Effective Date: 14 July 2026

EXCISE

External Policy

DIAMOND EXPORT LEVY

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1 PURPOSE

a) This policy sets out the framework for the administration of the Diamond Export Levy in South Africa. It gives effect to the Diamond Export Levy Act and the Diamond Export Levy (Administration) Act by translating legislative requirements into clear and enforceable policy provisions.

b) The policy ensures the consistent and lawful application of the levy by defining the circumstances under which liability arises, outlining the obligations of persons exporting unpolished diamonds, and establishing the conditions for the application of relief measures and exemptions.

c) It further supports compliance with the applicable legislative framework and enables the accurate declaration, calculation and payment of the levy, as well as effective monitoring, verification and enforcement by SARS.

2 SCOPE

a) This policy applies to producers, dealers, beneficiators or permit holders who import or export unpolished diamonds from South Africa, including the recognition of import credits of such diamonds for trade statistical purposes.

b) This includes the determination of levy liability, the submission and assessment of declarations, and the application of relief measures and exemptions as prescribed in the applicable legislation.

3 POLICY STATEMENT

a) The export of unpolished diamonds and the administration of Diamond Export Levy must comply with the Diamond Export Levy Act, Diamond Export Levy (administration) Act and all other applicable legislation, requiring liable persons to declare export, calculate and pay the levy in accordance with prescribed requirements.

b) Relief measures and exemptions may only be applied where all prescribed criteria are met, supported by relevant documentation, and must be assessed by SARS in accordance with the legislative framework, with appropriate controls in place to monitor compliance and ensure consistent administration.

3.1 Liability for Levy

a) A levy is payable on the export of unpolished diamonds from South Africa in terms of the Diamond Export Levy. Return levy payers must pay the levy in accordance with section 4(1) read with section 5(1) of the Diamond Export Levy (Administration) Act, and a holder of a licence must pay the levy within 30 days after the end of each assessment period.

b) Following the determination of liability and the applicable period, the levy becomes due for settlement once the assessment period has elapsed. The levied amount must be calculated based on the value of unpolished diamonds exported during that period and declared in the prescribed return.

3.2 Gross Sales during an Assessment Period

a) Gross sales to diamond beneficiators in respect of a producer means all amounts received or accrued during that assessment period by that producer in respect of all unpolished diamonds delivered to the premises within the Republic of those diamond beneficiators.

b) The total gross sales of the producer described in paragraph *(a)* during that assessment period means;

   i) all amounts received or accrued during that assessment period by that producer in respect of all unpolished diamonds delivered to premises within the Republic (other than unpolished diamonds described in subparagraph (ii));
   ii) the value of all unpolished diamonds under the cover bills entry for export delivered during the assessment period less; and

iii) the value of unpolished diamonds as released for import in terms of section 69b of the Diamond Act but not exceeding the aggregate of the amount described in subparagraph (i) and the value described in subparagraph (ii).

3.3 Election Procedure for Producers and Beneficiators

a) In terms of section 6 of the Diamond Export Levy Act, and notwithstanding section 2(1), a Producer or Diamond Beneficiator may elect, in respect of a specific assessment period, that any person who purchases an unpolished diamond from them at a Diamond Export and Exchange Centre (DEEC) during that period is not liable for the levy on that diamond.

b) For the election in paragraph (a) to be valid for a particular assessment period, it must be submitted to the Commissioner during the assessment period immediately preceding the one to which the election will apply.

c) Once submitted in accordance with paragraph (b), the election referred to in paragraph (a) is deemed to be approved with immediate effect.

3.4 Relief Measures and Exemptions

a) The Diamond Export Levy Act provides for a range of relief measures and exemptions for producers and diamond beneficiators, subject to compliance with prescribed legislative requirements. These measures are designed to support and promote local beneficiation within the regulatory framework governing the export of unpolished diamonds.

b) In addition, the Act seeks to ensure that such relief and exemptions are applied in a controlled and transparent manner, thereby balancing industry development objectives with compliance and revenue considerations under the applicable legislative.

3.5 Import Credits

a) A registered person may claim a credit for imported unpolished diamonds, provided the applicable legal conditions are met. Import credits may not be claimed in respect of diamonds previously exported under an exemption certificate, election, or temporary exemption, nor during any assessment period in which relief has been granted under sections 7 to 10 of the Act.

b) Eligible import credits may be offset against liability on the prescribed return.

3.6 Temporary Export Relief

a) Unpolished diamonds may be exported temporarily for purposes permitted by legislation, including valuation, beneficiation assessment, or exhibition.

b) Where a temporary exemption certificate has been issued by the Regulator, such diamonds may be exported free of levy, subject to compliance with legislative requirements. If the diamonds are not returned within 180 days from the date of export, the exporter becomes liable for the levy.

