

Export Duty on Scrap Metals Implementation

2021



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Opening & Welcome

Introduction and Background

The Taxation Laws Amendment Act allows for the amendment of Customs and Excise Act 91 of 1964, by the insertion of the notes in Section A to Part 6 of that Schedule to the Act allowing the imposition of export duty on scrap metal.

- Although the legislation is effective as from 1 March 2021, the collection of duty on scrap metal will commence as of **1 August 2021**.
- This will be the First Phase of the project and this presentation will focus on Phase 1
- The Second Phase will cover the automated billing process to SAP and the export declaration will make provision for an export duty field.

TO REPEAT – THE CONTENT OF THIS PRESENTATION COVERS ‘PHASE 1’ ONLY

Stakeholder Engagement

Communication activities

- Dedicated Website Page – to serve as the central repository for information sharing on the Export Duty on Scrap Metal implementation:

<https://www.sars.gov.za/customs-and-excise/export-duties-and-levies/export-duty-on-scrap-metals/>

- Dedicated Email box – to field queries:

expordutyscrapmetals@sars.gov.za

- Internal and External communication – targeted communication to socialise the Export Duty on Scrap Metal implementation

Engagement Activities

- Public Sector Collaboration – to ensure Export Duty on Scrap Metal implementation success
- External engagement – includes Export Duty on Scrap Metal Awareness sessions, socialisation via the Scrap Metal Industry forum, National Operations Forums and bilateral engagements where necessary to ensure compliance
- Internal engagement – supported by Change Management activities to ensure understanding of the Export Duty on Scrap Metal and training of relevant staff to ensure effective administration

Legislation

Overview of key legislative requirements

- Section 1 of the Act defines “export duty” to mean any duty leviable under Part 6 of Schedule No. 1 on goods exported from the Republic
- Section 48(4) of the Act empowers the Minister of Finance to impose or withdraw an export duty or to increase or reduce the duty
- The rates of export duty imposed on scrap metal is contained in Schedule No 1 Part 6 of the Act
- An exporter of scrap metal is required to register with SARS as an exporter in terms of section 59A of the Act
- Exporters of scrap metal are excluded from using the registration code number 70707070
- In terms of section 38(3)(a) of the Act every exporter shall, before goods are exported from the Republic, deliver to the Controller a bill of entry in the prescribed form
- An application for refund of export duty in respect of goods specified in Part 6 of Schedule No.1 shall be paid or granted in accordance with the provisions of Section 76 of the Act
- Section 113(2) affirms the requirement that if a permit is required for export it must be produced
- Section 72 of the Act regulates the value of goods exported. For the purposes of the Act, the value of any goods exported from the Republic shall be the price of those goods free on board at the place of despatch from the Republic, which value shall be declared on the bill of entry export
- For the purpose of section 72 of the Act, “free on board”, in relation to goods exported to or to be exported from the Republic, includes all profits, costs, charges and expenses incidental to placing goods on board a vessel, aircraft, train or vehicle in which the goods are to be transported across the border of the Republic

Impact on Policy and SOP

CATEGORY	REFERENCE	DOCUMENTS	PURPOSE
Declaration	SC-CF-04	Completion of Declarations	External Manual
	SC-CF-55	Clearance Declaration	External Policy
Manual Payment Process	SC-CF-36	Use of DA 490 and DA 494	External Policy
Manual Refund Process	SC-DT-C-13	Refund and Drawback	External Policy
	SC-DT-C-13-A01	Supporting documents	External Annex

Trade Agreements

Application of Scrap Metal Export Duty in regard to Trade Agreements

- For exportation under trade agreements, there are no changes to the existing rules
- Normal exporter registration is required to participate under an agreement
- A valid certificate of origin is still needed to export under a trade agreement
- Only when an Exporter export under an agreement will he pay the preferential rate, related to that agreement

ITAC Permits

ITAC Permit Requirements

- All items under schedule 1 part 6 must have an export permit issued by ITAC.
- ITAC permit conditions must under all circumstances be complied with as prescribed in the following legislation:
 1. Section 27 of International Trade Administration Act, 2002, (Act 71 of 2002).
 2. Section 113(2) of Customs and Excise Act, 1964, (Act 91 of 1964).
- Declarations submitted without a valid permit will be rejected.
- Existing export permits for scrap metal will be accepted by the system.

