

## USSBC VAT & Customs Duties Survey Summary

Conducted: 7/13 – 8/31

Respondents: 102

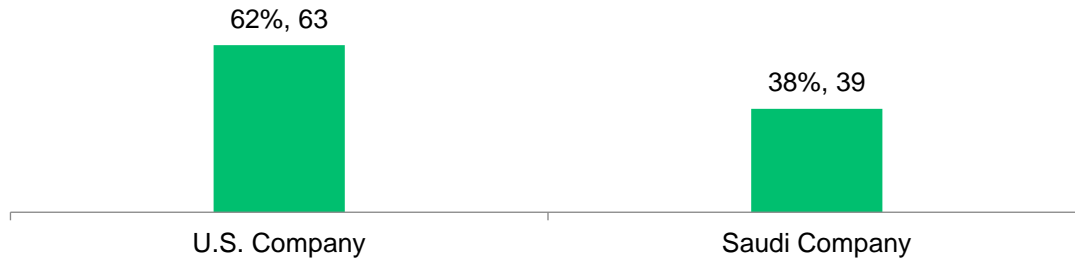
Qualitative responses are anonymous unless otherwise indicated

### ALL RESPONSES

n=102

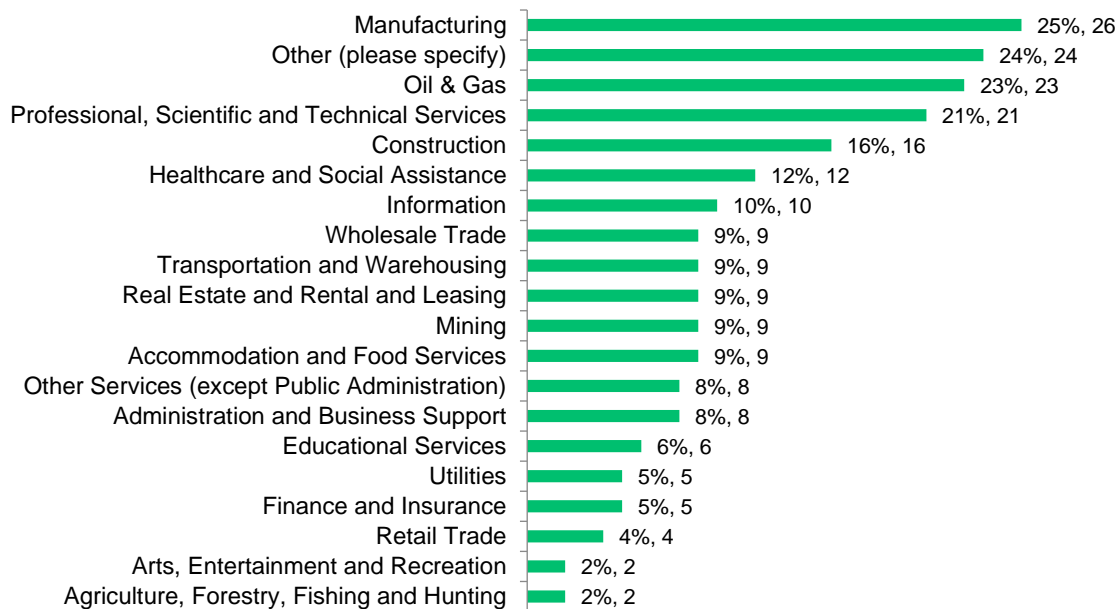
#### Question 1)

Are you a U.S. or Saudi company?



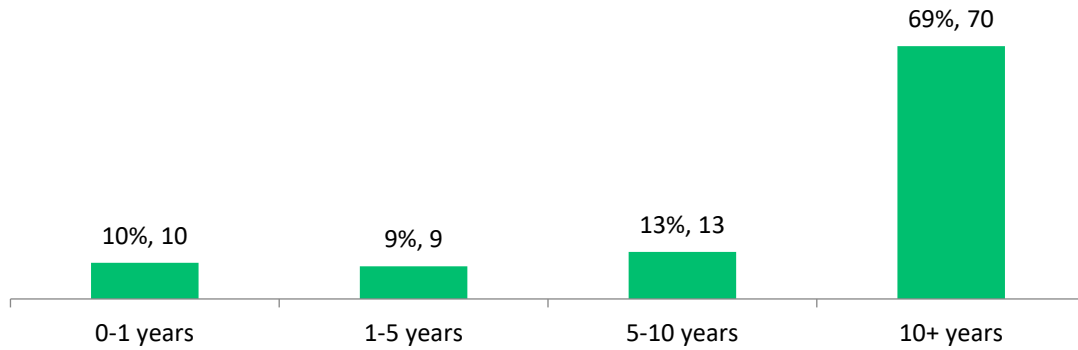
#### Question 2)

