



TOBACCO

Effective Date: 19 December 2025

TABLE OF CONTENTS

1	PURPOSE	3
2	POLICY STATEMENT	3
2.1	Liability for duty	3
2.2	Type of warehouse and activities allowed in the Tobacco industry	3
2.2.1	Manufacturing Warehouse (VM)	3
2.2.2	Special Storage Warehouse (SOS)	3
2.3	Production of tobacco products	4
2.4	Product counters on cigarette production lines	4
2.5	Completion of the Excise account (DA 260)	5
2.6	Assessment of Excise duty	6
2.6.1	Measure of dutiable quantity	6
2.6.2	Rate of duty	6
2.6.3	Calculation of duty	6
2.6.4	Duty Paid transactions	7
2.6.5	Non Duty Paid transactions	7
2.7	Duty paid returns from the local market	8
2.8	Controlled tobacco products entrance quantity - Anti-forestalling provisions	9
2.9	Reprocessing, Destruction or Abandonment	10
2.10	Set-off	10
2.11	Penalties	10
2.12	Reporting	11
2.13	Keeping of records	11
3	REFERENCES	12
3.1	Legislation	12
3.2	Cross References	12
3.3	Reference to Role, Functional Area, or Division	12
4	DEFINITIONS AND ACRONYMS	13

Effective Date: 19 December 2025

1 PURPOSE

- a) This policy describes the tobacco industry requirements and activities permitted in terms of the Customs and Excise Act of 1964.
- b) This policy applies to the Tobacco Manufacturers.

2 POLICY STATEMENT

2.1 Liability for duty

- a) Uncut tobacco leaf is not regarded as an Excisable product but becomes Excisable once the leaf is cut (cut-rag) and is then classified either as cigarette tobacco or pipe tobacco.
- b) The liability for Excise duty in the tobacco industry is assessed and collected on a Duty at Source (DAS) basis.
- c) The tobacco products and substitutes thereof are liable for payment of Excise duty in South Africa (SA) as described in Schedule 1 Part 2A. The tobacco products include:
 - i) Cigarette tobacco;
 - ii) Pipe tobacco;
 - iii) Cigarettes;
 - iv) Cigars; and
 - v) Any product used as a substitute for any of the above products.
- d) The products manufactured in the Southern African Customs Union (SACU) to be used as a substitute for cigarette tobacco, pipe tobacco, cigarettes or cigars will be classified under the tariff item of that specific tobacco product it is substituting.
- e) In terms of the SACU agreement, the governments of South Africa, Botswana, eSwatini Lesotho and Namibia (BELN) agreed, amongst other things, to broadly apply the same Excise duty principles in order to reduce trading and compliance costs for businesses within the SACU.

2.2 Type of warehouse and activities allowed in the Tobacco industry

2.2.1 Manufacturing Warehouse (VM)

- a) The following activities and movements may take place in a tobacco product manufacturing warehouse (VM):
 - i) Manufacture of tobacco products;
 - ii) Duty paid removals to the local market;
 - iii) Bonded removals to Customs and Excise warehouses [Manufacturing Warehouse and Special Storage Warehouse (SOS)];
 - iv) Exports; and
 - v) Rebated removals.

2.2.2 Special Storage Warehouse (SOS)

- a) The tobacco products warehoused in a Special Storage Warehouse (SOS) may not without written approval from the Commissioner for the South African Revenue Service (SARS) be sold / removed to the local SACU market. Products stored in such a warehouse is intended solely for export / eventual consumption outside the SACU.
 - i) SOS licensed for export:
 - A) Exporter of tobacco products must apply for a SOS license for the sole purpose of exporting to countries outside the SACU.

Effective Date: 19 December 2025

- B) The following activities and movements may take place:
 - I) Exports; and
 - II) Rebated removals.
- ii) SOS licensed as a Duty Free Shop and / or Ship / Aircraft Chandler:
 - A) **The** owners of Duty Free Shops and Ship / Aircraft Changers **must** apply for a SOS license for the sole purpose of supplying Duty Free Shops and / or ships / aircraft changers with tobacco products.
 - B) The following activities and movements may take place:
 - I) Duty free sales to diplomats and other diplomatic personnel;
 - II) Foreign-going travellers;
 - III) Stores for foreign-going ships; and
 - IV) Aircraft.
 - V) Bonded removals to other Customs and Excise SOS's licensed as Duty Free Shops and / or Ship's / Aircraft Changers;
 - VI) Bonded removals to licensed Duty Free Shops and / or Ships / Aircraft Changers;
 - VII) Exports; and
 - VIII) Rebated removals.

