

Advance Import Payments & Advance Payment notifications (APN's)


South African Revenue Service

Background

The Advance Import Payment (AIP) project is one of the initiatives under the SARS Customs Modernisation Programme (CMP) which leverages on effective collaboration between AD's, the South African Reserve Bank (SARB) and SARS and aimed at combating illicit financial flows and customs valuation fraud associated with the misuse of advance foreign exchange payments in respect of goods purported to being imported.

Background (Continued):

On 3 December 2021, SARS implemented a new functionality on its eFiling platform for importers to notify SARS of their intention to apply to an authorised dealer for an advance foreign exchange payment in respect of goods to be imported, as well as, published Rules under sections 59A and 120 of the Customs and Excise Act 91 of 1964 for Advance foreign exchange payments.

Background (Continued):

With South Africa having been grey listed recently by the Financial Action Task Force (FATF) for not fully complying with international standards around the prevention of money laundering, terrorist financing and proliferation financing, it becomes extremely important that initiatives of this nature are prioritised and implemented without any further delays. In light of this, trader compliance and enforcement thereof for the Phase 1A delivery is not negotiable.

Ongoing project:

The Advance Import Payment program has sought to provide Traders with access to the relevant information since the inception dating back to December 2021, as well as allowing for a period of time for traders to align to the requirements and for Authorised Dealers to build the required systems to enforce the requirements.

Way forward:

Given the elapsed timeframe, systems now in place and Legislative changes, SARS now further seeks to fulfil it's mandate, specifically with reference to Strategic Objective 3, which is for SARS to 'DETECT taxpayers and traders who do not comply, and make non-compliance HARD and COSTLY.' Utilisation of this data brings about a new and modern way of detecting risks in real time in a updated method of fighting Illicit Financial Flows and Valuation based fraud.

Practical application:

The APN process ensures that traders notify SARS of their intention to apply to an authorised dealer for an advance foreign exchange payment for imported goods. In real world terms, AD's will no longer be legally sanctioned to make foreign advanced payments unless they are supplied with an APN obtained from SARS. Non-compliance would mean contravention of the Customs and Excise Act 91 of 1964 and subsequent action from SARS against both AD and Trader (Importer).

Impact of Advance Payment Notices (APN's)

- A person intending to apply to an authorised dealer to affect an advance payment may not use registration code 70707070, and must, before notifying the Commissioner of such intention, apply for registration as an importer in terms of the rules under section 59A.
- An APN must be submitted by importer / person submitting on behalf of importer, using SARS eFiling and that person must be registered for eFiling.

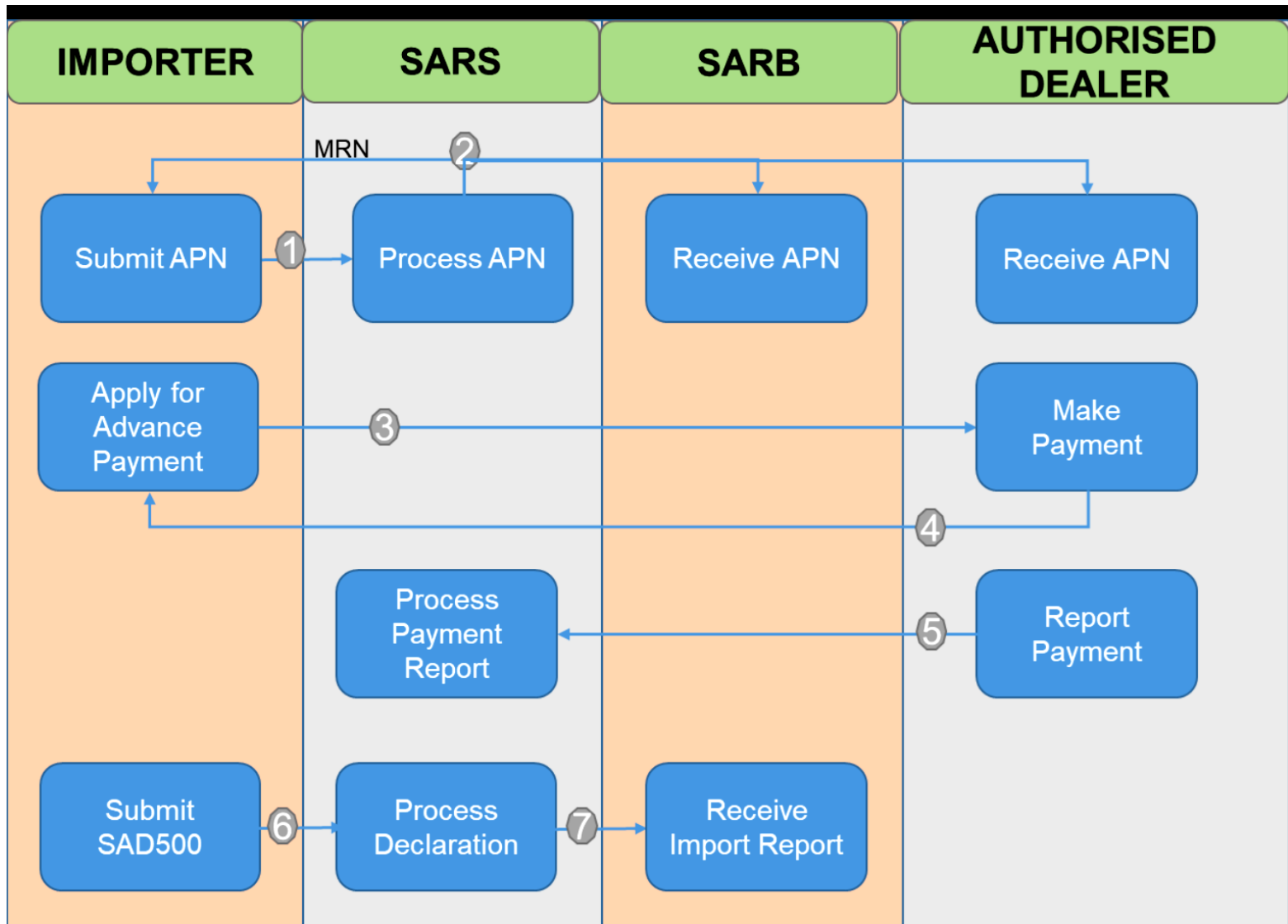
Impact of Advance Payment Notices (APN's) contd.

