SARS
South African Revenue Service

<u>EXPLANATORY MEMORANDUM</u>

TECHNICAL AMENDMENTS FOR IMPLEMENTATION ON 1 JANUARY 2027

The draft amendments of the Schedules to the Customs and Excise Act, 1964, Act No. 91 (the Act), are implemented **with effect from 1 January 2027.** The amendments are technical in nature and will have no effect on the duty structure. The amendments are mostly due to requests received from industry or other government agencies.

The proposed amendments are in respect of –

- miscellaneous technical amendments in Part 1 of Schedule No. 1, as well as Schedule Nos. 3, 4, and 5 to the Act.

1. Technical amendment to the Schedules of the Act

1.1 Additional tariff subheadings in Part 1 of Schedule No. 1 to the Act

Additional tariff subheadings have been added in Chapters 3, 73, 74, 83, 85 and 94 in Part 1 of Schedule No. 1 for the reasons indicated in the following subparagraphs:

1.1.1 Request for amendments for Abalone

The applicant submitted a request to consider crucial amendments to the existing tariff subheadings and the introduction of new subheadings that specifically provides for the different types of Abalone (*Haliotis spp.*).

The proposed amendments are essential as the domestic abalone sector is under immense pressure due to illegal harvesting, misdeclaration, and laundering of unlawfully sourced products through legitimate supply chains. These challenges weaken fisheries management outcomes, distorts trade statistics and compromises the country's enforcement efforts.

The request will assist in conducting genetic or biological differentiation studies. Thereafter, the trade team can advance these technical distinctions at the trade level to support classification refinement, risk profiling and international engagement when required.

The creation of 8-digit tariff subheadings in Part 1 of Schedule No. 1 strengthens traceability and improve alignment of imports and exports of the subject product.

Additional Notes are also added to Chapter 3 to define the different abalone types.

The following tariff headings are substituted:

0307.83	**Frozen abalone (*Haliotis spp.*):**
0307.87.9	**Other:**

The following tariff subheadings are inserted:

0307.81.10	Wild-harvested
0307.81.20	Farmed or aquaculture produced
0307.81.90	Other
0307.83.10	Wild-harvested
0307.83.20	Farmed or aquaculture produced
0307.83.90	Other
0307.87.11	Smoked, wild-harvested
0307.87.12	Smoked, farmed or aquaculture produced
0307.87.19	Other
0307.87.91	Other, wild-captured
0307.87.92	Other, farmed or aquaculture produced
0307.87.99	Other

1.1.2 Request for the split of the tariff subheadings in respect of metal shelving, metal rackets and wire hooks classifiable under tariff subheadings 7308.90.99, 8302.50 and 9403.20.90

The applicant submitted a request for the split of tariff subheadings 7308.90.99 and 9403.20.90 in regard to metal shelves and racking. A further request was made to split tariff subheading 8302.50 to provide for steel hooks. The intention is to classify steel shelves and steel racks separately.

The applicant has invested substantially in the manufacturing, developing and research with regard to metal shelves and steel hooks in the Southern African Customs Union market.

The creation of new 8-digit tariff subheadings under tariff headings 7308.90.9, 8302.42 and 9403.20 to distinguish between the different types of metal shelves, metal racks and wire hooks will assist the applicant in monitoring imports of these products.

The following tariff subheadings are inserted:

7308.90.93	Racks
8302.42.9	Other
8302.42.91	Steel hooks
8302.42.99	Other
9403.20.07	Shelves
9403.20.09	Display racks
9403.20.30	Parts of shelves and racks

1.1.3 Request for the creation of separate tariff subheading for other copper waste and scrap

The applicant requested the expansion of products currently classifiable under tariff subheading 7404.00.90. They cited that volumes of imported and exported products under tariff subheading 7404.00.90 are extremely high.

The volume of imports and exports of other copper waste and scrap occasionally reaches alarming levels, raising concerns that items may be illicitly declared under this subheading.

The creation of 8-digit tariff subheadings for the expansion of the copper waste and scrap in Part 1 of Schedule No. 1 will assist in monitoring imports/exports and trade data applicable to different scrap types.

Additional Notes to Chapter 74 are also inserted to clarify the different scrap types.

The following tariff headings are inserted:

7404.00.1	**Of refined copper:**
7404.00.2	**Of copper-zinc base alloys (brass):**

The following tariff subheadings are inserted:

7404.00.11	Candy
7404.00.12	Cliff
7404.00.13	Birch Cliff
7404.00.14	Dream
7404.00.15	Barley
7404.00.16	Berry
7404.00.17	Birch
7404.00.18	Clove
7404.00.19	Cocoa
7404.00.21	Drink

7404.00.22	Ebony
7404.00.23	Parch
7404.00.24	Honey
7404.00.25	Label
7404.00.26	Nomad
7404.00.27	Grape
7404.00.28	Ocean
7404.00.29	Malik

1.1.4 Request for the creation of a tariff subheading for lithium-ion accumulators

The applicant requested a separate tariff subheading for lithium-ion cells, classifiable under tariff subheading 8507.60. The current subheading makes it difficult to accurately assess trade and price trends in respect of products imported as it covers other products other than batteries and cells. The creation of a separate tariff subheading for the subject product will assist in monitoring imports trade data.

The following tariff heading is substituted:

8507.60	**Lithium-ion:**

The following tariff subheading are inserted:

8507.60.10	Single electrochemical cell with a positive and a negative electrode, not assembled into a module
8507.60.90	Other

1.2 Other miscellaneous amendments

1.2.1 Technical amendment to Schedule No's. 3, 4 and 5

The opportunity is taken to align Note 7.10 to rebate item 317.04 to remove references to (a).

Rebate item 320.01/8302.42.90/01.08 in Schedule No. 3 has been deleted as a consequence to the restructuring of item 8302.42.90. The provisions of the deleted item will be maintained by the insertion of rebate item 320.01/8302.42.9/01.08.

Rebate item 460.17 and refund item 538.00 refer to tariff subheadings 8201.52.15 and 8201.53.15. The reference to these subheadings is removed as they no longer appear in Part 1 of Schedule 1. This amendment will ensure that the tariff records and associated systems remain current and accurate.