

Customs and Excise Storage Warehouses (OS)



Customs and Excise

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Preface

This guide outlines the legislative requirements under the Customs and Excise Act, 1964 regarding the storage of dutiable imported goods in customs and excise storage warehouses (OS). It does not go into comprehensive technical and legal detail and should therefore not be used as a legal reference.

This guide has no binding legal effect.

For more information, assistance and guidance you may –

- visit the **SARS website**;
- contact the SARS National Service Centre (between 8am and 4:30pm South African time except on Wednesdays when the service centre can be called between 9am and 4:30pm) –
 - if calling locally, on 0800 00 7277;
 - if calling from abroad, on +27 11 602 2093;
- have a virtual consultation with a SARS consultant by making an appointment via the **SARS website**;
- visit your nearest SARS service centre, preferably after making an appointment via the **SARS website**; or
- contact your own tax advisor or tax practitioner.

Comments on this guide may be e-mailed to **C&E_LegislativeComments@sars.gov.za**.

Legislative Policy: Customs and Excise
SOUTH AFRICAN REVENUE SERVICE
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1. Purpose

This guide outlines the legislative requirements under the Customs and Excise Act, 1964 (the Act) regarding the storage of dutiable imported goods in customs and excise storage warehouses.

2. Introduction

Sections 19 and 20, along with the accompanying rules, empower the Commissioner to license warehouses approved for the storage of dutiable imported goods at any designated location under the provisions of the Act. This allows for the deferment of duty payment.

According to section 11(1)(u) of the Value Added Tax Act, 1991, the supply of goods, excluding those supplied by an inbound duty and tax-free shop, that have been imported and entered for storage in a licensed customs and excise storage warehouse, but not entered for home consumption, will be subject to a 0% tax rate.

3. Customs and Excise Act, 1964

The following table outlines the **key provisions** in the Act that are relevant. This table is not exhaustive, and other provisions within the Act may apply.

CUSTOMS AND EXCISE ACT, 1964	
Section	
4	General duties and powers of officers
6	Appointment of places of entry, authorised roads and routes etc
19	Custom and excise warehouses
20	Goods in customs and excise warehouses
25	Sorting, packing etc in customs and excise storage warehouses
44	Liability for duty
47	Payment of duty and rate of duty applicable
60	License fees according to Schedule No. 8
61	Customs and excise warehouse licenses
64	Licensing of remover of goods in bond
80	Serious offences and their punishment
83	Irregular dealing with or in goods
84	False documents and declarations
87	Goods irregularly dealt with liable to forfeiture

CUSTOMS AND EXCISE ACT, 1964	
Section	
88	Seizure
91	Administrative penalties
101	Business accounts, documents etc to be available for inspection
113	Prohibition and restrictions
Rules under the Customs and Excise Act, 1964	
Rules for section 19	Approval of customs and excise warehouses
Rules for section 20	<p>Goods deposited or to be deposited in a customs and excise warehouse</p> <p>General provisions regarding clearance and removal of goods from customs and excise warehouses and payment of duty</p> <p>Clearance and removal of goods from customs and excise warehouses for home consumption</p> <p>Clearance of goods from a customs and excise warehouse for removal in bond</p>
Schedule to the rules	200.02 Warehousing places
Schedules to the Customs and Excise Act, 1964	
Schedule No. 4	412.09 Goods Lost, Destroyed or Damaged
Value-Added Tax Act, 1991	
Section 11	Zero-rating

The Customs and Excise Act, 1964, Schedules to the Act, Rules, and the Value-Added Tax Act, 1991, are available on the **SARS website as follows:**

- The Act
Legal Counsel ⇒ Primary Legislation (the Act)
- Schedules to the Act
Legal Counsel ⇒ Primary Legislation ⇒ Schedules to the Customs and Excise Act, 1964
- Rules
Legal Counsel ⇒ Secondary Legislation ⇒ Rule Amendments

- The Value-Added Tax Act

Legal Counsel ⇒ Primary Legislation (the Value-Added Tax Act)

4. What are the benefits of using customs and excise storage warehouses licensed for the storing imported dutiable goods?