3.7 Elections at the Diamond Export and Exchange Centre (DEEC)

a) A registered producer or diamond beneficiator may place unpolished diamonds under an approved election at the DEEC for sale for export. Where such election applies, the diamonds may be exported free of levy, provided that the required Customs Clearance Declaration is submitted within ten (10) business days after purchase and is supported by proof of the approved election.

b) In such cases, the purchaser is not liable for the levy. Similarly, no levy is payable where the seller qualifies for an exemption under sections 7-10 of the Diamond Export Levy Act.

3.8 General Exemptions for Producers and Beneficiator

a) Exemptions provided under sections 7 to 10 of the Act apply to registered producers and diamond beneficiators who meet the prescribed conditions. The export of unpolished diamonds may be exempt from the levy where these conditions are satisfied.

b) SARS must assess each claim against the declared information and supporting documentation to verify compliance.

3.9 Exemptions based on Producer Classification and Categories

a) Diamond producers qualify for export levy exemptions depending on their size, based on their sales levels, how much they supply to local beneficiators, and whether they meet specific legal and procedural requirements.

b) Large producers qualify for exemption where:

- i) Gross sales exceed R3 billion;
- ii) At least 40% of gross sales are supplied to diamond beneficiators; and
- iii) An exemption under section 48A of the Diamond Export Levy Act granted in terms of sec 74.

c) Medium producers qualify for exemption where:

- i) Gross sales do not exceed R3 billion;
- ii) At least 15% of gross sales are supplied to diamond beneficiators;
- iii) Unsold unpolished diamonds are exempt from export levy; and
- iv) Unpolished diamonds are offered at the DEEC.

d) Small producers qualify for exemption where:

- i) Gross sales do not exceed R20 million and the producer operates independently;
- ii) Unsold unpolished diamonds are exempt from export levy; and
- ii) Unpolished diamonds are offered at the DEEC.

3.10 Assessments

a) Chapter 8 of the Tax Administration Act (TAA) prescribes the manner in which assessments must be raised, and, in terms of section 99 of the TAA, SARS must issue such assessments within the applicable limitation periods set out in legislation.

b) In the case of an original assessment by SARS, the assessment must be issued within three (3) years from the date thereof, whereas in the case of a self-assessment for which a return is required, it must be issued within five (5) years from the date of the original assessment, by way of self-assessment by the taxpayer or by SARS, where no return has been submitted.

c) In the case of a self-assessment for which no return is required, an assessment may be made within five (5) years from the date of the last payment of tax for the relevant tax period, or from the effective date where no payment has been made in respect of that tax period.

d) Notwithstanding the above, an assessment may be issued beyond the prescribed periods in certain circumstances. These include cases of additional or reduced assessments, or taxes for which no return is required, where the amounts or payments were made in accordance with the practice generally prevailing at the relevant time.

e) An assessment may also be issued in respect of a matter that has been resolved under Chapter 9 of the TAA.

3.11 Record Keeping

a) A registered person and any other person engaged in the importation or exportation of unpolished diamond(s) must keep for a period of five (5) years, from the date the documentation became valid, as proof of a transaction, in one (1) of the official languages, the records contemplated in Section 7 of the Diamond Export Levy (Administration) Act on his / her premises in SA or such other places as may be approved by the Commissioner.

b) A registered person who imports or exports unpolished diamond(s) must keep in the case of imported diamond(s), copies of the relevant clearance declaration, inclusive of all vouchers of corrections, bills of lading, airway bills or other transport documents, supplier's invoices, such other documents as contemplated in Section 101 and the Rules made there under and Kimberley Process Certificates relating to such an import.

c) In the case of exported diamonds:

   i) Copies of the relevant Customs Clearance Declaration (CCD), bills of lading, airway bills or other transport documents, supplier's invoices, notes of receipt or purchase in terms of Section 56 of the Diamond Export Levy Act, Kimberley Process Certificates, such other documents as contemplated in Section 101 made there under and any relevant documents or forms prescribed in the Diamonds Act, relating to the recording, sale, or registration of diamond(s) for export; and
   ii) Other documents relating to the levy status of an unpolished diamond(s) as the Commissioner or a Controller / Branch Manager may require.

3.12 Interest

a) Interest is payable on any outstanding amount, at a rate which the Minister of Finance determines in terms of Section 80(1)(b) of the Public Finance Management Act, 1999.

b) Interest on any outstanding amount will be calculated by the Commissioner, and a Notice of Assessment DL 243 will be issued, accompanied by a CEB 01.