Export Duty Tariffs

New Schedule 1 part 6A : Export Duty

Export Duty Item	Tariff Subheading	Article Description	Rate of Export Duty					
			General	EU / UK	EFTA	SADC	MERCOSUR	AfCFTA
193.00	EXPORT DUTY ON SCRAP METAL							
193.01	72.04	Ferrous waste and scrap; remelting scrap ingots of iron or steel:						
193.01.01	7204.10	Waste and scrap of cast iron	20%	10%	free	free	20%	20%
193.02	7204.2	Waste and scrap of alloy steel:						
193.02.01	7204.21	Of stainless steel	15%	10%	free	free	15%	15%
193.02.03	7204.29	Other	20%	10%	free	free	20%	20%
193.02.05	7204.30	Waste and scrap of tinned iron or steel	20%	10%	free	free	20%	20%
193.03	7204.4	Other waste and scrap:						
193.03.01	7204.41	Turnings, shavings, chips, milling waste, sawdust, filings, trimmings and stampings, whether or not in bundles	20%	10%	free	free	20%	20%
193.03.03	7204.49	Other	20%	10%	free	free	20%	20%
193.03.05	7204.50	Remelting scrap ingots	20%	free	free	free	20%	20%
193.04	7404.00	Copper waste and scrap						
193.05	7602.00	Aluminium waste and scrap						
			15%	10%	free	free	15%	15%

Registration requirements

SARS Client Registration

- Exporter registration will not be impacted
- 70707070 Exporters will not be allowed to export scrap metal
- ITAC must not issue an export permit to a unregistered / 70707070 Exporter

Payment of Duty

- Phase 1 of this project does not cater for a complete billing module on export declarations
- SARS will collect export duty on scrap metal prior to the submission of the export declaration.
- Deferment accounts cannot be used for payment of export duty on scrap metals
- Billing module will be done in a second phase of the project.
- All export declarations of scrap metal will be risk profiled in order to verify the correct duty

Export Declaration Submission

EDI Representation of new ADD INFO Codes

- If Export Duty (SMD) is payable, then the duty *must be paid before the export declaration is submitted.*
- Customs Documentary Inspection process will verify that payment of export duty has been made.

SCENARIO 1: Trader exporting to Free Duty Country- BELN,EFTA ,SADC EU/UK- Remelting Scrap ingots

Information Reference Details

1 - Information Reference Detail

Additional Information Code: SMD 1

Additional Information Value: 0

2 - Information Reference Detail

Additional Information Code: EPC 2

Additional Information Value: EXP2021/77786

3 - Information Reference Detail

Additional Information Code: SAD 3

Additional Information Value: B22244

#	DESCRIPTION
1	SMD = 0
2	EPC= Export Permit Number
3	Free Duty Country = SAD

SCENARIO 2: Trader exporting to Non-Free Duty Country- **General, EU/UK(except Remelting Scrap ingots),Mercosur & AfCFTA Trader AND no utilisation of Preferential duty rates**

Information Reference Details ^

1 - Information Reference Detail	2 - Information Reference Detail
Additional Information Code * SMD 1 ✓	Additional Information Code * CEB 2 ✓
Additional Information Value * 900000000 ✓	Additional Information Value * 00104581JSA210716123456 ✓

3 - Information Reference Detail
Additional Information Code * EPC 3 ✓
Additional Information Value * EXP2021/77786 ✓

NOTE: When not claiming preferential rate the Preference Code will be "100"

#	DESCRIPTION
1	SMD = Amount Paid: R9000000
2	CEB= CEB01 Document Number
3	EPC= Export Permit Number

CEB01 Receipt

Customs / Excise Billing

CEB01

SARS

South African Revenue Service

Billing Details

Customs / Excise Branch Code	KFN	Customs / Excise Branch Description	KOPFONTEIN	Date (CCYYMMDD)	2021-05-25	Diamond Export Levy	N
Case No.	131643905	PRN No.	84...CA0000100				
Document No.	00281124KFN210525114857						

Trader Details

Trader Name	SAFCOR FREIGHT (PTY) LTD.						
Client Number	00281124	Tax Type	CUSTOMS	SARS Financial Account No.	8121303278	VAT Reg No.	



SCENARIO 3: Trader exporting to Non-Free Duty Country- **General, EU/UK(except Remelting Scrap ingots),Mercosur & AfCFTA** Trader and **utilising Preferential Duty Rates**

Information Reference Details
^

1 - Information Reference Detail

Additional Information Code * ✓

SMD 1

Additional Information Value * ✓

900000000

2 - Information Reference Detail

Additional Information Code * ✓

CEB 2

Additional Information Value * ✓

00104581JSA210718123456

3 - Information Reference Detail

Additional Information Code * ✓

EPC 3

Additional Information Value * ✓

EXP2021/77786

4 - Information Reference Detail

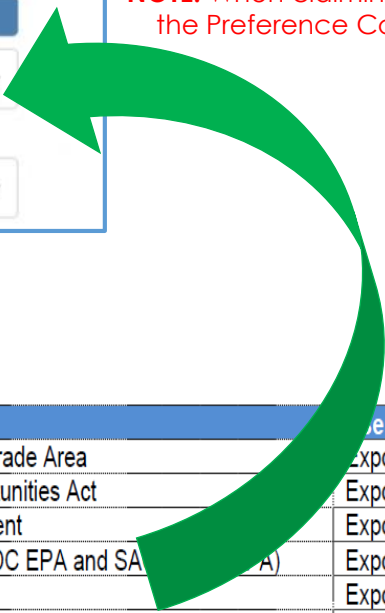
Additional Information Code * ✓

EUR 4

Additional Information Value * ✓

B22222

NOTE: When claiming preferential rate the Preference Code will be "200"



