CUSTOMS AND EXCISE ACT, 1964.
AMENDMENT OF SCHEDULE NO. 3 (NO. 3/1/762)

In terms of section 75 of the Customs and Excise Act, 1964, Part 1 of Schedule No. 3 to the said Act is hereby amended**, with effect from 1 January 2027,** to the extent set out in the Schedule hereto.

ENOCH GODONGWANA
MINISTER OF FINANCE

SCHEDULE

By the deletion of the following:

Rebate Item	Tariff Heading	Rebate Code	CD	Description	Extent of Rebate
320.01	8302.42.90	01.08	84	Base metal mountings, fittings and similar articles suitable for furniture, other, for use in the manufacture of furniture classifiable in tariff headings 94.01, 94.03 and mattress supports of subheading 9404.10	Full duty

By the insertion of the following:

Rebate Item	Tariff Heading	Rebate Code	CD	Description	Extent of Rebate
320.01	8302.42.9	01.07	79	Base metal mountings, fittings and similar articles suitable for furniture, other, for use in the manufacture of furniture classifiable in tariff headings 94.01, 94.03 and mattress supports of subheading 9404.10	Full duty

By the substitution of the following:

Rebate Item	Tariff Heading	Rebate Code	CD	Description	Extent of Rebate
317.04	**INDUSTRY: SPECIFIED MOTOR VEHICLES (PHASE II)** **NOTES:** **This item and the Notes thereto provide for the implementation of the Automotive Production and Development Programme Phase II (APDP Phase II) introduced by the International Trade Administration Commission of South Africa (ITAC).** **1. Acronyms and definitions** **For the purpose of this item, the following acronyms and definitions will have the meaning assigned to them in this note:** **1.1 Acronyms** **APDP - Automotive Production and Development Programme** **CSP - Company Specific Percentage** **EV's - refer to battery electric vehicles, fuel-cell electric vehicles and alternate electric vehicles that are zero carbon emission** **ITAC - The International Trade Administration Commission of South Africa** **NEV - refers to zero or low-emissions vehicles, which include battery-electric vehicles, plug-in hybrid electric vehicles, hybrid vehicles, fuel-cell electric vehicles and green synthetic fuel combustion engines** **OEM - Light motor vehicle manufacturer registered in terms of Note 1 to Chapter 98 of Schedule No.1 to the Customs Act** **PRC - Production Rebate Certificate** **PRCC - Production Rebate Credit Certificate** **SACU - Southern African Customs Union** **SARS - South African Revenue Service** **VAA - Volume Assembly Allowance** **VALA - Volume Assembly Localisation Allowance** **VAT - Value-Added-Tax**				

By the substitution of the following: (continued)