3.13 Penalties

a) The Commissioner is responsible for administering the Diamond Export Levy (Administration) section 16(1A) in accordance with the provisions of the TAA. Administrative requirements and procedures for purposes of the performance of any duty, power or obligation or the exercise of any right in terms of the Diamond Export Levy (Administration) Act are, to the extent not regulated in the Act, regulated by the TAA.

b) Failure to adhere to the provisions of the Diamond Export Levy (Administration) Act, as set out in this document, is considered an offence.

c) Offences may render the permit/license holder liable to penalties, as provided for in the TAA. i.e.:

   i) Administrative non-compliance penalties;
   ii) Understatement penalties;
   iii) Other monetary penalties;
   iv) Criminal prosecution; and / or
   v) Suspension or cancellation of registration and/or license.

d) Administrative non-compliance penalties mean penalties imposed by SARS and excludes understatement penalties referred to in Chapter 16 of the TAA.

e) Section 210 of the TAA provides that non-compliance is failure to comply with an obligation that is imposed by or under a tax Act and is listed in a public notice issued by the Commissioner.

f) The non-compliance referred to in section 210, SARS must impose a fixed amount penalty as contained in Section 211 of the TAA.

g) In terms of Section 213 of the TAA, if SARS is satisfied that an amount of tax was not paid as and when required SARS must, in addition to any other 'penalty' or interest for which a person may be liable under this Chapter, impose a 'penalty' equal to the percentage of the amount of unpaid tax as prescribed in the TAA.

h) Section 221 of the TAA makes provision for understatement penalties in cases where there is a prejudice to the fiscus as defined in that section.

i) Currently no offences have been listed in a public notice issued by the Commissioner and only understatement penalties as defined in Section 221 may be lodged in addition to any interest due.

j) Sections 210 to 215 of the TAA outline the procedure for raising penalties.

3.14 Objection or Appeal

a) In terms of Chapter 9 of the Tax Administration Act, a taxpayer who is aggrieved by an assessment or a decision subject to objection and appeal may lodge a Notice of Objection using the prescribed form (generally the NOO via eFiling, or ADR1 for specific cases). The objection must be submitted within 80 business days from the date of the assessment, decision, or the provision of reasons, as applicable.

b) The client's obligation to pay any amount due is not suspended by any objection or appeal. However, SARS will consider a motivated application for the suspension of payment pending the finalisation of an objection or appeal as stipulated in the TAA.

4. REFERENCES

4.1 Legislation

TYPE OF REFERENCE	REFERENCE
Legislation and Rules administered by SARS:	**Customs and Excise Act. No. 91 of 1964**: Section 59A and 119A **Customs and Excise Rules**: Rule 59A and 119A.R101A(10)(d) **Value Added Tax Act No. 89 of 1991** **Tax Administration Act, 2011** Section 3,210 to 215 Chapter 9 and 16
Other Legislation:	**Diamond Export Levy (Administration) Act No. 14 of 2007:** Sections 1 to 21 **Diamond Export Levy (Administration) Act No. 14 of 2007:** Rules 1.01 – 15.01 **Diamond Export Levy Act No. 15 of 2007:** Sections 1 to 15 **Diamond Export Levy Act No. 15 of 2007:** Rules 1.01 – 11.01 **Diamonds Act No. 56 of 1986:** Sections 26 (e) and (h), 48(A), 56, 59B, 61(2), 64A, 69B and 74 **Mineral and Petroleum Resources Development Act No. 28 of 2002:** Sections 19, 25 and 27 **Public Finance Management Act, 1999** - Section 80(1)(b)
International Instruments:	**Kimberley Process Certification Scheme** **Kyoto Convention Specific Annex B**: Chapter 1 – Clearance for Home Use Standard 1, Chapter 2 – Re-importation in the Same State Standards 1 – 9 and 11 – 14, Specific Annex C: Chapter 1 – Outright exportation Standard 1, Specific Annex G: Chapter 1 – Temporary admission Standards 1 -3, 5 – 7, 11, 13, Recommended Practice 14, Standards 17 – 18, Recommended Practice 19

4.2 Cross References

DOCUMENT #	DOCUMENT TITLE
GEN-PAYM-01-G01	SARS Payment Rules – External Guide
SE-ACC-05	Submission of Accounts / Returns – External Policy
SE-ACC-08	Declaration and Return Submission via eFilling – External Guide
SE-BON-02	Bonds – External Policy
SE-LR-02	Licensing and Registration – External Policy
SE-PAY-02	Prescribed Payment Rules – External Policy

SE-REF-02	Refunds – External Policy
SC-CF-41	Formalities for Unpolished Diamonds – External Policy
SE-DEL-03-M01 – DL 163	Diamond Export Levy Return – External Manual

4.3 Reference to Role, Functional Area, or Division

Where an organisational structural change occurs with or without modifications, any reference in this document to a role, functional area, or division under the former organisational structure, unless the contrary intention appears, shall be construed to be a reference to that role, functional area, or division under the new organisational structure.

5. DEFINITIONS AND ACRONYMS

Link for centralised definitions, acronyms, and abbreviations: Glossary A-M | South African Revenue Service (sars.gov.za)