

**CUSTOMS**

**EXTERNAL DIRECTIVE**

**STAGED CONSIGNMENT**

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## 1 SUMMARY OF MAIN POINTS

- a) Tariff classification of staged consignments differs from the norm. Goods are normally classified as presented at the time of importation by a specific importer. With staged consignments only one (1) tariff heading is utilised and is determined according to the essential character of the finished plants, machinery or factory.
- b) Goods in transit/bond through South Africa **and** goods exported from South Africa **may not be classified as** staged consignments.

## 2 DIRECTIVE

- a) In terms of Section 38 read with Section 39 an importer shall:
  - i) Make due entry;
  - ii) Provide such information as required in terms of Section 39(1)(d); and
  - iii) Answer all questions relating to the goods imported.
- b) In terms of Section 40(1) a Customs declaration (amongst other requirements) will not be valid if the goods imported have not been properly described by the tariff heading and item numbers.
- c) Invoice requirements are contained in document SC-CF-30 and must be adhered to.
- d) The requirements that have to be met for goods to be imported in more than one (1) consignment are contained in Additional Note 1 to Section XVI to the Tariff.
- e) The authorisation of staged consignments can only be granted by the Tariff section, situated in Head Office and will only be issued in terms of machines or equipment classified in either Chapters 84 or 85 of the Harmonised System.
- f) Clients wishing to make use of this facility must direct their enquiries to the Group Manager: Tariff, Head Office.
- g) **Declarations must be completed in accordance with SC-CF-04. If requested to submit supporting documents, attach a copy of the authorisation letter received from Customs.**
- h) Record keeping
  - i) The recipient or importer of the goods imported or exported by post must keep for record purposes for a period of five (5) years:
    - A) Books, accounts and documents in respect of all transactions relating to the Rules for the purpose of any acquittal procedure; and
    - B) Any data related to such documents created by means of a computer.
  - ii) The five (5) year period is calculated from the end of the calendar year in which the document was created, lodged or required. (Sections 101 and 101A)
  - iii) Every client must produce such books, accounts and documents on demand.
- i) Penalties
  - i) Failure to adhere to the provisions of the Act, as set out in this document, is considered an offence.
  - ii) Offences may render the recipient or importer liable to, as provided for in the Act:
    - A) Monetary penalties;
    - B) Criminal prosecution; and/or
    - C) Suspension or cancellation of registration, license or accreditation.
- j) Appeals against decisions
  - i) In cases where clients are not satisfied with any decision taken in terms of the Customs and Excise Act they have a right of appeal to the relevant appeal committee. The policy in this regard, as well as the process to be followed, is contained in document SC-CC-24.

- ii) Should clients be unhappy with a decision of any appeal committee their recourse will be to lodge an application for ADR (Alternative Dispute Resolution) with the relevant appeal committee. The committee will add its comments thereto and forward the application to the ADR Unit for attention. The policy in this regard, as well as the process to be followed is contained in document SC-CC-26.
- iii) If clients wish to appeal any decision in terms of VAT penalties, they are directed to the provisions of Section 215 to 220 of the Tax Administration Act No. 28 of 2011 for the percentage based penalty and Section 224 of the Tax Administration Act No. 28 of 2011 for the understatement penalty. In this regard, please consult the SARS website or nearest SARS Branch Office.

### 3 PRACTICE

#### 3.1 Staged consignment – Head Office level

- a) Clients submit applications for staged consignment to Tariff, Head Office. The client must ensure that the following information or documentation are included in the application:
  - i) Proforma invoice;
  - ii) Literature;
  - iii) Overall project packing list to justifying mass and cubic metres;
  - iv) Exploded view of whole plant, clearly identifying separate individual phases making up the total phase to justifying mass and cubic meters for each shipment,
  - v) Sales and purchase contract for the entire project and what it constitutes;
  - vi) Shipping schedule – from when until when;
  - vii) Intended ports of entry; and
  - viii) The name of the importer to be reflected on the staged consignment [only one (1) importer allowed].
- b) Customs receives the staged consignment application either by electronic mail or delivered by mail or per hand.
- c) Customs verifies whether all the relevant information is attached to the initial application. If any information is outstanding, the client is contacted in writing.
- d) If the information is insufficient the application is sent back to the applicant requesting the outstanding information.
- e) If the information is sufficient Customs verifies if the consignment complies with the requirements in Additional Note 1 of Section XVI of the Tariff. These requirements are in relation to:
  - i) The weight of an unassembled or disassembled machine or the shipping measurement that has to exceed 500 tons or 500 cubic meters (m<sup>3</sup>) respectively; and
  - ii) The time frame in which the application for staged consignments must be submitted to Head Office - the application must be made before the first importation takes place.
- f) If all the requirements are not met the application must be sent back to the applicant clearly stating why the application was rejected.
- g) Customs determines whether the completed product (plant or machinery) is classifiable within Chapters 84 or 85 of the Harmonised System.
- h) If the completed product is classifiable under a different chapter the application must be rejected as it does not conform to the requirements of a staged consignment application.
- i) If the completed product is classifiable under the given chapters Customs determines the tariff heading by making use of the rules of classification. Tariff classification with regard to staged consignments must be determined according to the essential character of the whole.
- j) Customs writes a letter to the applicant stating the following information:
  - i) Tariff heading to be utilised;

