

# Rebate Stores



## Customs and Excise

# Rebate Stores

## Preface

This guide outlines the legislative requirements regarding rebate stores as stipulated in the Customs and Excise Act, 1964 (the Act). 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**  
25 March 2025

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## 1. Purpose

This guide outlines the legislative requirements regarding rebate stores as stipulated in the Customs and Excise Act, 1964 (the Act).

## 2. Introduction

Section 75, in conjunction with Rule 75.01, states that any individual intending to engage in processing for home use or inward processing must apply for registration under the relevant rebate item in Schedule 3 or Schedule 4, as applicable. This registration is necessary to obtain such goods under rebate of duty and for registering the premises where the goods will be used or stored. The application for registration must include a plan of the premises indicating the exact location of the rebate store.

## 3. Customs and Excise Act, 1964

The following table outlines the **key provisions** of the Act relevant to this context. This table is not exhaustive, and other provisions within the Act may also apply.

CUSTOMS AND EXCISE ACT, 1964	
Section	
59A	Registration of persons participating in activities regulated by the Act
75	Specific rebates, drawbacks and refunds of duty
80	Serious offences and their punishment
83	Irregular dealing with or in goods
88	Seizure
91	Administrative penalties
101	Business accounts, documents, etc. to be available for inspection
Rules under the Customs and Excise Act,1964	
Rules for section 75	General provisions Registered premises Rebate store Transfer of goods Records
Schedules to the Customs and Excise Act,1964	
Schedule No. 3	Industrial Rebates of Customs Duties

Schedule No. 4	General Rebates of Customs Duties, Fuel Levy and Environmental Levy
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The Customs and Excise Act, 1964, Schedules to the Act and Rules 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

#### **4. What is the purpose of a rebate store?**

Goods entered under rebate of duty must be transported directly to an approved rebate store.<sup>1</sup> The rebate store is designated for the storage of materials obtained under rebate of duty. These goods will subsequently be dispatched for production at the registered premises where the rebate store is located.

#### **5. What are the additional requirements regarding a rebate store?**

The rebate store must remain locked or secured in a manner approved by the Controller at all times when not in use for depositing or removing goods.<sup>2</sup>

All items in a rebate store must be organised and labelled in a way that makes them easily identifiable and accessible for inspection by customs officers, who will verify the balance of stock on hand against the rebated goods used in production.<sup>3</sup>

Except with the written permission of the Controller, only goods entered under rebate of duty may be stored in a rebate store. The books, documents, stock, and premises of each registrant must be available for inspection by a customs officer at all reasonable times.<sup>4</sup>

#### **6. Within what period can goods obtained under rebate be used for the purpose specified in the rebate item?**

Except with the permission of the Commissioner, goods entered under rebate of duty must be used for the purpose specified in the rebate item within two years from the date of entry.<sup>5</sup>

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<sup>1</sup> See rule 75.02.

<sup>2</sup> See rule 75.02.

<sup>3</sup> See rule 75.09.

<sup>4</sup> See rule 75.03.

<sup>5</sup> See section 75(21).

## **7. Can goods obtained under rebate of duty be transferred between registered rebate users?**

Yes, goods entered under rebate of duty can be transferred between rebate registrants registered for the same rebate item or to a rebate registrant registered for a rebate item that specifies the same goods, under certain conditions.<sup>6</sup>

## **8. What records must be kept regarding receipts and removals from a rebate store?**

Every registrant must maintain a stock record in a form approved by the Controller. This record must include full details of all goods obtained under rebate and received in the rebate store, as well as the date and quantity issued to the factory, the nature and quantity of goods produced, and the balance of rebated goods on hand. The stock record must be kept in a manner that allows for easy accounting of the goods.<sup>7</sup>

If required by the Controller, a registrant must also maintain a production record that documents all receipts from the rebate store to the factory, including the nature and quantities of materials used and the finished products manufactured, as per the Controller's specifications.

## **9. What happens if rebated goods cannot be accounted for?**

Any person who enters goods for his or her own use under rebate of duty, or on whose behalf goods are entered, shall be liable for the duty on all goods entered that have not been used or that have been disposed of in a manner not compliant with the provisions of the Act and the rebate item under which they were entered.<sup>8</sup>

## **10. Can goods entered under rebate be unconditionally abandoned to the Commissioner or destroyed with permission from the Commissioner?**

Yes, subject to certain conditions, rebate item 412.07 provides for a rebate of duty on goods cleared for processing for home use and inward processing that are subsequently abandoned to the Commissioner or destroyed with the Commissioner's permission.

If any waste or scrap remains after the destruction of such goods and enters home consumption, the rebate will be reduced by the duty payable on that waste or scrap. This waste or scrap is deemed to have been imported at the time it is entered for home consumption and is liable for duty in that state.<sup>9</sup>

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<sup>6</sup> See rule 75.11.

<sup>7</sup> See rule 75.14.

<sup>8</sup> See rule 75(5).

<sup>9</sup> See section 75(22).