2.3 Production of tobacco products

- a) In terms of Section 44(2), tobacco products become Excisable when they attain their essential character, which is when the tobacco is in such a condition that it is capable of being used for smoking purposes.
- b) The basic raw material / product used for the manufacture of tobacco is uncut tobacco leaf, which is not regarded as an Excisable product.
- c) Tobacco leaf becomes Excisable once the leaf is cut (cut-rag) and is then classified either as cigarette tobacco or pipe tobacco.
- d) Cigarette tobacco means any tobacco cut into strips less than one (1) mm in width or any cut tobacco described or offered for sale as tobacco for making into cigarettes.
- e) Pipe tobacco means any tobacco cut into strips of one (1) mm in width or more or any tobacco described or offered for sale as tobacco for smoking in a pipe.
- f) Any product created for smoking purposes by wrapping tobacco in paper or in any other material (excluding tobacco leaf) is regarded as a cigarette.
- g) Any product created for smoking purposes by wrapping tobacco in tobacco leaf is regarded as a cigar.

2.4 Product counters on cigarette production lines

- a) The licensee of a manufacturing warehouse for the manufacture of cigarettes shall calculate the quantities of all cigarettes manufactured in the warehouse by means of a functional product counter on each cigarette-packaging machine.
- b) The licensee shall for the purpose of the above paragraph:
 - i) Ensure that a product counter is installed and maintained on each cigarette-packaging machine according to the specification of the manufacturer of such cigarette-packaging machine and the manufacturer of such product counter respectively;
 - ii) Ensure that a device is installed and maintained for the recording of data for each product counter on the quantities of all cigarettes manufactured;
 - iii) Seal any inoperative cigarette-packaging machine or cigarette production line with a tamper-proof security seal under the supervision of an Excise Officer;
 - iv) Conserve any security seal and only allow the seal to be removed and replaced under the supervision of an Excise Officer;
 - v) Bear the cost of installing and maintain any product counter and data recording device; and
 - vi) Bear the cost of installing and conserving any security seal.

Effective Date: 19 December 2025

- c) The licensee shall comply with the provisions mentioned in paragraph (b) above:
 - i) Within thirty (30) days after the commencement of Rule 110;
 - ii) Within thirty (30) days after the acquisition of any operative cigarette-packaging machine after the commencement of Rule 110; or
 - iii) Within an alternative period, the Commissioner may allow upon a request in writing from such licensee.

2.5 Completion of the Excise account (DA 260)

- a) The Excise account (DA 260) is the summarising document reflecting all production figures, stock figures and movements of bonded tobacco products, as well as the amount of Excise duty payable, in respect of the accounting period.
- b) The DA 260 must be completed in full with all the applicable Excise account schedules attached for that specific accounting period and type of warehouse.
- c) All columns and boxes on the DA 260 and account schedules must be completed.
- d) If any column is not required for that specific accounting period, the column must be crossed out by drawing a diagonal line across the face thereof, starting from the top left corner of the first box to the bottom right corner of the last box and writing "N/A" (Not Applicable) in the middle thereof.
- e) If there is no figure to be declared for a specific box in a column applicable for that specific accounting period, it must be indicated by declaring "0.00" in that box.
- f) If any schedule is not required for that specific accounting period, the applicable schedule does not have to be completed.
- g) A separate supporting schedule DA 260.04A (Itemised list of Non-Duty Paid Removals) must be used per each type of removal as indicated on the Excise account schedule DA 260.04 (Summary of Non-Duty Paid Removals).
- h) Provided that the schedule DA 260.04 (Summary of Non-Duty Paid Removals) is completed in full; and, the total for a specific removal type is declared as "0.00"; a supporting schedule DA 260.04A (Itemised list of Non-Duty Paid Removals) for that specific removal type, for that specific accounting period, will not be required.
- i) Each schedule to the DA 260 also serves as a continuation sheet for that specific schedule.
- j) A licensee may elect, to compile a schedule of receipts / removals, approved by the local Controller / Branch Manager, listing all the relevant receipts / removals and supporting documents pertaining to the specific account schedule and attach that schedule of receipts / removals to the applicable account schedule. In this case, only the total of the schedule of receipts / removals must be reflected in the appropriate block on the prescribed Excise account schedule.
- k) The date of submission will be the date that a licensee submits a fully and properly completed Excise Duty and Levy return (EXD 01).
- l) Manufacturing warehouse (VM):
 - i) All licensees of VM's must submit an EXD 01, monthly, to the local Controller / Branch Manager in whose area the warehouse is licensed.
 - ii) The VM DA 260 for tobacco products consists of the following:
 - A) DA 260.01 Excise Account Schedule Production;
 - B) DA 260.02 Excise Account Schedule Receipts from Customs and Excise Warehouses;
 - C) DA 260.03 Excise Account Schedule Returns of Duty Paid Stock;
 - D) DA 260.04 Excise Account Schedule Summary of Non-Duty Paid Removals; and