- ii) The reference number of the staged consignment is that of the letter and date;
- iii) Importer's name to be inserted on the Customs declaration and other documentation relating to the staged consignment must correspond with that used on this letter;
- iv) Ports of entry to be used; and
- v) Period granted for the total staged consignment.

### 3.2 Staged consignment – Branch Office level

- a) The client must inform Customs when each of the stages as indicated on the application letter is imported and request a Customs Officer to conduct an inspection.
- b) Customs must verify, during the documentary inspection.
  - i) The Customs declaration and Customs' approval letter reflects the exact same importer's name;
  - ii) The tariff subheading utilised is the tariff heading as reflected on the approval letter;
  - iii) The port of entry is one (1) of the approved ports as listed on the approval letter;
  - iv) The components imported under the staged consignment application falls within the given time period; and
  - v) The consignment under inspection is the goods as per the original application and does not include spare or replacement parts.
- c) After the inspection:
  - i) If the goods comply with the information as stipulated on the staged consignment letter the consignment is released and the Customs declaration accepted; or
  - ii) If the goods examined differs from the information on the staged consignment letter the client is requested to frame and submit a voucher of correction to include the commodities not covered by the staged consignment application. Duty and taxes must be brought to account on the under entry.
- d) Customs allows the staged consignment to enter South Africa if all the requirements as mentioned above have been complied with.
- e) After the plant, factory or machinery has been completed; the client must inform the Customs Branch Office and request a physical inspection of the finished plant, factory or machinery. The inspection is a requirement of Customs and the client cannot be required to pay for the extra attendance.
- f) The Customs Officer conducts the physical inspection at the importer's premises, confirming that the plant, factory or machinery has been completed and writes a report on his/her findings.
- g) The Customs Officer forwards a copy of the report to Tariff, Head Office for their record purposes to finalise the case in Branch Office and Head Office.

## 4 RELATED INFORMATION

### 4.1 Legislation

TYPE OF REFERENCE	REFERENCE
Legislation and Rules administered by SARS:	<b>Customs and Excise Act No. 91 of 1964:</b> Sections 38(1); 39(1)(d); 40 and 41. <b>Harmonised Tariff System:</b> Additional Note 1 to Section XVI to the Tariff <b>Tax Administration Act No. 28 of 2011:</b> Sections 215 to 220 and 224
Other Legislation:	<b>Promotion of Administrative Justice Act No. 3 of 2000:</b> Section 3 and 5 <b>Promotion Of Access To Information Act No. 2 of 2000:</b> All
International Instruments:	<b>World Customs Organisation Harmonised System Convention:</b> All <b>Kyoto Convention General Annex Chapter 9</b> – Information, Decisions and Rulings supplied by Customs: Standards 9.1 to 9.9

### 4.2 Cross References

DOCUMENT #	DOCUMENT TITLE
SC-CC-24	Internal Administrative Appeal - External Policy

DOCUMENT #	DOCUMENT TITLE
SC-CC-26	Alternative Dispute Resolution - External Policy
SC-CF-04	Completion of Declarations – External Manual
SC-CF-30	Invoice Requirement for Customs - External Policy
SC-CR-A-09	Tariff Classification - External Policy

### 4.3 Quality Records

NUMBER	TITLE
SAD 500	Customs Declaration

## 5 DEFINITIONS AND ACRONYMS

<b>ADR</b>	Alternative Dispute Resolution
<b>Staged Consignment</b>	A multitude of components that make up a “plant” or “factory” into a functional unit, therefore, various suppliers may be involved but there only may be one (1) importer.

## 6 DOCUMENT MANAGEMENT

<b>Directive Owner</b>	Group Executive: Customs Operations
<b>Detail of change from previous revision</b>	Reference to SC-CF-04. Added requirement that client must submit the authorisation letter received from Customs with supporting documents, if requested. Inserting additional paragraph with regard to VAT appeals.
<b>Template number and revision</b>	ECS-TM-03 - Rev 7