What is your primary sector(s)? (Check all that apply)



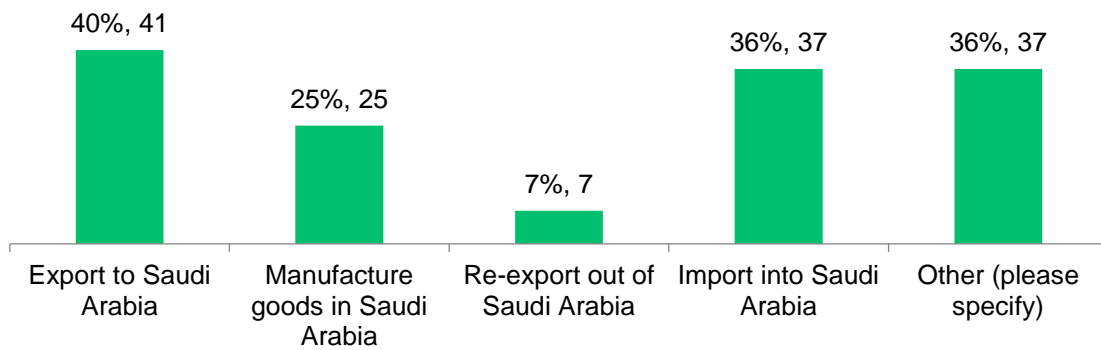
**Question 3)**

**How long have you been doing business with/in Saudi Arabia?**



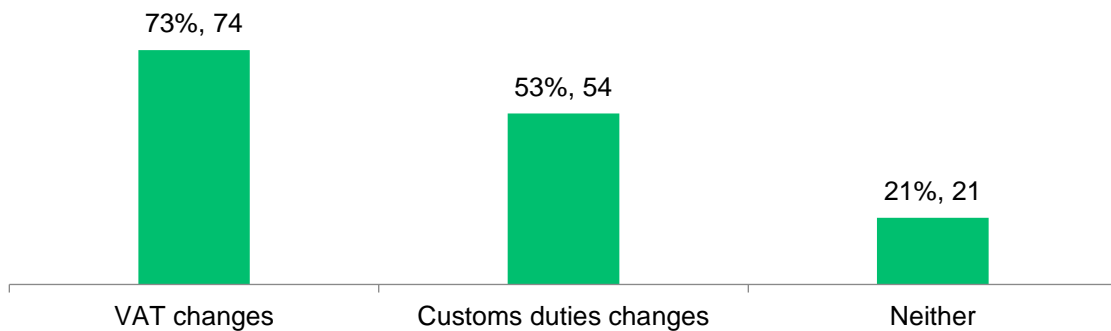
**Question 4)**

**What type of activities apply to your business with/in Saudi Arabia?  
(Check all that apply)**

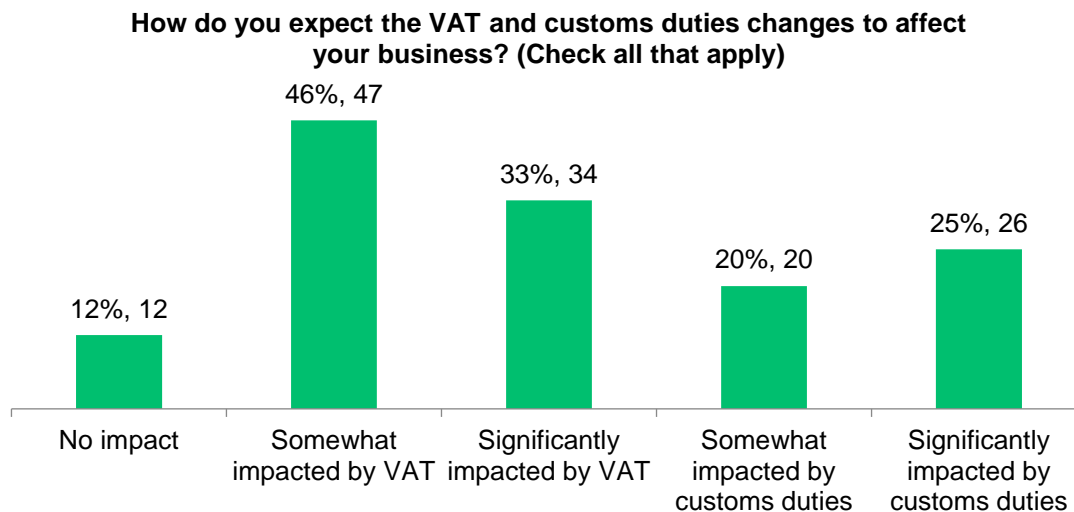