Effective Date: 19 December 2025

- E) DA 260.04A Excise Account Schedule Itemised list of Non-Duty Paid Removals. A separate supporting schedule form must be used per removal type.
- m) Special Storage Warehouse (SOS):
- i) All licensees of SOS's, except such SOS licensed as Duty Free Shops and / or Ship / Aircraft Chandlers, must submit an EXD 01, per calendar quarter, to the local Controller / Branch Manager in whose area the warehouse is licensed.
 - ii) The SOS DA 260 for tobacco products consists of the following:
 - A) DA 260.02 Excise Account Schedule Receipts from Customs and Excise Warehouses;
 - B) DA 260.04 Excise Account Schedule Summary of Non-Duty Paid Removals; and
 - C) DA 260.04A Excise Account Schedule Itemised list of Non-Duty Paid Removals. A separate supporting schedule form must be used per removal type.

2.6 Assessment of Excise duty

2.6.1 Measure of dutiable quantity

- a) The dutiable quantity of Excise duty on cigarettes (“sticks”) is assessed on the total quantity, expressed in number of cigarettes, of product removed to the local Southern African Customs Union (SACU) market per accounting period.
- b) The dutiable quantity of Excise duty on, cigarette tobacco, pipe tobacco and cigars is assessed on the total weight, expressed in kilograms rounded to the second decimal point of product removed to the local SACU market per accounting period; i.e. where the third decimal point is less than .005 it is rounded down to .00 and where the third decimal point is .005 or more, it is rounded up to .01.
- c) For purposes of assessing the relevant Excise duty, the South African Revenue Service (SARS) will accept the indicated quantity [number of cigarettes (“sticks”) / weight] per container, declared on the commercial invoice, delivery note or similar document issued in relation to each batch and / or consignment of tobacco products removed to the local market from the VM.
- d) It is the responsibility of the licensee to monitor and control the filling of packages / containers to ensure that over / under filling is prevented.
- e) If it is established that there is a difference between the declared quantities / weight per container and the actual figures, Excise duty will be payable on the actual quantity / weight removed.

2.6.2 Rate of duty

- a) The rate of duty to be used for the purpose of calculation of Excise duty for tobacco products is the relevant rate of duty in terms of Schedule 1 Part 2A at time of entry for local (SACU) consumption.
- b) This could be at time of removal from the VM warehouse.

2.6.3 Calculation of duty

- a) The Excise duty payable on cigarettes (CIGS) is calculated using the following formula:
 - i) Total quantity (number) x relevant rate of duty = Excise duty payable.
- b) The rate of duty is expressed in units of ten (10) cigarettes.
- c) The Excise duty payable on cigarette tobacco (CTOB), pipe tobacco (PTOB) and cigars (CGAR) is calculated using the following formula:
 - i) Bulk weight (kilogram) x relevant rate of duty = Excise duty payable.

Effective Date: 19 December 2025

2.6.4 Duty Paid transactions

- a) Removals of locally manufactured tobacco products duty paid for consumption in the SACU is allowed only from the VM.
- b) No relief of duty (rebate or refund) exists for losses incurred after duty paid on tobacco products have left the VM.