#	DESCRIPTION
1	SMD = Amount Paid: R9000000
2	CEB= CEB01 Document Number
3	EPC= Permit Number
4	EUR= Preferential Duty Rate Code

Preferential Duty Rates Code

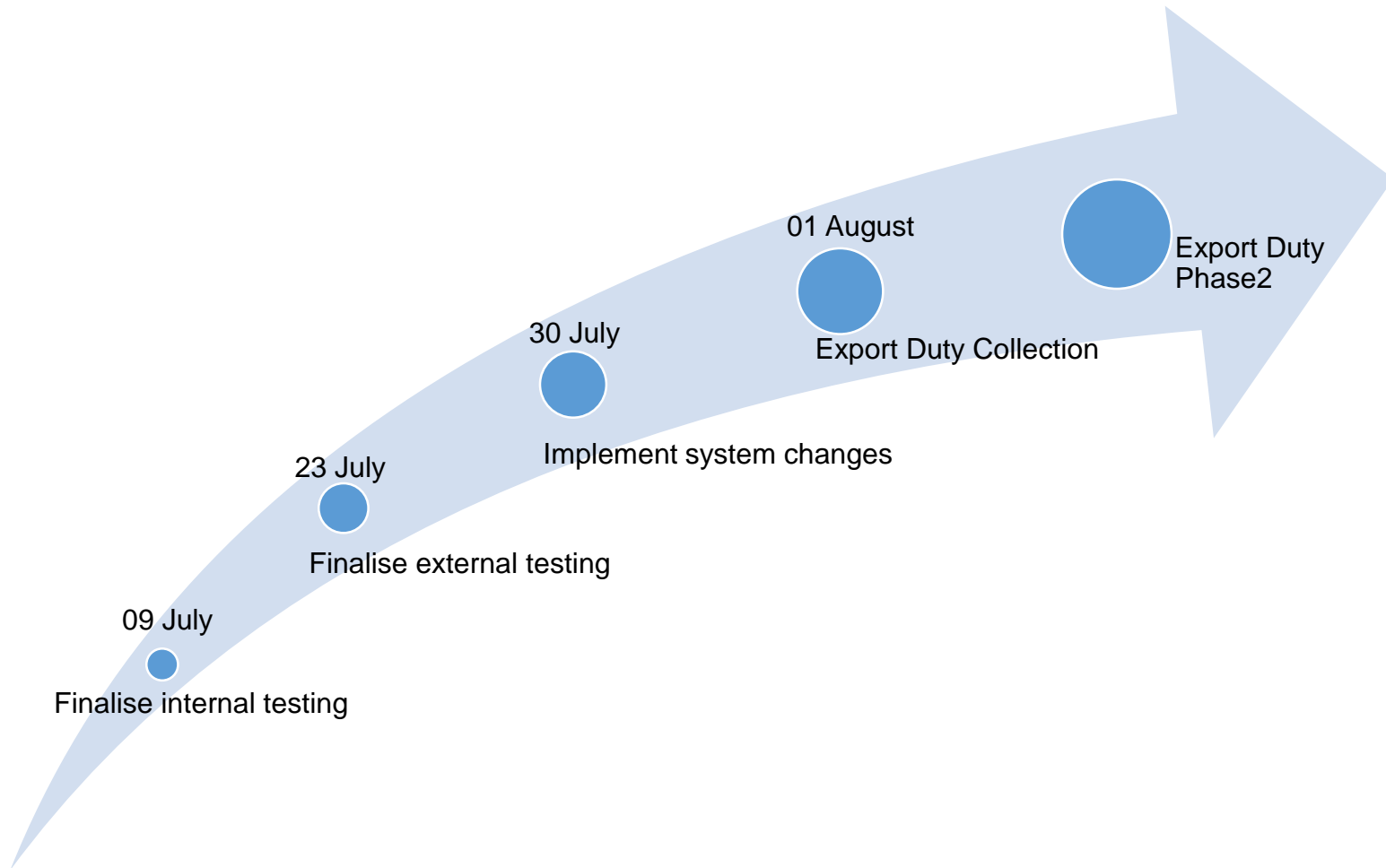
Code	Description	Type
ACT	African Continental Free Trade Area	Exports
AGO	African Growth and Opportunities Act	Exports
ETA	EFTA Free Trade Agreement	Exports
EUR	EU Trade Agreement (SADC EPA and SA-EU EPA)	Exports
MER	MERCOSUR	Exports
SAD	SADC Trade Agreement	Exports

Refund Process

- **Branch**

- Trader will present him/her to Branch Office and request the DA 494
- The Customs Officer compiles the DA 494 on behalf of the Trader and sends it to the Ops Manager for approval
- Once Approved, the custom official will Allocate the Sequential number and file a copy
- Then the customs Official will give another Copy of DA 494 to the Trader, the Trader will complete the DA 66 and attached supporting documents and submit
- DA 66 will be couriered to the HUB
- Then normal payment process will follow

Way forward



Questions