- An APN must be submitted to SARS prior to applying to an authorised dealer for an advance foreign exchange payment.
- The authorised dealer indicated on the APN is entitled to be notified by SARS of the APN reference number assigned thereto by SARS.

Impact of Advance Payment Notices (APN's) contd.

- An authorised dealer may not grant an application to affect an advance import payment if such application does not reflect an APN reference number.
- An authorised dealer intending to affect an advance payment must, by making use of the APN reference number, verify the information supplied by an applicant for advance payment

Design Overview (High-level process)



APN notice (Mock up):

Notice of Intention for Advance Import Payment prior to Import Declaration being lodged

APN# APNO04212345678202108041553391
Importer Code: 12345678 - Acme Holdings (Pty) Ltd
Importer Name: ACME HLD – MT Boxes (Pty) Ltd
Importer Address: 13 Ocean View Avenue
 Seaview
 Amanzimtoti
 Kwazulu Natal
Contact Name: Gift Mahlangu
Contact Telephone#: 083 555 5555
Contact Email Address: giftm@mt_boxes.co.za

Subsidiary / Alternate Payer
Identifier Type: Company Registration Number **Identifier:** 1967/23/4456754

Authorised Dealer : 042 - ABSA BANK LTD

Foreign Currency Amount: 1,000,000 **USD – US Dollar** **Estimated ZAR Amount:** 1,000,000

Country of Export: AR - Argentina **Other:**

Supplier Name: EL Boxo PLC

Description / Reason: Supplier required deposit for raw materials

Related AIP Reference: APNO042123456782021080412121391 Required when finance split over more than one authorised dealer

Number of Consignments: 3 Required when part shipments are anticipated, indication only

BOP Code: 101 01 - Advance payment – excl capital goods and mining resources (Balance of Payment Reporting)

| Evidentiary Document(s): | Type | Date | Reference |
|--------------------------------------|-------------------|------------|------------------------------------|
| <small>At least one required</small> | Pro-Forma Invoice | 2021-04-25 | PINV20223FG |
| | Other | 2021-04-25 | Email correspondence with supplier |

To register as an importer on RLA the client may utilise the guide which is available on our website. External Guide – Customs Trader Portal (CTP) for Registration and Licensing of Customs Clients – SC-CF-42

[Registration, Licensing and Accreditation | South African Revenue Service \(sars.gov.za\)](https://www.sars.gov.za/registration-licensing-and-accreditation)

Some clients may have to merge their Tax profiles. A step by step process regarding this can be access via the SARS website on the link below.