Rebate Item	Tariff Heading	Rebate Code	CD	Description	Extent of Rebate
				1.2 Definitions **"automotive tooling" means-** **(a) dies for drawing or extruding metal, of subheading 8207.20;** **(b) tools for pressing, stamping or punching, of subheading 8207.30;** **(c) work holders of subheading 8466.20;** **(d) assembly jigs and assembly lines, of subheading 8479.89; and** **(e) injection moulds, moulding patterns and moulds of heading 84.80, where the principal use is for the manufacture of specified motor vehicles, heavy vehicles as defined in Note 1 to rebate item 317.07 and automotive components for such motor vehicles.** **"Form C2" means a Form C2 as defined in the ITAC Regulations.** **"imported component and imported raw materials value" means the value for customs duty purposes of any imported original equipment components and raw materials imported by the registrant or imported by or received from any person in SACU and used in the manufacture or assembly of original equipment components or specified motor vehicles.** **"guidelines" means the guidelines issued by ITAC.** **"original equipment components" means components classifiable in Chapter 98 of Schedule No. 1.** **"other means of propulsion" means power trains that have zero carbon emissions or low carbon emissions, and these include electric motors such as battery electric vehicles that are powered entirely by rechargeable battery packs; in-wheel motors where the electric motors are integrated into the wheel hubs; fuel cell technologies such as hydrogen fuel cells, solid oxide fuel cells, hydrogen combustion engines and other similar technologies identifiable as means of propulsion.** **"raw materials" means materials not cut to size or shape and not made up suitable for use.** **"registrant" means a person registered under this item.** **"regulation" means regulations made in terms of section 59 of the International Trade Administration Act, No. 71 of 2002.** **"specified motor vehicles" means -** **(a) road tractors or semi-trailers of subheading 8701.2 of a vehicle mass not exceeding 1 600 kg;** **(b) motor vehicles for the transport of ten or more persons, including the driver, of heading 87.02, of a vehicle mass not exceeding 2 000 kg (excluding those of subheading 8702.10.10);** **(c) motor cars (including station wagons) of heading 8703;** **(d) motor vehicles for the transport of goods of heading 87.04 of a vehicle mass not exceeding 2 000 kg or a G.V.M. not exceeding 3 500 kg or of a mass not exceeding 1 600 kg or of a G.V.M. not exceeding 3 500 kg per chassis fitted with a cab (excluding shuttle cars and low construction flame-proof vehicles for use in underground mines and off-the-road logging trucks); and** **(e) chassis fitted with engines of heading 8706.00, of a mass not exceeding 1 600 kg or of a G.V.M. not exceeding 3 500 kg (excluding those for shuttle cars and low construction flame-proof vehicles, for use in underground mines and off-the-road logging trucks).** **"the Act" means "this Act" as defined in section 1 of the Customs and Excise Act, No. 91 of 1964.** **(i) "VALA" means the following percentages of the value for VALA purposes for vehicles with internal combustion piston engines (including vehicles with a combination of internal combustion piston engines and electric motors as motors for propulsion) -** **From 2026 will be set at 35% of local content for OEM volumes above 10 000 units annually over four rolling quarters** **Transition set at -** **(aa) 40 per cent in 2021;** **(bb) 39 per cent in 2022;** **(cc) 38 per cent in 2023;** **(dd) 37 per cent in 2024;** **(ee) 36 per cent in 2025; and** **(ff) 35 per cent in 2026** **(ii)"VALA" for vehicles with an electric motor as motor for propulsion or vehicles with a motor having other means of propulsion (excluding those mentioned in (i) above), applied for a period of 10 years calculated from the date of implementation -** **The VALA percentage will be set at 40% of local content for OEM volumes above 10 000 units annually over four rolling quarters. The threshold of 10 000 units contemplated in (i) and (ii) above must be calculated by the addition of all specified motor vehicles.** **"value for VALA purposes" means the value, determined on the basis prescribed in Note 7.1, of all specified motor vehicles produced in terms of this item during four rolling quarters and ready for sale.** **2. Registration** **2.1 Applicants under this rebate item shall submit a letter of approval from ITAC confirming qualification for participation together with the application.**	

By the substitution of the following: (continued)