2.6.5 Non Duty Paid transactions

- a) Tobacco products may be removed ex warehouse without payment of Excise duty in the following instances:
 - i) When tobacco products are removed in bond to other licensed warehouses within the SACU;
 - ii) When tobacco products are entered under full rebate of duty; and / or
 - iii) When tobacco products are exported to countries outside the SACU.
- b) Bonded movements - Tobacco products may be removed ex a licensed warehouse in bond without payment of duty (i.e. duty suspension) to another licensed tobacco product warehouse in the SACU.
- c) Movements between VM's - Bonded movements of tobacco products between VM's are allowed for the purposes of further manufacturing and / or re-packing only.
- d) Movements between VM's and SOS's - Bonded movements of tobacco products between VM's and SOS's will only be allowed for the following specified purposes:
 - i) Supply to Duty Free Shops and Ship / Aircraft Chandlers;
 - ii) Storage for supply to Duty Free Shops and Ship / Aircraft Chandlers; and
 - iii) Storage for export of such tobacco products.
- e) Movements between SOS's - Bonded movements of tobacco products between SOS's will only be allowed for the following specified purposes:
 - i) Supply of tobacco products to Duty Free Shops and Ship / Aircraft Chandlers; and
 - ii) Storage for export of such tobacco products.
- f) Movements to BELN countries:
 - i) Bonded movements of tobacco products will be allowed from licensed warehouses in South Africa (SA) to licensed warehouses within the Republic of Botswana, Kingdom of eSwatini (Swaziland), the Republic of Lesotho, and the Republic of Namibia (BELN) countries.
 - ii) The consignor must submit a duly completed clearance declaration with purpose code E 45-47 to the Controller / Branch Manager prior to removal of the consignment of bonded products from his / her premises.
 - iii) All other non-rebated movements of tobacco products from SA to the BELN countries will be on a duty paid basis.
- g) Movements from BELN countries:
 - i) Bonded movements of tobacco products will be allowed from licensed warehouses within the BELN countries to licensed warehouses in SA.
 - ii) For all other movements of tobacco from these countries, proof of payment of Excise duty must be submitted at the port of entry into SA.
- h) Rebated movements:
 - i) Tobacco products entered under rebate of duty must be used for the purpose described in the provisions of the specific Rebate Item under which it is entered.
 - ii) The most common rebates applicable to the tobacco products industry are rebates for:
 - A) Manufacturing losses;

Effective Date: 19 December 2025

- I) Rebate Item 624.30. Excisable goods in a Customs and Excise manufacturing warehouse and Excisable goods in the process of manufacture and removed from one (1) Customs and Excise manufacturing warehouse to another such warehouse, unavoidably lost in the manufacturing process or through working, pumping, handling and similar causes or through natural causes, to such extent as the Commissioner deems reasonable, may be entered under rebate of duty subject to production of proof that such goods did not enter into consumption.
- II) The manufacturer must be able to show the actual quantity / weight of tobacco product lost during normal manufacturing processes from his / her normal commercial records.
- III) In considering the reasonableness of the loss applied for, regard should be had to the level of manufacturing losses ordinarily incurred by the client (e.g. manufacturing and packaging operations) and, where appropriate, to industry norms.
- B) *Vis Major* losses - Incurred in a licensed warehouse or in transit between licensed warehouses or for export, may be allowed under rebate of duty (Rebate Item 624.50), but not before each individual application in writing for such rebate of duty has been approved by the Commissioner for the SARS.
- C) Destructions:
 - I) Licensees may apply (in terms of Rebate Item 624.40) to the Controller / Branch Manager for the destruction of Excisable bonded tobacco products in instances where a specific consignment of tobacco product has lost all commercial value or sale of the specific consignment could be harmful to the industry.
 - II) If, however, the specific consignment still has commercial value and the sale of the specific consignment will not be harmful to industry, the Controller / Branch Manager may insist on the licensee abandoning the consignment to the SARS for subsequent sale or other application by the SARS in order to recover the monetary value of the relevant Excise duty.
- D) Excisable goods on which the duty has been paid for use in the manufacture of other goods - upon export of such manufactured goods in terms of Rebate Item 624.10.
- E) Tobacco used in the manufacture of cigarettes is obtained under full rebate of duty in terms of Rebate Item 624.20. Such tobacco is transferred to the tariff item for cigarettes and the new manufactured product then becomes accountable for Excise purposes under that specific tariff item.
- F) Tobacco products removed for re-processing or destruction is obtained under full rebate of duty in terms of Rebate Item 622.21. After compliance to the specific provisions of this Rebate Item, the duty originally paid may then be deducted / set-off from the duty due on the EXD 01.

