

RESTRICTED



AVIATION KEROSENE

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1 PURPOSE

- a) The purpose of this policy is to establish the regulatory framework and controls measures governing the acquisitions, handling, movement, utilisation, storage and disposal of Aviation Kerosene (AK). It seeks to ensure correct application of AK and prevent misuse.

2 SCOPE

- b) The policy applies to entities that acquire, sell, dispose of in any manner, are in possession of, or have under their control any Aviation Kerosene (AK).
- c) The policy does not cover the Registration process as this is dealt with in document **SC-CF-19**.

3 POLICY STATEMENT

- a) Section 37A makes provision for marked goods [(including marked illuminating kerosene (IK))] and certain goods that are free of duty.
- b) Aviation Kerosene is specifically dealt with in Rule 37A.13. AK attracts VAT if used on domestic flights. If AK is disposed of for purposes other than that of use as fuel in an aircraft engine, it is regarded as unmarked illuminating kerosene (IK), which means that it (AK) is only rebated of duty / levies and VAT once it is **marked** in terms of Rule 37A.01(b).
- c) According to additional note 1(d) to Chapter 27 of the Harmonized Nomenclature Tariff "Aviation Kerosene", is any product intended for use, advertised for use, put up for use or otherwise marketed or disposed of for use as fuel in aircraft fitted with turbo-jets, turbo-propellers and other gas turbines. These products do not attract any duty / levies but are subject to VAT when going into domestic consumption.
- d) Illuminating Kerosene is marked with an invisible marker called Authentix A1 so that should it be mixed with "Distillate Fuel" (diesel) its presence can be detected if the diesel is tested.
- e) Aviation Kerosene is theoretically the same product as unmarked IK, which means that it can also be used as a diesel extender.
- f) A marker could be added, however, in terms of the International Air Transport Association (IATA) regulations, for safety reasons **NO ADDITIONAL ADDITIVE WHICH HAS NOT BEEN APPROVED OR MARKER** may be added to "Aviation Kerosene". Therefore, the use thereof must be controlled to ensure correct handling.
- g) Should the product be used in aircraft it does not attract any duty / levies, but is subject to VAT when used in domestic flights. The AK used in international flights is zero rated for VAT.
- h) All the airports in South Africa have a dedicated AK supplier or operator who supplies AK to the carriers and in terms of the Act, these suppliers must be registered with the relevant local Controller / Branch Manager.
- i) In terms of the IATA, AK has a specific shelf life and could be returned to the supplier in three (3) instances; i.e.
- i) When the product is off specification;
 - ii) When aircraft are serviced and the fuel is not returned to the aircraft; and
 - iii) Where the product becomes contaminated.
- j) Should AK be used for other purposes (e.g. diesel extender) than the propulsion of aircraft, Excise duty, Fuel levy and Road Accident Fund (RAF) becomes payable.

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- k) These duties / levies may be set-off (excluding the VAT) as returned product by the refinery to which it is returned.
- l) In this regard, a credit note will be issued by the manufacturing warehouse (VM).

3.1 Aviation Kerosene

- a) Aviation kerosene is identical to IK as regards technical specification; however, there are more **strict controls** in the handling of AK. The reason that there is a need to audit AK is to ensure its proper use, and obviate the potential for tax evasion.
- b) Aviation kerosene can be decanted from the aircraft should the need arise for the following reasons:
 - i) Should the fuel become contaminated for any reason; and / or
 - ii) Should repairs be required to the aircraft that necessitates the removal of the fuel.
- c) The fuel that is decanted from the aircraft is usually stored in drums or dedicated tanks and returned to an aircraft or could be sold / disposed of.
- d) The decanted fuel (AK) may be sold to persons who in turn resell the product as either unmarked IK or as a cleaning solvent. In this regard, the product becomes Excisable. However, the said products could be mixed with diesel, which becomes illicit goods.
- e) Section 37A(9)(e)(i) determines that any goods other than marked goods for which provision is made free of duty in Schedule 1 must **NOT** be used for any other purpose than that for which they are removed from a Customs and Excise warehouse, except with the prior permission of the Commissioner (via the nearest Controller / Branch Manager) and on payment of the relevant duty / levies.

3.1.1 Receipt of AK into fuel storage facility

- a) On receipt of aviation kerosene, the tanks need to be dipped by the fuel storage operator prior to the actual receiving thereof.
- b) Once the AK has been received into the tanks at the fuel storage facility, an after dip has to be taken and the quantity of product calculated.
- c) The driver of the vehicle will present a delivery note to the fuel storage operator for signature, of which a copy will be kept by such operator.
- d) An invoice will be generated at a later stage for the product received.

3.1.2 Supply of aviation kerosene

- a) Any such warehouse licensee or registered supplier shall -
 - i) Complete and issue an invoice / flight receipt / stock requisition or delivery note for each quantity supplied, which shall include at least -
 - A) A statement that the AK is to be used solely as fuel in aircraft;
 - B) The name and address of the licensee or the name and address of the registered supplier who supplies the AK;
 - C) If applicable, the registered name and address of the supplier who acquired it;
 - D) The delivery address, if it is not the same as the registered address;
 - E) When supplied for fuelling aircraft the registration number of the aircraft;
 - ii) Obtain a signed receipt for any such supply.
- b) Any application to dispose of AK for any other purpose may be made through the nearest Controller / Branch Manager and such goods shall be subject to such Customs and Excise control as the Controller / Branch Manager may require.

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3.1.3 Maintenance on aircraft

- a) Maintenance companies repair and service aircraft and are normally situated on the airport grounds. With repair and service, the **AK has to be decanted from the aircraft**. This means that -
- i) To dispose of such AK (taken from the aircraft) for any other purpose, the maintenance companies or operators of the decanted product must apply through the nearest Controller / Branch Manager to do so, as mentioned in Rule 37A.13(d).
 - ii) After the AK is decanted, the fuel may be sold as boiler fuel to a company to facilitate disposal. They use the product to manufacture boiler fuel. This procedure should be done under Excise supervision to ensure that the product is rendered unsuitable for use as a diesel extender and a certificate should be obtained from the recipient of the fuel confirming that the product was rebranded to be used as boiler fuel.
 - iii) The maintenance company or operators of the decanted product must keep a record of all fuel removed from aircraft and be able to account for all AK so removed.
 - iv) Should the company not be able to account for AK that was removed from aircraft, the company would be liable for the duties and levies.

4 REFERENCES

4.1 Legislation

TYPE OF REFERENCE	REFERENCE
Legislation, Rules, Regulations and Interpretation Notes administered by SARS	Customs and Excise Act No. 91 of 1964: Sections 27(4), (9) and (10), 37A and 38(1) Customs and Excise Rules: Rules 18(A).03, 18A(A).04, 18(A).05, 37A.07, 37A.13 Customs and Excise Tariff: Schedule 1 Parts 1, 2A, 5A and 5B
Other Legislation	Promotion of Administrative Justice Act No. 3 of 2000: Section 3 IATA Regulations
International Instruments	None

4.2 Cross References

DOCUMENT NUMBER	DOCUMENT TITLE
SE-CF-19	Licensing and Registration – External Policy

5 DEFINITIONS AND ACRONYMS

Link for centralised definitions and acronyms: [Glossary A-M | South African Revenue Service \(sars.gov.za\)](https://sars.gov.za/glossary)