**Question 5)**

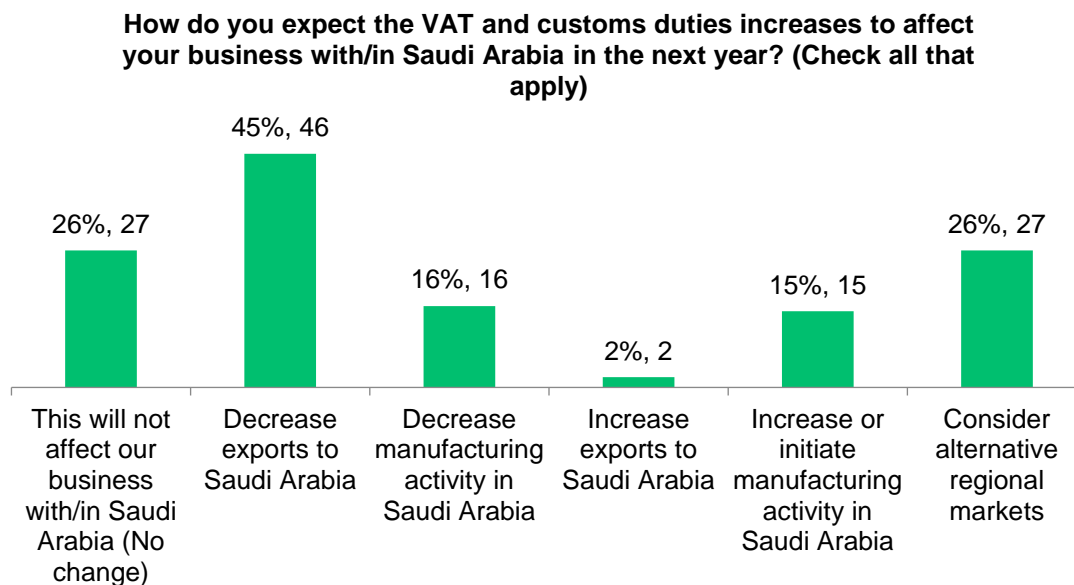
**Are you affected by the recent increases in the VAT and customs duties? (Check all that apply)**



## Question 6)

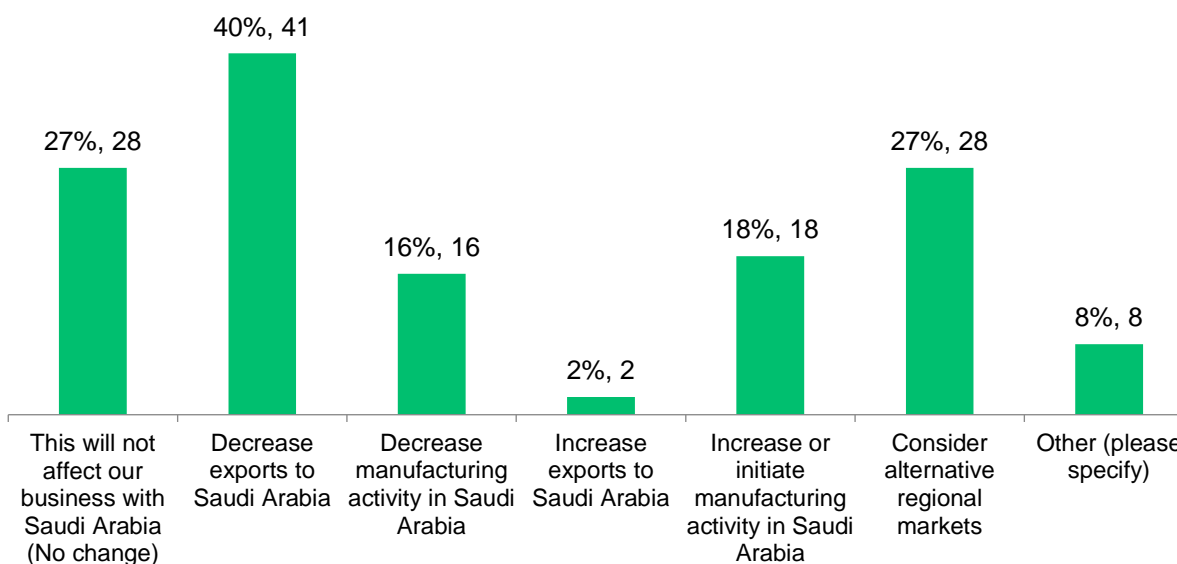


## Question 7)



## Question 8)

How do you expect the VAT and customs duties increases to affect your business in the long term (5+ years)? (Check all that apply)