i) Exports

- i) Export of tobacco products to destinations outside the SACU will be allowed under rebate of duty and will be deemed to be duly exported / acquitted only if the prescribed proof of export (original customs endorsed copy of the processed export clearance declaration with procedure code H 68-47 / F 52-47, original signed bill of lading, airway bill, rail note or road manifest) is obtained by the licensee and submitted to the Controller / Branch Manager within thirty (30) days after the export clearance declaration was entered.
- ii) Failure by the licensee to submit such proof of export, within thirty (30) days after the date of processing of the export clearance declaration, will render the licensee liable for payment of the relevant Excise duty.
- iii) Locally manufactured tobacco product exported ex a Customs and Excise warehouse and thereafter brought back (re-imported) by the exporter and re-entered into that warehouse, without having been subjected to any process of manufacture or manipulation and without a permanent change in ownership having taken place, may be allowed free of Customs duty in terms of the conditions set out in Rebate Item 409.06.

2.7 Duty paid returns from the local market

- a) Tobacco products and tobacco substitute products which are off-specification or have undergone post-manufacturing deterioration or have become contaminated may only be reprocessed or destroyed in a

Effective Date: 19 December 2025

Customs and Excise manufacturing warehouse (VM) where the Excise duty is not less than R25 000 on any quantity found to be off-specification or that has undergone post-manufacturing deterioration or which has become contaminated within a period of twelve (12) months after removal from such warehouse and such goods are returned to such warehouse within such period.

- b) The provisions of Rebate Item 622.21 shall apply in respect of tobacco products or tobacco substitute products:
- i) In the case of cigarettes, if the cigarettes are returned in the originally sealed outer containers containing at least 9 000 cigarettes; and / or
 - ii) In the case of other tobacco products or tobacco substitute products, if such products are returned in the originally sealed outer containers used for wholesale or similar trade packing.
 - iii) Any such application shall be supported by a credit note in respect of the products concerned (Refer to Note 4(a)(ii)(bb) to Section E of Schedule 6).
 - iv) If the Commissioner approves the application, any tobacco products or tobacco substitute products returned shall be:
 - A) Kept intact and entirely separate from any other goods or materials until they have been examined and identified by an Officer; and
 - B) Unpacked where applicable, and transferred to and mixed with stocks of materials for processing, under supervision of an Excise Officer; or
 - C) Destroyed under supervision of an Excise Officer.
- c) A licensee of a Customs and Excise manufacturing warehouse to which such products are returned for reprocessing or destruction must keep a record which includes at least the following:
- i) A detailed description of the goods received including the applicable tariff item;
 - ii) The quantity received;
 - iii) The date of receipt;
 - iv) The name or registered business name (if any) and the physical address of the person from whose premises the products concerned were returned; and
 - v) The delivery note under cover of which such products were returned.
- d) The tobacco products / substitutes so returned must be recorded and accounted for as bonded stock per the EXD 01.

2.8 Controlled tobacco products entrance quantity - Anti-forestalling provisions

- a) **Duty forestalling is the practice of entering excisable goods for home consumption in quantities exceeding the quantities determined during a period leading up to an anticipated increase in the rate of excise duty, thereby avoiding the payment of the increased rate of duty.**
- b) **In order to combat duty forestalling the quantities of excisable goods that may be entered for home consumption are limited during a controlled period. Using the following formula.**
- i) **Allowable quantities of excisable goods to be entered for home consumption during a controlled period $AQ = \{(TQ + Y) + 2\% (TQ + Y)\} \times CP$**
 - A) TQ – The total quantity of such goods which that manufacturer or importer entered for home consumption during the period represented by Y.**
 - B) Y - is the number of days from 1 December of the previous year to 30 November (365 days) of the current year during which that manufacturer or importer entered such goods for home consumption.**
 - C) 2% is an allowance for additional growth in the market.**
 - D) CP is 90 days.**
 - ii) **A controlled period is a period starting on 1 December of any year or 90 days prior to Budget day.**
- c) **Anti-forestalling only applies to locally manufactured and imported cigarettes of tariff subheadings 2402.20 and 2402.90.2.**

