



Advanced Payment Notification (Imports)

SARS & Industry

2 November 2021



Advance Payment Notifications

Context

- ❑ The Advance Import Payment (AIP) project is one of Customs' modernisation initiatives. This project aims to bring together data from SARS, Authorised Dealers and the South African Reserve Bank (SARB) to increase regulatory controls relating to advance foreign exchange payments in order to prevent illicit financial flows and combat customs valuation fraud associated therewith.

Legislation

- ❑ Tax Administration Laws Amendment Act (Act no. 33 of 2019)
 - ✓ Amendment of section 4 of the Customs and Excise Act, 1964 ("the Act") to allow the Commissioner to disclose to an authorised dealer in foreign exchange such information as may be required by the authorised dealer for purposes of verification of applications for advance foreign exchange payments in respect of goods that are to be imported.
 - ✓ Amendment of section 120 of the Act to make rules as to the:-
 - type of advance foreign exchange payments to which the rules apply;
 - requirements and procedures for notifying the Commissioner of the intention to submit an application to an authorised dealer in foreign exchange to effect an advance foreign exchange payment in respect of goods to be imported into the Republic; and
 - reporting requirements for authorised dealers in respect of such payments.
-

Advance Payment Notifications

Legislation

- ❑ Publication on 15 October 2021 of draft rules under section 120(1)(mC) of the Customs and Excise Act, 1964, for advance foreign exchange import payments published on the SARS website for public comment by 5 November 2021 providing for:-
 - ✓ procedures for notifying the Commissioner of intention to submit application for advance payment to authorised dealer;
 - ✓ issuing of Advance Payment Notice (APN) reference number;
 - ✓ requirements for authorised dealers; and
 - ✓ communication through eFiling for purposes of advance payments.

Impact of Advance Payment Notices (APN's)

- ❑ Phased implementation.
- ❑ Phase 1 relates to any advance foreign exchange payment which exceeds R50 000,00 in respect of import categories 101 (01 – 10) as set out in Section J. (H)(i) of the Currency and Exchanges Manual for Authorised Dealers.