Businesses can postpone the payment of import duties and VAT until the goods are entered for home use, which improves cash flow. Additionally, using a warehouse allows businesses to avoid paying import duty and VAT on goods intended for re-export

5. What places have been appointed as warehousing places where customs and excise warehouses may be established?

Beit Bridge
 Bloemfontein
 Cape Town
 Durban
 East London
 Germiston
 Johannesburg
 OR Tambo International Airport
 Kimberly
 Komatipoort
 Paarl
 Pietermaritzburg
 Port Elizabeth
 Port of Ngqura
 Pretoria
 Richards Bay
 Robertson
 Saldanha Bay
 Stellenbosch
 Uppington
 Vredendal
 Worcester

and such places in the vicinity of the above-mentioned places as may be allowed on application.¹

6. How do I apply for a customs and excise warehouse license?

Applications for licensing must be made electronically via eFiling or another electronic communication system administered by SARS, where applicable. Alternatively, applicants can visit a Customs and Excise Office that offers this service, as indicated on the SARS website, to capture their application through branch front-end systems. Applications can also be submitted in paper format using the prescribed form DA 185 and the relevant annexure, as outlined on the SARS website, at any Customs and Excise Office.²

¹ See paragraph 200.02 of the schedule to the rules.

² See to rule 60.01A(b).

An application must be supported by plans (signed and dated by the applicant) and a description of the warehouse or any other particulars that may be required.

Before any licence is issued, the applicant must provide security as required by the Commissioner. The Commissioner may also require that the form, nature, or amount of such security be altered or renewed at any time.

7. How are imported goods entered into a licensed customs and excise storage warehouse?

Imported goods must be declared on a bill of entry for the customs warehousing procedure to be removed to a specific customs warehouse. If the licensed warehouse is located outside the jurisdiction of the customs office where the goods land upon importation, an additional bill of entry under the national transit procedure (removal in bond) must be submitted to transport those goods in bond to the licensed warehouse. Goods can only be moved to the licensed warehouse once SARS has released them.

A licensee of a customs and excise storage warehouse may store goods owned by themselves or make their premises available for clients to store their imported goods.

8. What activities are permissible in a customs and excise warehouse?

The Controller may, upon application, permit the licensee of a customs and excise storage warehouse or the owner of any goods in such a warehouse to sort, separate, pack, or repack any goods. They may also make necessary alterations or arrangements for the preservation of those goods, or for their sale, exportation, or other lawful disposal.³

9. For how long can goods be stored in a customs and excise storage warehouse?

Imported goods may be retained in a customs and excise storage warehouse for a period not exceeding two years from the time they were first entered for storage. However, the Commissioner may grant an extension of this two-year period in certain circumstances, provided that the application is made at least 30 days before the expiry date.⁴

10. How must goods be declared for removal from a customs and excise storage warehouse?

Before removal, goods must be declared on a bill of entry and released for one of the following purposes:

- Home use with the payment of duty and VAT
- Inward processing with the applicable partial or full rebate of duty
- Home use processing with the applicable partial or full rebate of duty
- Export

³ See section 25, read with rule 25.01.

⁴ See section 19(9), read with rule 19.08.

- Re-warehousing to another licensed customs and excise storage warehouse
- National transit (removal in bond)

11. Who may transport goods to or from a customs and excise warehouse?

Goods in bond or for export must be transported by a licensed remover of goods in bond, unless removed by the importer or the licensee of the customs and excise warehouse using their own transport.⁵

12. What rate of duty is payable when goods are removed from a customs and excise warehouse?

The rate of duty payable upon the removal of goods for home use is the rate applicable at the time of removal, not the rate that was applicable at the time of warehousing.⁶

13. What are the duty implications if goods are lost, destroyed, or damaged in a customs and excise warehouse?

Rebate item 412.09 provides for a rebate of duty on goods in a customs and excise storage warehouse that are proven to have been lost, destroyed, or damaged on any single occasion due to *vis major* or other exceptional circumstances deemed so by the Commissioner, excluding robbery or theft, subject to certain conditions.

14. What are the consequences of diverting goods declared for warehousing or for removal from such a warehouse to a destination other than the one declared on the bill of entry?

This constitutes a serious offence under section 80(1)(o) of the Act and will result in a demand for payment of duty and VAT, the imposition of a penalty or criminal prosecution, and the goods being liable to forfeiture and subsequent seizure.

15. What type of records must be kept by a licensee of a customs and excise warehouse?

The licensee must maintain records in a form approved by the Controller of all receipts into and deliveries or removals from the warehouse, including sufficient details to readily identify all such receipts and deliveries or removals, along with clear references to the relevant bills of entry associated with them.⁷

⁵ See section 64D, read with rule 64D.04(1).

⁶ See section 47(1).

⁷ See rule 19.05.