Rebate Item	Tariff Heading	Rebate Code	CD	Description	Extent of Rebate
	3. Submission of accounts **3.1 Registrants under this rebate item shall submit accounts in the following manner:** **(a) A quarterly account (DA 199) to the SARS customs office in which area of control the premises is registered and bring any customs duty and additional VAT to account at that office within 30 days from the closing date of the accounting period, but not later than the penultimate official working day following the period of three months during which the closing date of the account occurs.** **(b) For the purposes of this item the accounting periods shall be for four periods of three months each commencing on 1 January each year.** **(c) The registrant shall not be entitled to the deferment of additional VAT, other than the 30 days provided for in (a) above.** **3.2 When the registrant becomes aware of an error in the account submitted, the registrant must amend the account as soon as reasonably possible by -** **(a) completing a form (DA 199A) for the quarter affected by the amendment;** **(b) adjusting all forms affected by the amendment;** **(c) submitting form (DA 199A), adjusted forms and payment of any customs duty and additional VAT together with an explanation of the reasons for the amendment to the SARS customs office referred to in Note 3.1(a).** **4. Original equipment components imported by the registrant** **4.1 The registrant shall clear all original equipment components for the manufacture of specified motor vehicles, under Chapter 98 of Schedule No. 1.** **4.2 All such original equipment components shall -** **(a) on importation be cleared under procedure code "Placement of goods under the 'Processing for Home Use' procedure"; or** **(b) if cleared on importation for storage and stored in a licensed customs and excise storage warehouse, be cleared before removal for use under procedure code "Processing for Home Use" of goods, previously placed under "Warehousing" procedure; and** **(c) when cleared as contemplated in paragraphs (a) or (b), pay VAT on the value for customs duty purposes as if a "full duty" extent of rebate applies.** **4.3 The value for customs duty purposes of all original equipment components shall be included in the quarter during which such components were cleared under the procedure code 'Processing for Home Use'.** **5. Original equipment components supplied to the registrant** **5.1 A registrant must ensure and produce proof if required that the Form C2 completed by the supplier of original equipment components correctly declares the imported component value.** **(a) The imported component value on the Form C2 completed by a SACU supplier and received by the registrant during a quarter shall be recorded in the ensuing quarter irrespective of whether it has been used in production as yet or paid for; and** **(b) The imported component value on the Form C2 shall be deducted by the registrant in the quarter when the original equipment components are-** **(i) incorporated into original equipment components and exported;** **(ii) used in the manufacture of specified motor vehicles and exported;** **(iii) transferred to parts and accessories; or** **(iv) destroyed under customs supervision.** **5.2 (a) Registrants shall be liable for any customs duty and additional VAT underpaid resulting from the under declaration of the imported component value on Form C2.** **(b) If ITAC reports any amendments to Form C2, the quarterly account to which it relates must be amended as may be necessary to give effect to the amendment reported, including payment of any customs duty and additional VAT due.** **(c) If Form C2 is not obtained or duly completed, the price at which the original equipment components were purchased by the registrant shall be deemed to be the imported component value in respect of the original equipment components.** **(d) Any incorrect information supplied on Form C2 can render the whole document null and void and may result in the purchase price of all items in such document being regarded as imported component value.** **6. Determination of value for duty and additional VAT** **6.1 Determination of the value for the calculation of customs duty and additional VAT on original equipment components imported by the registrant:** **(a) The value for customs duty purposes of original equipment components cleared under Chapter 98 during a quarter, less the value for customs duty purposes of the original equipment components-** **(i) in unopened containers or unit load devices, provided that the value for customs duty purposes of such components in containers or unit load devices not opened shall be carried forward as an opening balance to the ensuing quarter;** **(ii) used in the manufacture of original equipment components and supplied to other registrants in terms of this rebate item;** **(iii) used in the manufacture of specified motor vehicles and exported;** **(iv) used in the manufacture of original equipment components and exported;** **(v) returned to the overseas suppliers;** **(vi) transferred to the parts and accessories division;**				

By the substitution of the following: (continued)