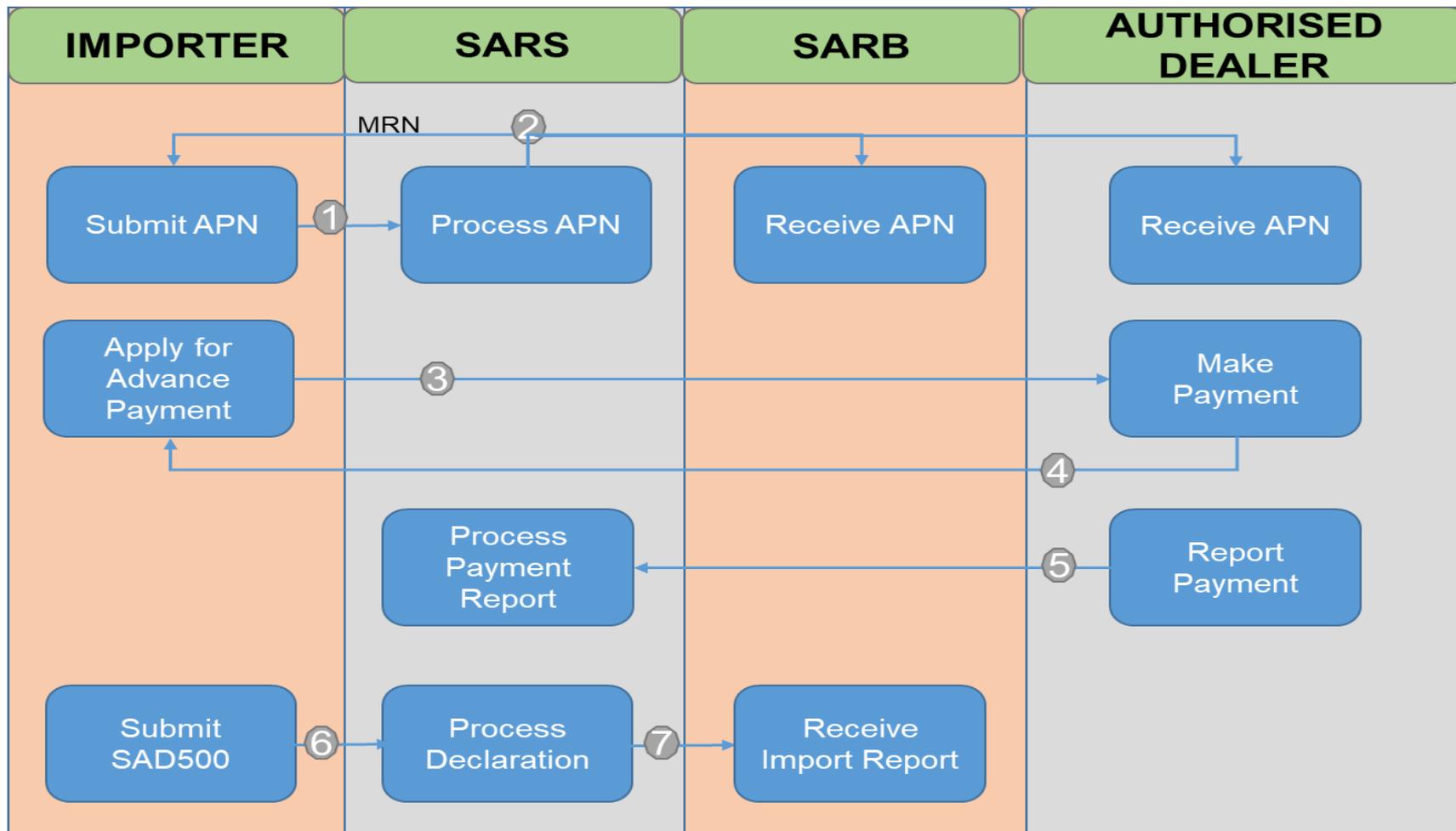
Advance Payment Notifications

Impact of Advance Payment Notices (APN's)

- A person intending to apply to an authorised dealer to effect an advance payment may not use registration code 70707070, and must, before notifying the Commissioner of such intention, apply for registration as an importer in terms of the rules under section 59A.
- An APN must be submitted by importer / person submitting on behalf of importer, using SARS eFiling and that person must be registered for eFiling.
- An APN must be submitted to SARS prior to applying to an authorised dealer for an advance foreign exchange payment.
- The authorised dealer indicated on the APN is entitled to be notified by SARS of the APN reference number assigned thereto by SARS.
- An authorised dealer may not grant an application to effect an advance import payment if such application does not reflect an APN reference number.
- An authorised dealer intending to effect an advance payment must, by making use of the APN reference number, verify the information supplied by an applicant for advance payment.

Advance Payment Notifications

Design Overview (High-level process)



Advance Payment Notifications

APN Notice (mock-up)

Notice of Intention for Advance Import Payment prior to Import Declaration being lodged

APN#	APNO04212345678202108041553391
Importer Code:	12345678 - Acme Holdings (Pty) Ltd
Importer Name:	ACME HLD – MT Boxes (Pty) Ltd
Importer Address:	13 Ocean View Avenue
	Seaview
	Amanzimtoti
	Kwazulu Natal
Contact Name:	Gift Mahlangu
Contact Telephone#:	083 555 5555
Contact Email Address:	giftm@mt_boxes.co.za

<input checked="" type="checkbox"/> Subsidiary / Alternate Payer	Identifier Type:	Identifier:
	Company Registration Number	1967/23/4456754

Authorised Dealer :	042 - ABSA BANK LTD			
Foreign Currency Amount:	1,000,000	USD – US Dollar	Estimated ZAR Amount:	1,000,000
Country of Export:	AR - Argentina	Other:		
Supplier Name:	EL Boxo PLC			
Description / Reason:	Supplier required deposit for raw materials			
Related AIP Reference:	APNO042123456782021080412121391	<small>Required when finance split over more than one authorised dealer</small>		
Number of Consignments:	3	<small>Required when part shipments are anticipated, indication only</small>		
BOP Code: <small>(Balance of Payment Reporting)</small>	101 01 - Advance payment – excl capital goods and mining resources			

