit the cards of his customs representatives and complete the financial settlement procedures, *if any*. The customer will receive the NOC for submission to the FZ administration in order to finalise the cancellation procedures with the FZ authority.
- A fee of AED 100 will be collected for issue of the NOC.