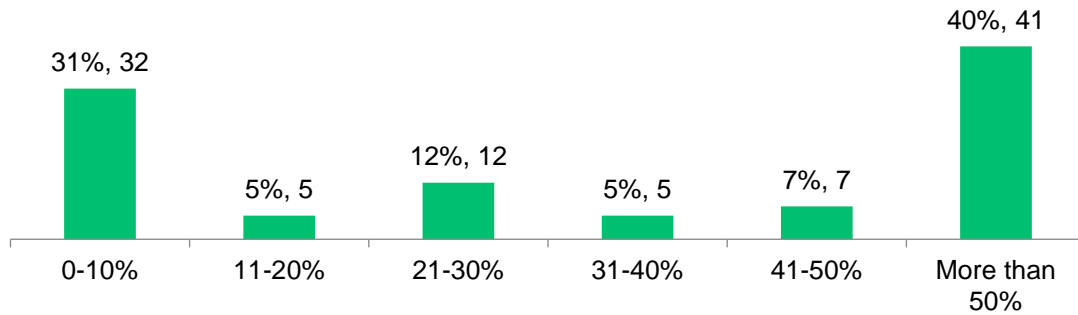


- **Nine respondents selected 'Other (please specify)'**

- "Increases cost of living of our Employees in goods and services" – [REDACTED]
- "The so calls local manufacturers in medical supplies are importing fully manufactured products from China and adding little local added value but getting exemption of customs duties and moreover they get a minimum of 10% price advantage plus they are given the low prices of the trading Co and they have the right to adjust the price but without adding value so this will kill the trading Cos and will flourish the abuse of the system especially the quality of local manufacturers is by far lower than imported products."
- "Increase costs for offerings to KSA"
- "If the additional revenue is used for vital projects (water, sewage, infrastucture, flood prevention, etc), and VAT is reduced down the road, then the long-term business environment for foreign investors in the Kingdom could improve exponentially." – [REDACTED]
- "Will increase our prices to KSA customers to offset new charges." - [REDACTED]
- "Longer term the market will recover and adjust so will stabilize" - [REDACTED]
- "This impacts us through our clients who are global cost sensitive on all of the above so impacts us because when they reduce business because of higher costs this reduces our consulting on these portfolios" – [REDACTED]

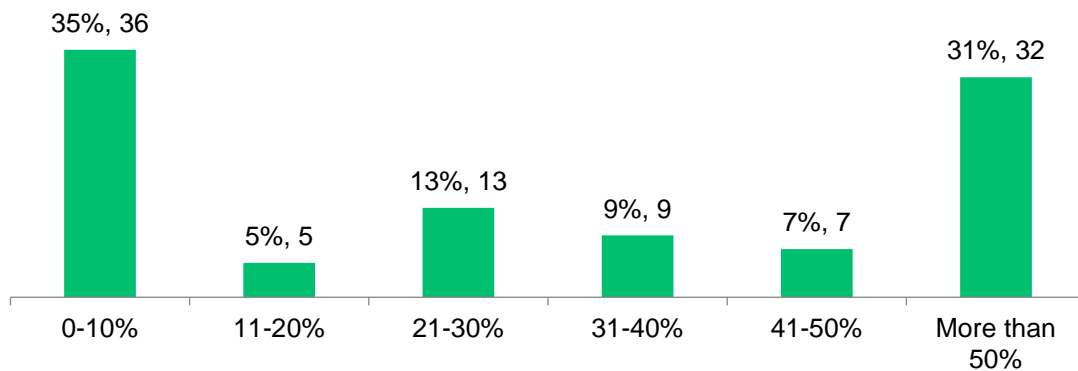
## Question 9)

What percentage of your imports/exports are affected by the VAT increase?



