

# **CUSTOMS AND BORDER MANAGEMENT**

## **EXTERNAL POLICY**

### **CLEARANCE OF GOODS QUALIFYING FOR REBATE OF DUTY AND / OR VAT EXEMPTION**

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## 1 SCOPE

- a) The policy applies to goods cleared under rebate of Customs duties and / or Value-Added Tax (VAT) exemption.
- b) The policy also applies to imported goods not subject to import duties as specified in Schedule No. 1 to the Customs and Excise Act No. 91 of 1964, but which qualifies to be imported under exemption of VAT in terms of Schedule No. 1 to the Value-Added Tax Act No. 89 of 1991.
- c) This policy does not discuss specific rebate and VAT exemption items, or the requirements for such individual items.
- d) This policy does not apply to importations from the BLNS countries cleared under VAT exemption.
- e) **All references in this document to specific purpose codes must be cross referenced with the Manual for the Completion of Declarations (SC-CF-04), CPC Combination Matrix (SC-CF-04-A14), Purpose Code to CPC Matrix (SC-CF-04-A15) and Procedure Measure Matrix (SC-CF-04-A16).**

## 2 POLICY

- a) Goods must be cleared in terms of the Customs and Excise Act:
  - i) Commercial goods in terms of Section 38(1)(a);
  - ii) Accompanied traveller baggage in terms of Section 15(1)(a); and
  - iii) Goods imported by mail in terms of Section 13(1).
- b) The VAT Act makes provision in Section 13(3) and Schedule No. 1 thereto that goods which meet specific criteria in certain circumstances may be imported exempt from the payment of VAT.
- c) Section 75(1)(b) of the Customs and Excise Act expressly allows clearance of dutiable goods under Schedule No. 4 which deals with rebate of Customs duty.
- d) Paragraph 202.02A in the Schedule to the Customs and Excise Rules allows for the clearance of both dutiable and duty free goods under the purpose code "GR".
- e) The individual rebate and VAT exemption item notes as specified in the relevant schedules must be adhered to.

## 3 REFERENCES

### 3.1 Legislation

TYPE OF REFERENCE	REFERENCE
Legislation and Rules administered by SARS:	<b>Customs and Excise Act No. 91 of 1964:</b> Sections, 13(1), 15(1)(a), 38(1)(a), 75(1)(b), Schedule No. 1, Schedule No. 4 <b>Customs and Excise Rules:</b> Paragraph 202.02A <b>Value-Added Tax Act No. 89 of 1991:</b> Sections 7(1)(b), 13(3), Schedule No. 1
Other Legislation:	<b>None</b>
International Instruments:	<b>Kyoto Convention: General Annex</b> Standard 4.4 <b>Kyoto Convention Specific Annex B Chapter 2</b> Standard 5,6 <b>Kyoto Convention Specific Annex B Chapter 3</b> Standards 1, 2, 3, 5 <b>Kyoto Convention Specific Annex F Chapter 1</b> Standard 1, 2, 3, 8, 9, 11, 12, 14, 15, 20, 21 <b>Kyoto Convention Specific Annex G Chapter 1</b> Standard 1, 2, 3, 4, 7, 13 <b>WCO Framework of Standards:</b> None

### 3.2 Cross References

DOCUMENT #	DOCUMENT TITLE	APPLICABILITY
SC-CF-04	Manual For The Completion Of Declarations	All
SC-CF-04-A14	CPC Combination Matrix	All
SC-CF-04-A15	Purpose Code To CPC Matrix	All
SC-CF-04-A16	Procedure Measure Matrix	All

## 4 DEFINITIONS AND ACRONYMS

<b>BLNS</b>	The Republic of Botswana; The Kingdom of Lesotho; The Republic of Namibia; and The Kingdom of Swaziland
<b>CPC</b>	Customs Procedure Code
<b>Duty free goods</b>	Goods not subject to Customs duties in terms of Schedule no 1 to the Customs and Excise Act
<b>GR</b>	General rebates of Customs duties (Schedule No. 4 to the Act) and exemption of VAT (Schedule 1 to the Value-Added Tax Act No. 89 of 1991) or, where the goods are free of Customs duty, exemption of VAT (Schedule 1 to the Value-Added Tax Act)
<b>Schedule No. 1 to the Customs and Excise Act</b>	Ordinary Customs And Excise Duties, Ad Valorem Customs And Excise Duties, Sales Duties And Surcharge and consists of:- Part 1 - Ordinary Customs Duty Part 2A – Specific excise duties and specific Customs duties on imported goods of the same class or kind Part 2B – Ad valorem excise duty and ad valorem Customs duties on imported goods of the same class or kind part 3 – Environmental levy goods Part 5 – Fuel levy Part 8 – Ordinary levy
<b>Schedule No. 4 to the Customs and Excise Act</b>	General Rebates Of Customs Duties, Fuel Levy And Environmental Levy and consists of:- Part 1 – Specific rebates of Customs duties Part 2 – Temporary rebates of Customs duties Part 3 – Goods temporarily admitted under rebate of Customs duties Part 4 – Rebates of fuel levy Part 5 – Rebates of environmental levy
<b>Schedule No. 1 to the VAT Act</b>	Exemption: Certain Goods Imported into the Republic
<b>VAT</b>	Value-Added Tax

## 5 DOCUMENT MANAGEMENT

Designation	Name / Division
Business Owner:	Chief Officer: Customs and Border Management
Policy Owner:	Group Executive: Customs Strategy and Policy
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Detail of change from previous revision:	Insert cross reference of purpose codes to CPC combinations and template update.
Template number and revision	SC-POL-TM-02 - Rev 10