Effective Date: 19 December 2025

- d) No person may during the controlled period enter excisable goods for home consumption in excess of the quantities as the formula except in unforeseen circumstances subject to SARS approval.
- e) The new entrants must apply to SARS prior to the beginning of the controlled period for approval of the allowable quantity of excisable goods that may be entered for home consumption.
- f) The new entrants and a person that requires approval to enter a quantity of excisable goods for home consumption in excess of the allowable quantity must apply in writing using SE-TOB-01-A03 - Application For New Entrants and In Excess Cigarette Allowable Quantity - External Annexure to the Excise Office serving the area where the applicant's operations carried out.

2.9 Reprocessing, Destruction or Abandonment

- a) The client must apply in writing to the Controller / Branch Manager for the reprocessing, destruction or abandonment of product of which application must at least contain the following information:
 - i) Must be on a company letter head;
 - ii) Power of attorney (if applicable);
 - iii) Which Rebate Item is applied for;
 - iv) Product applicable;
 - v) Quantity/litres;
 - vi) Indemnity letter (indemnifying SARS of any civil claim) (if applicable);
 - vii) Rate of duty applicable;
 - viii) The reason why the application is made;
 - ix) The method that will be used to destroy the product (if applicable);
 - x) The date on which the product will be reprocessed or destroyed;
 - xi) State the location of the goods; and
 - xii) All relevant supporting documentation.

2.10 Set-off

- a) For the purpose of Section 75(11A), the licensee of the VM must produce proof of the rate of Excise duty paid or payable on the products for **reprocessing or destruction** in accordance with the provisions of Rebate Item 622.21.
- b) If the licensee of the VM is unable to produce such proof, the duty on any quantity so returned, shall be calculated for refund purposes at the **lowest** rate of Excise duty levied in terms of this Act on such products during a period of twelve (12) months prior to the date of the examination.
- c) The licensee of the VM may, after reprocessing or destruction of the products concerned, and on accounting for the goods reprocessed in the monthly account, prescribed in the rules for Section 19A, set-off as contemplated in Section 77, any amount duly refundable against the amount payable on any such account (EXD 01) during a period of two (2) years after receipt of the goods for reprocessing or destruction, as the case may be.
- d) The rand amount to be set off shall be calculated in the following manner:

$\text{Quantity returned (number and / or kilograms)} \times \text{rate of duty (determined as above)} = \text{Duty to be set-off.}$
--

- e) This amount must then be subtracted from the duty due on the EXD 01.

2.11 Penalties

- a) Failure to adhere to the provisions of the Act as set out in this document, is considered an offence.
- b) Offences may render the client liable to the following, as provided for in the Act:

Effective Date: 19 December 2025

- i) Monetary penalties;
 - ii) Criminal prosecution; and/ or
 - iii) Suspension or cancellation of registration, license or accreditation.
- c) **The sum to be deposited in circumstances in respect of contravention of or failure to comply with:**
- i) **Section 58A(3) is R15 000 or double the Excise duty payable on the goods cleared in excess of the allowable quantity, whichever is the greatest.**
 - ii) **Rule 58A.07(a) or (b) is R8000.**