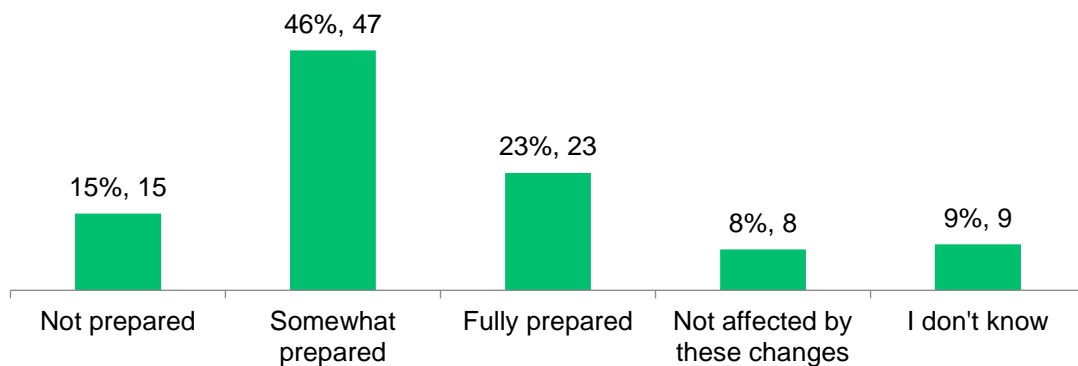
## Question 10)

What percentage of your imports/exports are affected by the customs duties increases?



## Question 11)

How prepared is your organization in adapting to the recent changes in VAT and customs duties?



**Question 12)**

---

**Other Comments:**

*“Cost of living increases is not a welcome experience but are a fact of life throughout the world.”*

– [REDACTED]

*“We are fully prepared to comply with the proposed changes and further delay would do more harm than good from a compliance perspective. We would like to note that the increased VAT will ultimately end up being passed onto the consumer to offset.”* – [REDACTED]

*“The local manufacturers are also getting preferential payment in terms of time while trading Cos are receiving their money after 2-3 years so they end up losing instead of making any money.”*

*“For a country that depends upon imports of industrial and consumer goods not manufactured in KSA, you would think they'd have low duty and VAT rates and find that revenue from other sources. Duties usually "protect" domestic industries. If there are no domestic industries to protect in KSA, what's the purpose other than revenue generation for what is already a very wealthy country. These are taxes that will just add to the cost of doing business. The less import regulations, the better.”*

*“Our biggest challenge faced is from Customs Duties. As we have some running agreements that were awarded to us before the change in duty charges and clients are not willing to add the additional duty charges on the agreement. Therefore we either cancel the agreement or absorb the additional duty, which is too high to absorb.”* – [REDACTED]

*“Honestly, with the Covid-19 issue our distributor has not been active. Our sales to KSA this year have dropped off the cliff. Can't honestly say how much of this is Covid-related and how much is the new tariffs.”* – [REDACTED]

*“While VAT and customs increases may be necessary to make up for the drop in the price of Oil and the covid-related downturn, increased revenues may not meet projections, as such increases will deter many business activities in the KSA. For this to work, any revenue increases have to do more than "fill a hole". Investments should be made in endeavors that help to engender long-term growth, and increases in VAT and customs duties should be rolled back as soon as is practicable.”* – [REDACTED]

*“The VAT and customs duties increases pose a significant negative impact to our exports to Saudi Arabia. In addition, the increased documentation requirements enacted over the past year with respect to SABER have also made our export business to Saudi Arabia even more challenging.”* – [REDACTED]

*“Our customers in Saudi who are presently working for Saudi Aramco on fixed contracts negotiated years ago in many cases have to absorb these new higher costs associated with importing along with the worry of losing work due to low oil price and the present COVID problems all working against the contractors working in Saudi.”* – [REDACTED]

*“VAT's impact is on the overall economy and reduced demand for goods as end client will pay for it, in other words its an impact on the Macro level. Custom duties also raise costs of*

