

# Special Customs and Excise Storage Warehouses (SOS)



**Customs and Excise**

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## Preface

This guide outlines the legislative requirements set forth in the Customs and Excise Act, 1964, regarding the storage of imported goods in special customs and excise storage warehouses (SOS). 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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## Contents

Preface .....	i
1. Purpose .....	1
2. Introduction .....	1
3. Customs and Excise Act, 1964 .....	1
4. What are the benefits of storing goods in special customs and excise storage warehouses? .....	3
5. Is the regulatory framework for customs and excise storage warehouses (OS) also applicable to special customs and excise storage warehouses (SOS)? .....	3
6. How do I apply for a special customs and excise warehouse license? .....	3
7. How are imported goods entered into a special customs and excise storage warehouse? .....	4
9. What are the duty implications if goods are lost, destroyed, or damaged in a customs and excise warehouse? .....	4
10. What are the consequences of diverting goods declared for warehousing or for removal from such warehouse to a destination other than that declared on the bill of entry? .....	4
11. Provide examples of the special purposes that different types of special customs and excise storage warehouses can be licensed for and their distinguishing characteristics? .....	5

## 1. Purpose

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

## 2. Introduction

Section 21, along with the associated rules, empowers the Commissioner to license special customs and excise storage warehouses for such special purposes as specified or prescribed by rule. The payment of duty on warehoused goods is deferred until the goods are entered for home use.

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

## 3. Customs and Excise Act, 1964

The following table outlines the **key provisions** of the Act that are relevant to this context. This table is not exhaustive, and other provisions in the Act may also 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
21	Special 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 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
88	Seizure
91	Administrative penalties
101	Business accounts, documents etc to be available for inspection
113	Prohibition and restrictions
<b>Rules under the Customs and Excise Act, 1964</b>	
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>
Rules for section 21	<p>Special export storage warehouses</p> <p>Duty and tax free shops</p> <p>Special shop for diplomats</p> <p>Bonded fuel goods storage warehouses</p>
<b>Schedules to the Customs and Excise Act, 1964</b>	
Schedule No. 4	412.09 Goods Lost, Destroyed or Damaged
<b>Value-Added Tax Act, 1991</b>	
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 storing goods in special customs and excise storage warehouses?**

The primary purpose of a special customs and excise storage warehouse is not only to suspend duty and VAT while goods are stored but also to facilitate specialised activities, such as selling goods to diplomats. This arrangement allows businesses to delay the payment of import duties and VAT until the goods are entered for home use, thereby improving cash flow. Additionally, using a warehouse can help avoid paying import duty and VAT on goods intended for re-export.

#### **5. Is the regulatory framework for customs and excise storage warehouses (OS) also applicable to special customs and excise storage warehouses (SOS)?**

Unless specified otherwise by the Commissioner or the rules when licensing a special customs and excise warehouse for storing imported goods, the regulations governing customs and excise storage warehouses (OS) apply to special customs and excise storage warehouses (SOS).<sup>1</sup> For instance, in the case of bonded fuel goods storage warehouses (SOS), the rules allow for a six-month storage period, as opposed to the two-year period applicable to customs and excise storage warehouses (OS). Furthermore, the requirement that removals to warehouses are permitted only after goods have been entered and released applies equally to both bonded fuel goods storage warehouses (SOS) and customs and excise storage warehouses (OS).

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

Applications for licensing can be made electronically via eFiling or another electronic communication system administered by SARS, or through branch front-end capturing at a Customs and Excise Office where this service is available, as indicated on the SARS website. Applications can also be submitted in paper format using the prescribed form DA 185 and the relevant annexure found on the SARS website, at any Customs and Excise Office.<sup>2</sup> However, for applications regarding special customs and excise storage warehouses for bonded fuel goods or special shops for diplomats, the application must be submitted in paper format.<sup>3</sup>

Each application must be accompanied by plans (signed and dated by the applicant), a description of the warehouse, and any other particulars as required.

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<sup>1</sup> Refer to section 21(2)

<sup>2</sup> Refer to rule 60.01A(b)

<sup>3</sup> Refer to rule 60.01A(c)

Before any licence is issued, the applicant must provide security as determined by the Commissioner. The Commissioner may require changes to the form, nature, or amount of such security at any time.

## **7. How are imported goods entered into a special 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 were landed, an additional bill of entry under the national transit procedure (removal in bond) must also be submitted to transport the goods to the licensed warehouse. Goods can only be moved to the licensed warehouse once SARS has released them.

## **8. Who may transport goods to or from a special customs and excise warehouse?**

Goods in bond or intended for export must be transported by a licensed remover of goods in bond, unless the importer of the goods or the licensee of the special customs and excise warehouse uses their own transport for removal.<sup>4</sup>

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

Rebate item 412.09 allows 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 circumstances of *vis major* or other exceptional circumstances deemed appropriate by the Commissioner, excluding cases of robbery or theft.

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

Diverting goods is a serious offence under section 80(1)(o) of the Act, which can result in a demand for payment of duty and VAT, the imposition of a penalty, or criminal prosecution. The goods may also be subject to forfeiture and seizure.

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<sup>4</sup> Refer to section 64D read with rule 64D.04(1)

**11. Provide examples of the special purposes that different types of special customs and excise storage warehouses can be licensed for and their distinguishing characteristics?**

Type	Purpose	Distinguishing Characteristics
Sea-based bonded fuel goods special storage warehouse	Storage of imported distillate fuel and residual fuel for bunkering of foreign-going vessels	<ul style="list-style-type: none"> <li>• Self-propelled storage vessel located within port limits of the port that it services</li> <li>• Storage period of six months, extendable for no more than three months upon application</li> <li>• Re-warehousing only permissible to another sea-based bonded fuel goods special storage warehouse</li> <li>• Except for re-warehousing, good can only be cleared for export</li> </ul>
Special shops for diplomats	Duty-free retail sale of goods to diplomats	<ul style="list-style-type: none"> <li>• A special shop for diplomats may be licensed in the metropolitan areas of Tshwane, Johannesburg, and Cape Town</li> <li>• A single license issued for the premises where the goods for sale in the shop are stored and separate premises where those goods are sold</li> <li>• Storage of dutiable locally-produced goods or any imported goods, whether liable to duty or free of duty and goods in free circulation is permissible</li> <li>• A bill of entry must be submitted within seven days after the last day of any period of seven days during which the shop operated in respect of goods that have been sold in such a period</li> </ul>

Type	Purpose	Distinguishing Characteristics
Special export storage warehouse	Storage for export of any imported goods which are free of duty	<ul style="list-style-type: none"> <li>• Only importers accredited may store goods which are free of duty in such a warehouse</li> <li>• Storage period of six months which may be extended for no more than three months upon application</li> <li>• All goods must be cleared into the warehouse for subsequent exportation from South Africa with the relevant customs procedure code</li> <li>• No re-warehousing permissible</li> </ul>