2.12 Reporting

- a) The licensee shall record and report to the Commissioner:
- i) Annually, the layout in the warehouse of each product counter and its data recording device per cigarette-packaging machine per cigarette production line.
 - ii) Daily, the readings of each product counter and its data recording device per cigarette-packaging machine per cigarette production line and per cigarette production run.
 - iii) Immediately upon occurrence, the:
 - A) Resetting, deactivation or malfunction of any product counter or data recording device;
 - B) Deactivation or malfunction of any operative cigarette-packaging machine or cigarette production line;
 - C) Breach or malfunction of any security seal;
 - D) Activation of any inoperative cigarette-packaging machine or cigarette production line;
 - E) Alteration of any cigarette-packaging machine or cigarette production line that impacts on any product counter or data recording device; or
 - F) Acquisition, installation, sale or removal of any cigarette-packaging machine or cigarette production line; and
 - G) Retain the records available for inspection by the Commissioner for a period of five (5) years calculated from the end of the calendar year in which any such records were created.
- b) If, for any reason, the quantities of all cigarettes manufactured cannot be determined as prescribed in paragraph 2.12 a) above, the licensee may request approval in writing from the Commissioner for an alternative methodology to be used.

2.13 Keeping of records

- a) The licensee of a VM must keep records of:
- i) Raw materials received, used in the production process, and / or removed;
 - ii) Yield from raw materials;
 - iii) Production;
 - iv) Stock on hand;
 - v) Receipts of bonded product;
 - vi) Removal of bonded product;
 - vii) Removal of rebated product;
 - viii) Removal for home consumption;
 - ix) Returns of duty paid stock; and
 - x) Exports.
- b) The licensee of a SOS must keep records of:
- i) Stock on hand;
 - ii) Receipts of bonded product;
 - iii) Removal of bonded product;
 - iv) Removal of rebated product; and
 - v) Exports.

Effective Date: 19 December 2025

- c) A licensee may keep electronic records if it can be readily converted into paper copies and made available to SARS when required / requested.
- d) For purposes of this Act, the retention period for all excise related documents (prescribed Customs and Excise documents as well as relevant trader's commercial and financial records) is five (5) years, subject to the provisions of Rule 60.08(2)(a)(i).
- e) Every **tobacco grower and tobacco leaf dealer** shall:
 - i) Keep records in respect of:
 - A) Each receipt of tobacco leaf product, including the name, address and Customs and Excise client number of the supplier;
 - B) The date, volume, value and detailed description of each such receipt of tobacco leaf product;
 - C) The tobacco leaf processing carried out in respect of each such receipt of tobacco leaf product;
 - D) The person on whose behalf such tobacco leaf processing was carried out, including the name, address and Customs and Excise client number of such person;
 - E) Each supply of tobacco leaf product, including the name, address and Customs and Excise client number of the recipient; and
 - F) The date, volume, value and detailed description of each such supply of tobacco leaf product.
 - G) **Any information used for calculating the allowable quantity, as well as calculations done in respect of such allowable quantity.**
 - H) **Any information used for the purposes of obtaining an increase of allowable quantity.**
 - I) **The quantity of excisable goods entered for home consumption during a specified controlled period.**
 - J) **Any information used for purpose of obtaining approval of allowable quantity.**
 - ii) Retain such records and the documents in support thereof, available for inspection by the Commissioner for a period of five (5) years calculated from the end of the calendar year in which any such record was created.

3 REFERENCES

3.1 Legislation

TYPE OF REFERENCE	REFERENCE
Legislation and Rules administered by SARS:	Customs and Excise Act No. 91 of 1964: Sections 18, 18A, 19, 19A, 20(4), 27, 35A, 54, 59A, 64D, 75(11A), 77, 107A, 110, 119A and 120 Customs and Excise Rules: 18.01 to 18.14, 18A.01 to 18A.08, 19.01 to 19.07, 19A, 19A.1, 19A.08, 20.14, 20.17, 27.01 to 27.13, 35A, 54.01, 54.02, 59A.01(a), 60.08(2)(a)(i) and 64D.01(1) to 64D.19, 107A.01(c), 110.01 to 110.06 and 119A.R101A(10)(d) Customs and Excise Tariff: Schedule 1 Part 2A Tax Administration Act No. 28 of 2011: Sections 215 to 220 and 224
Other Legislation:	None
International Instruments:	None

3.2 Cross References

DOCUMENT NUMBER	DOCUMENT TITLE
SC-DT-C-13	Refunds and Drawbacks - External Policy

3.3 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.