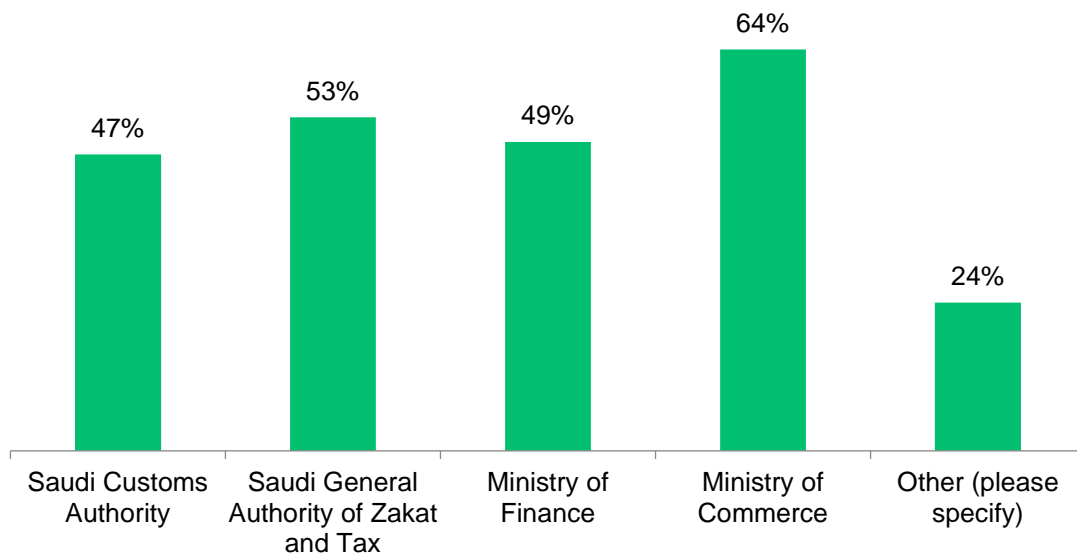
production and price of goods, but isn't passed on to end client so non recoverable, as such we are less competitive against imports from cheaper base cost countries such as India and China.” – [REDACTED]

“The Saudi businesses are impacted on cash flow so they are slowing down on non essential purchases.” – [REDACTED]

“We export valves to Saudi Arabia to be used primarily in the oil and chemical processing industries. Any additional costs will only increase our prices to Saudi Arabia, and make us less competitive.”

### Question 13)

Which Saudi agency would be of most interest for you to hear from?  
(Check all that apply)



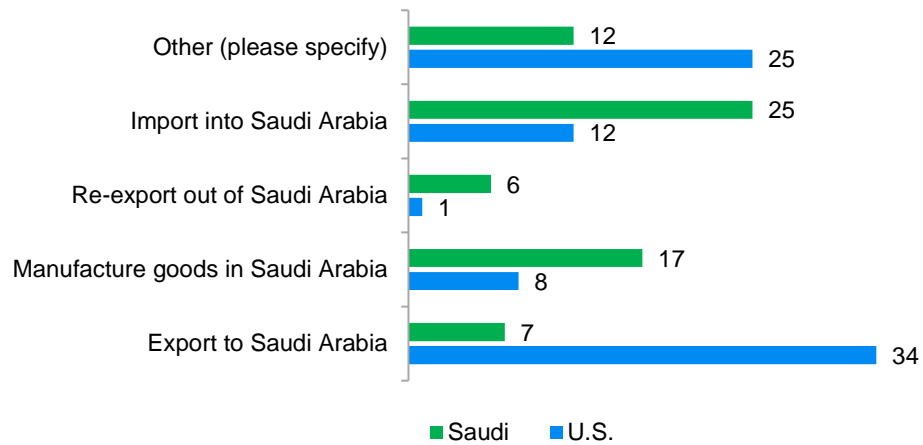
- **24 respondents selected 'Other (please specify)'**
  - Ministry of Defense (x4)
  - Ministry of Investment (x3)
  - Saudi Food and Drug Authority (SFDA) (x3)
  - Ministry of Education (x2)
  - Saudi Arabian Monetary Authority (SAMA)
  - National Unified Procurement Company (Nupco)
  - Ministry of Labor
  - Ministry of Information and Telecommunications
  - Ministry of Transportation
  - Ministry of Energy
  - Ministry of Environment, Water, & Agriculture

### U.S.-Saudi Key Question Breakdown



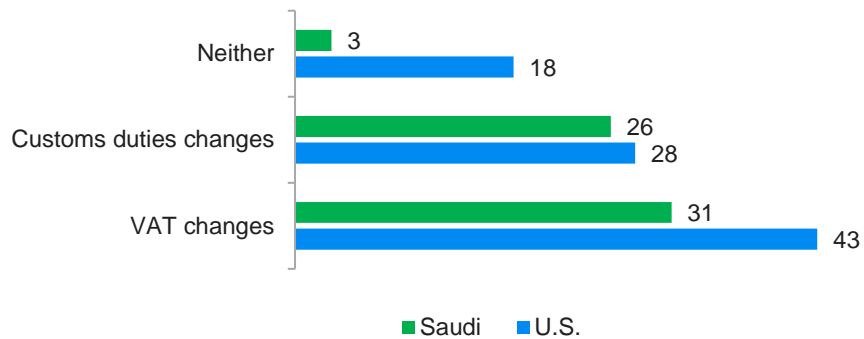
#### Question 4)