Rebate Item	Tariff Heading	Rebate Code	CD	Description	Extent of Rebate
	(vii) destroyed under customs supervision. **(b) If the deductions specified in subparagraphs (i) to (vii) exceed the value for customs duty purposes of imported original equipment components the value must be reduced to nil.** **(c) For the purposes of Notes 6.1(a)(iii) and (iv) registrants may carry forward any excess value for customs duty purposes of original equipment components imported and used in exports during a quarter to -** **(i) the ensuing quarter; and** **(ii) such further quarters as the Commissioner may allow in exceptional circumstances.** **6.2 Determination of the value for the calculation of the customs duty and additional VAT on original equipment components received by the registrant:** **(a) The imported component value of original equipment components received from any person in SACU during the previous quarter less the imported component value of original equipment components-** **(i) used in the manufacture of original equipment components and exported during the current quarter;** **(ii) used in the manufacture of specified motor vehicles and exported during the current quarter;** **(iii) transferred to the parts and accessories division during the current quarter; and** **(iv) destroyed under customs supervision during the current quarter.** **(b) If the deductions specified in subparagraphs (i) to (iv) exceed the imported component value of original equipment components received the value must be reduced to nil.** **(c) For the purposes of Notes 6.2(a)(i) and (ii) registrants may carry forward any excess value for customs duty purposes of original equipment components imported and used in exports during a quarter to -** **(i) the ensuing quarter; and** **(ii) such further quarters as the Commissioner may allow in exceptional circumstances.** **7. Deductions** **7.1 The value for VALA purposes for any quarter shall be -** **(a) in the case of specified motor vehicles manufactured for the SACU market, the recommended retail list price (including options), (exclusive of VAT, excise duty in terms of Section B of Part 2 of Schedule No. 1 and environmental levy in terms of Sections D and E in Part 3 of Schedule No. 1) applicable to such motor vehicle(s) at the time of production thereof and ready for sale; or** **(b) in the case of specified motor vehicles exported outside the SACU, the "price free on board" as contemplated in section 72 of the Act;** **(c) less in respect of each of paragraphs (a) and (b), a CSP(s) on a quarterly basis.** **(d) less all imported contents.** **7.2 A registrant shall not receive or be entitled to utilise VALA for the quarter for which the account is submitted, unless a CSP has been determined by ITAC.** **7.3 The VALA of specified motor vehicles shall be declared -** **(a) when designated for export, but not exported at the end of a quarter, as the recommended retail list price on form DA 199.04A for that quarter; and** **(b) when exported-** **(i) as the "price free on board value" in the quarterly account during which the export took place on form DA199.04B; and** **(ii) the recommended retail list price mentioned in (a) on form DA199.02.** **7.4 ITAC will inform the Commissioner of any amendments to a CSP as a result of which the quarterly accounts must be amended.** **7.5 The Commissioner may, in the case of any model for which a recommended retail list price contemplated in paragraph 7.1 is not available, determine a value in terms of section 69(3) of the Act.** **7.6 The VALA in any quarter shall firstly be utilized, if applicable, to reduce the value as calculated in terms of Notes 6.1 and 6.2.** **7.7 "Excess VALA" shall be calculated as follows:** **(a) The balance of any excess VALA brought forward from the previous quarter;** **(b) less any excess VALA utilised under rebate item 460.17 for this quarter;** **(c) plus the VALA for this quarter;** **(d) less the VALA utilised to offset the duty liability calculated in terms of Note 8.1(d) for this quarter.** **7.8 Any excess VALA may be utilised to reduce the value for customs duty purposes of specified motor vehicles imported under rebate item 460.17 in the next quarter, provided that-** **(a) prior written approval for the utilisation of such excess VALA shall be obtained from the Commissioner;** **(b the value of the excess VALA shall be reduced by 20 per cent if used on imported fully built-up motor vehicles; and** **(c) the remaining balance of any excess VALA shall be the opening balance in the next quarter.** **7.9 The VALA or any excess VALA is not tradable or transferable.** **7.10 A PRC may only be used by the registrant or other importers in whose name the certificate is issued to apply for rebate in terms of section 75 or a refund provided for in section 76 of the Act.** **7.11 The person in whose name a PRC is issued shall be liable for any discrepancies in the application for the PRC for whatever reason, which may result in the issue of an incorrect**			

By the substitution of the following: (continued)

Rebate Item	Tariff Heading	Rebate Code	CD	Description	Extent of Rebate
	certificate and shall remain liable for the customs duty as if no rebate had been allowed. **8. Extent of rebate** **8.1 The calculation of the value to determine the extent of rebate shall be -** **(a) the value for customs duty purposes of imported original equipment components calculated in terms of Note 6.1;** **(b) plus the imported component value of original equipment components received from any person in SACU calculated in terms of Note 6.2;** **(c) plus the VALA calculated in terms of Note 7.3(b) (Form DA 199.02);** **(d) less the VALA utilised in terms of Note 7.1 for this quarter; and if any liability remains** **8.2 The extent of rebate provided for in this rebate item shall not exceed the customs duty payable on the entry of imported goods under Chapter 98 of Schedule No. 1.** **8.3 If any liability remains after the calculation in terms of Note 8.1, the PRC may be utilised to reduce the customs duty before the remaining customs duty and additional VAT are brought to account.** **9. Compliance** **9.1 The registrant or component supplier must, as applicable, comply with-** **(a) this rebate item, rebate items 317.06 and 317.07 of Schedule No. 3, rebate item 460.17 of Schedule No. 4 and refund items 536.00, 537.00 and 538.00 of Schedule No. 5 and the Notes thereto;** **(b) section 75 and any other provisions of the Act;** **(c) the regulations;** **(d) the guidelines; and** **(e) any directives issued by the Commissioner and ITAC.**				