4 DEFINITIONS AND ACRONYMS

Allowable quantity	The quantity of such goods that may be entered for home consumption during a controlled period.
Current year	The year in which the allowable quantity must be determined and controlled period starts in anticipation of the increase in the rate of Excise duty on Budget Day of the following year.
Budget Day	The date of the annual budget contemplated in the Public Finance Management Act.
New entrant	A manufacturer or an importer of such goods who starts entering such goods for home consumption 30 days or less before the start of a controlled period.
Ad Valorem	A Latin term meaning: "on the value"
BELN	The Republic of Botswana; The Kingdom of eSwatini (Swaziland); The Kingdom of Lesotho; and The Republic of Namibia.
Cigarette production line	Any sequence or combination of machines used in the manufacture of cigarettes.
Commercial sale	A sale made by a vendor (including a manufacturer) in the normal run of business, with the intention of making a profit.
DAS	Duty At Source – Assessment of duty and levies at the time when fuel and other excisable products except wine is removed from the manufacturing warehouse.
Duty Free Shops	These shops or stores are retail outlets that are exempt from the payment of certain local or national taxes and duties on the following requirements i.e.: That the goods sold will be sold to travellers who will take them out of the country; or Only persons who are accredited by the Department of International Relations and Cooperation (DIRCO) that are in possession of a valid Diplomatic or Consular identity card may enter and purchase goods duty free.
Excisable Goods	Any goods specified in Part 2 of Schedule 1, imported into or manufactured in SA.
Licensees	Any person licensed under any provision of the Act.
Manufacturing	a) In the discretion of the Commissioner, any process – i) in the manufacture or assembly of any excisable goods, environmental levy goods, fuel levy goods or Road Accident Fund levy goods; ii) in the conversion of any goods into excisable goods, environmental levy goods, fuel levy goods or Road Accident Fund levy goods; iii) whereby the dutiable quantity or value of any imported goods specified in Section B of Part 2 of Schedule 1, Excisable goods, environmental levy goods, fuel levy goods or Road Accident Fund levy goods is increased in any manner; iv) in the recovery of excisable goods, environmental levy goods, fuel levy goods or Road Accident Fund levy goods from Excisable goods or any other goods; v) in the packing or measuring off of any imported goods specified in Section B of Part 2 of Schedule 1, Excisable goods, environmental levy goods or Road Accident Fund levy goods; or

Effective Date: 19 December 2025

	<ul style="list-style-type: none"> vi) in the generation of electricity liable to environmental levy; or b) Any process as may be prescribed in any Part of Schedule 1 wherein such duty or levy is specified; or c) Any other process in respect of goods contemplated in paragraph (a) that the Commissioner may prescribe by rule.
Production of Tobacco products	The production of tobacco products for commercial sale may include production processes and operations such as threshing where the leaves are separated from the stems, mixing of the stems with the lamina (soft part of the leaf), cutting of the tobacco into thin strips of equal thickness, mixing into the correct ratio and drying after which it is ready for sale or used in the manufacture of cigarettes and cigars.
SACU	<ul style="list-style-type: none"> a) The Southern African Customs Union, consisting of: <ul style="list-style-type: none"> i) The Republic of South Africa; ii) The Republic of Botswana iii) The Kingdom of eSwatini (Swaziland); iv) The Kingdom of Lesotho; and b) The Republic of Namibia.
Schedule 1 Part 2A	Specific Excise Duties on locally manufactured or on imported goods of the same class or kind.
Tobacco grower	Any person who engages in the farming of tobacco leaf product.
Tobacco leaf dealer	Any person who engages in the storing, processing or transacting of tobacco leaf product, excluding the farming thereof.
Tobacco leaf processing	Any preliminary, intermediate or supplementary process in connection with tobacco leaf product, including the drying and threshing thereof.
Tobacco leaf product	Tobacco not stemmed or stripped, tobacco partly or wholly stemmed or stripped, or tobacco refuse.
Tobacco not stemmed or stripped	Tobacco classified under tariff subheading 2401.10 of Section IV of Part 1 of Schedule No. 1
Tobacco partly or wholly stemmed or stripped	Tobacco classified under tariff subheading 2401.20 of Section IV of Part 1 of Schedule No. 1
Tobacco refuse	Tobacco classified under tariff subheading 2401.30 of Section IV of Part 1 of Schedule No. 1