**What type of activities apply to your business with/in Saudi Arabia? (Check all that apply)**



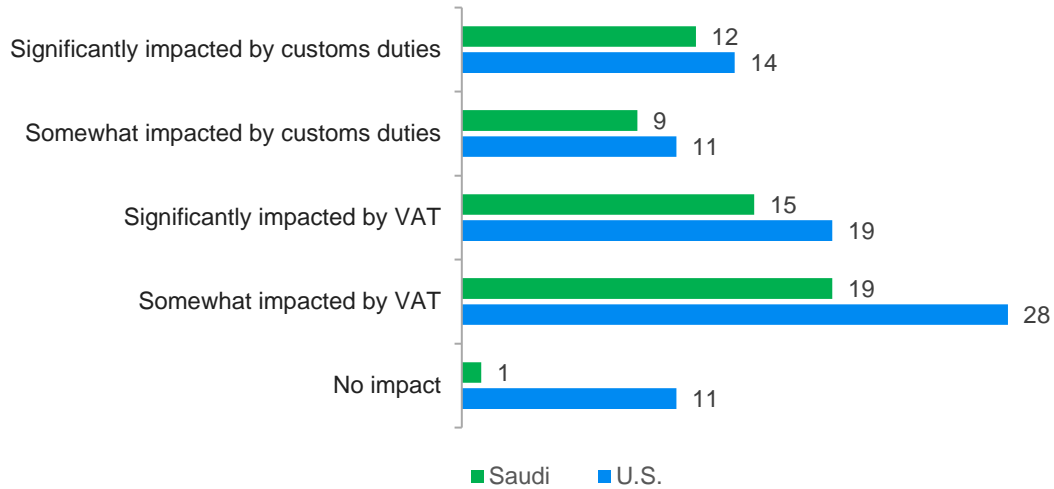
#### Question 5)