<https://www.sars.gov.za/about/sars-tax-and-customs-system/efiling-features/merging-tax-profiles/>

Effect of Legislation

Legislative changes (to existing rules in place) which take effect as of 1 December 2023 mean that, in summary:

An authorised dealer may not grant an application to affect an advance import payment if such application does not reflect an APN reference number; and when supplied with an APN number must verify the validity of such number with SARS. The use of a Bank Generated APN (BGA) has also been legislated and conditions therefore have been specified.

Legislative amendments:

Amendment of rule 120.13.01

1. Rule 120.13.01 is hereby amended by the insertion of the following definition after the definition for “authorised dealer”:

“**bank generated advance import payment reference number**” or “**BGA reference number**” means a reference number in relation to an advance foreign exchange payment issued to an importer by an authorised dealer in circumstances contemplated in rule 120.13.05A;”.

Amendment of rule 120.13.03

2. Rules 120.13.03 is hereby amended by the addition of the following paragraph after paragraph (e):

“(f) This rule is subject to rule 120.13.05A.”.

Amendment of rule 120.13.04

3. The following rule is hereby substituted for rule 120.13.04:

“Issuing of APN reference number

120.13.04 (a) An importer who submitted an APN as contemplated in rule 120.13.03 is entitled to be notified of –

[(a)](i) the outcome of any data validation process conducted by SARS in respect of the APN;

and

[(b)](ii) the APN reference number assigned in respect of a validated APN.

(b) An APN reference number referred to in paragraph (a)(ii) must be referenced on that importer’s application to effect an advance payment submitted to an authorised dealer.

(c) The authorised dealer indicated on the APN is entitled to be notified by SARS of the APN reference number assigned in respect of a validated APN.

(d) Paragraphs (b) and (c) are subject to rule 120.13.05A in circumstances described in that rule.”.

Insertion of rule

4. The following rule is hereby inserted after rule 120.13.04:

“Requirements for authorised dealers in relation to advance **payments**

120.13.04A (a) An authorised dealer may not grant an application to effect an advance import payment if such application does not reflect an APN reference number.

(b) An authorised dealer intending to effect an advance payment must, by making use of the APN reference number received in terms of rule 120.13.04(c), verify information supplied by an applicant for advance payment.

(c) Paragraph (a) and (b) are subject to rule 120.13.05A in circumstances described in that rule.”.

5. The following rules are hereby inserted after rule 120.13.05:

“Requirements and procedures for authorised dealers issuing bank generated advance import payment reference numbers

120.13.05A (a) This rule applies –

(i) in exceptional circumstances where the authorised dealer who is to effect an advance payment on behalf of an importer considers obtaining an APN reference 4

number from SARS before payment is effected as impracticable; or

(ii) where the importer is unable to notify the Commissioner of the importer's intention to submit an application for advance payment to an authorised dealer in order to obtain an APN reference number as required in terms of rule 120.13.03 due to a SARS systems failure;

(iii) where the importer included an APN reference number on that importer's application to an authorised dealer to effect an advance payment as required in terms of rule 120.13.04A(a), which that authorised dealer could not verify with SARS as contemplated in rule 120.13.04A(b) due to a SARS systems failure; or

(iv) where the importer applied to an authorised dealer to effect an advance payment of an amount not exceeding R50 000,00 in respect of which no APN is required, which amount subsequently exceeded R50 000,00 due to currency fluctuations before payment could be effected by the authorised dealer.

(b) An authorised dealer may in circumstances set out in paragraph (a)

—

(i) generate and issue a BGA reference number to an importer; and

(ii) effect the advance import payment despite rule 120.13.04(b) which requires the authorised dealer to verify information supplied by an applicant for advance payment.

Requirements and procedures for importers where authorised dealers issued bank generated advance import payment reference numbers

120.13.05B (a) An importer to whom a BGA reference number was issued in terms of rule 120.13.05A(b) must prior to submission of the bill of entry notify the Commissioner of the issuance of the BGA reference number by the authorised dealer by –

- (i) submitting the APN and indicating the BGA reference number in the case where no APN was submitted before payment was made by the authorised dealer, or
- (ii) amending the APN previously submitted and also indicating the BGA reference number in the case where an APN had been submitted but the APN reference number could not be verified.

(b) An importer may despite rule 120.13.03(d) when amending a previously submitted APN in terms of paragraph (a)(ii), amend information indicated on such APN to reflect current circumstances, subject to any restrictions on key information fields indicated on the APN.”.

Thank you
Re a leboha
Re a leboga
Ndza Khensa
Dankie
Ndi a livhuwa
Ngiyabonga
Enkosi
Ngiyathokoza