**Are you affected by the recent increases in the VAT and customs duties? (Check all that apply)**



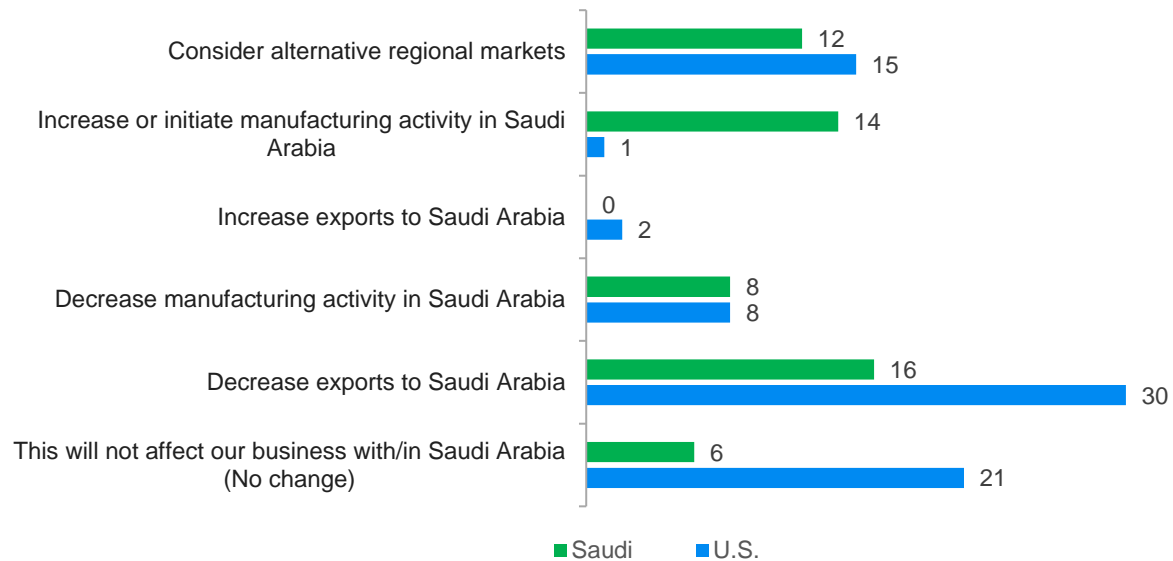
**Question 6)**

**How do you expect the VAT and customs duties changes to affect your business? (Check all that apply)**



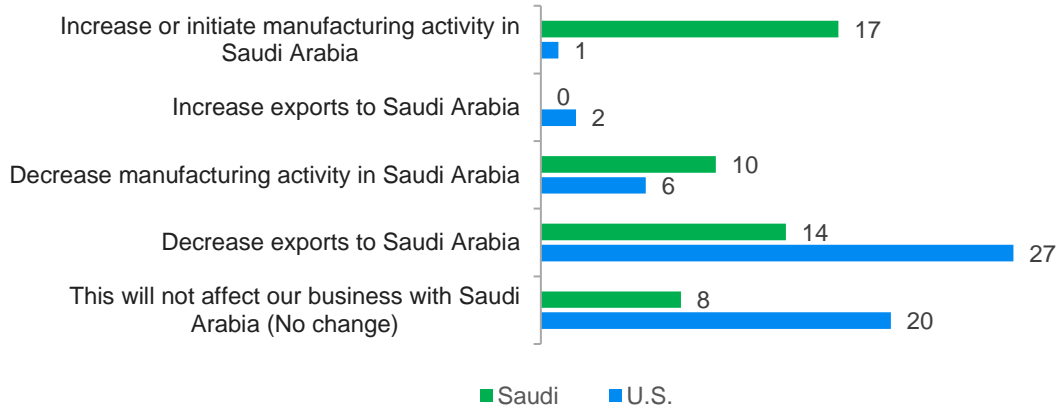
**Question 7)**

**How do you expect the VAT and customs duties increases to affect your business with/in Saudi Arabia in the next year? (Check all that apply)**



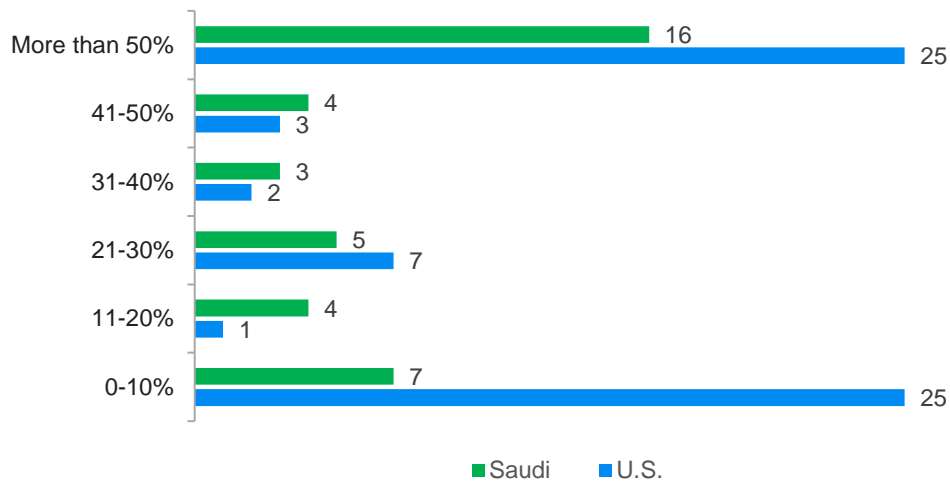
**Question 8)**

**How do you expect the VAT and customs duties increases to affect your business in the long term (5+ years)? (Check all that apply)**



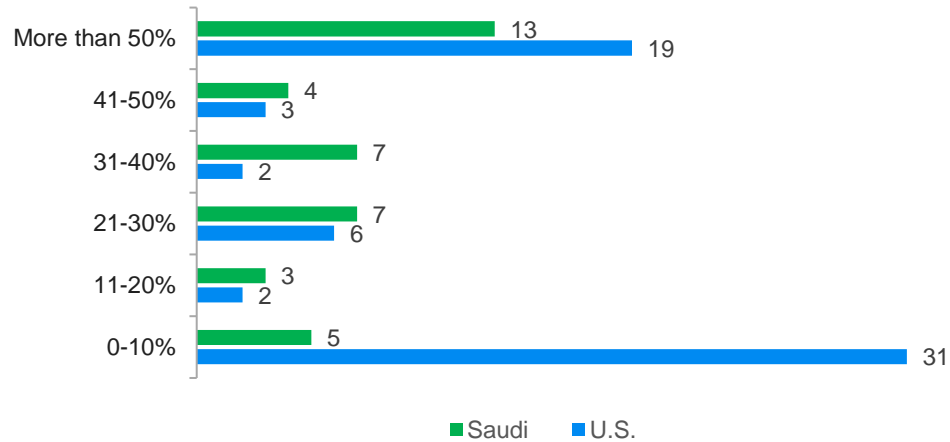
**Question 9)**

**What percentage of your imports/exports are affected by the VAT increase?**



### Question 10)

**What percentage of your imports/exports are affected by the customs duties increase?**



### Question 11)

**How prepared is your organization in adapting to the recent changes in VAT and customs duties?**