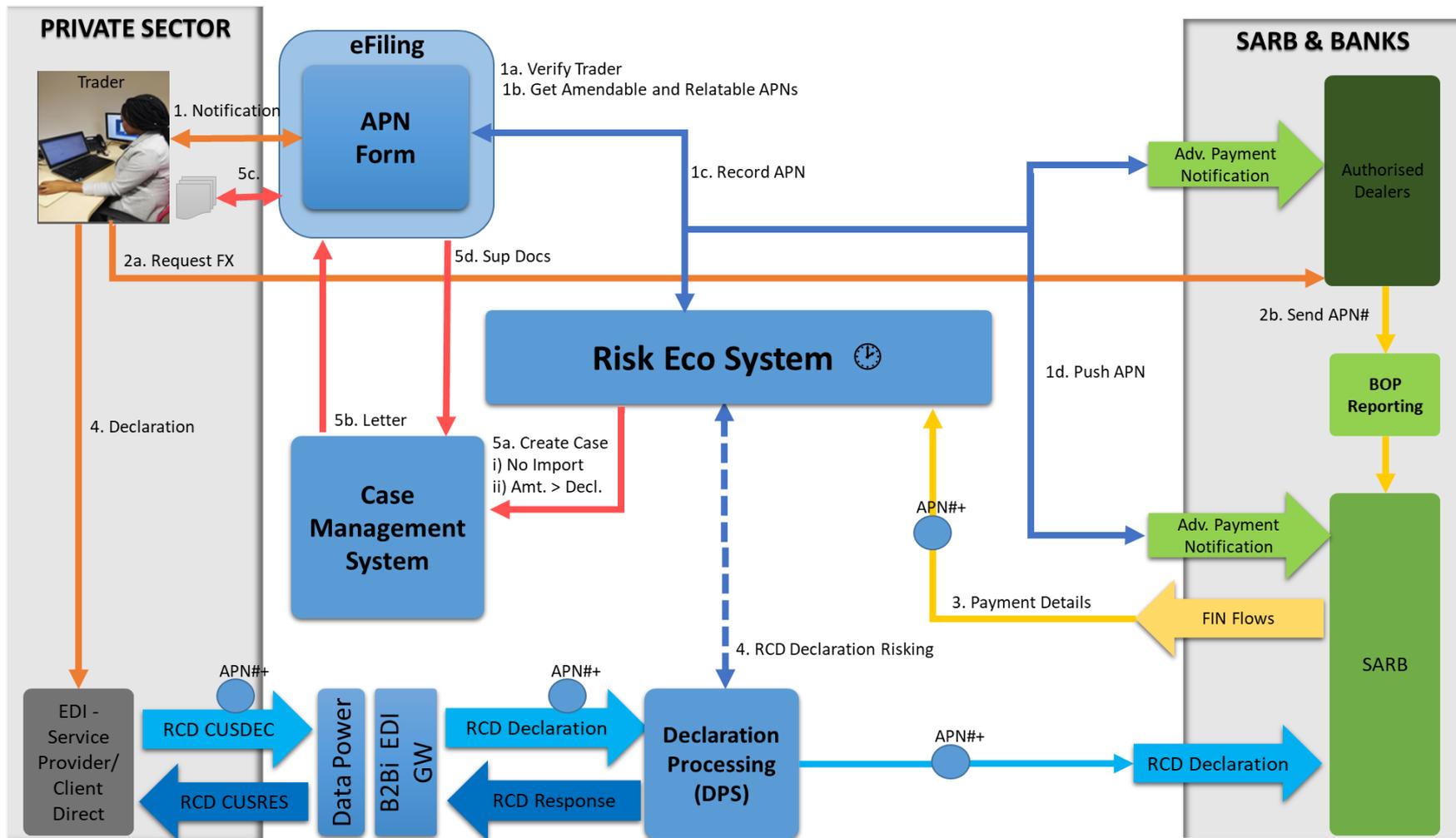
Evidentiary Document(s):	Type	Date	Reference	
<small>At least one required</small>	Pro-Forma Invoice	2021-04-25	PINV20223FG	X
	Other	2021-04-25	Email correspondence with supplier	X
				+

Thank you
Re a leboha
Re a leboga
Ndza Khensa
Dankie
Ndi a livhuwa
Nginyabonga
Enkosi
Nginyathokoza

Back-up Slides

Advance Payment Notifications

Detail Design View



Advance Payment Notifications

Amendment of rule 59A.03.

1. Rule 59A.03(1) is hereby amended by the addition in paragraph (b) of the following subparagraph after subparagraph (iii):

“(iv) Despite the provisions of subparagraph (iii), a person intending to apply to an authorised dealer to effect an advance payment contemplated in rule 120.13.02 may not use registration code 70707070, and must, before notifying the Commissioner of such intention in terms of rule 120.13.03, apply for registration as an importer in terms of the rules under section 59A.”.

Insertion of rules

2. The following rules are hereby inserted after rule 120.12:

“120.13 For the purposes of section 120(1)(mC) the rules numbered 120.13 followed by further digits relate to advance foreign exchange payments in relation to goods that are to be imported

Definitions

120.13.01 For purposes of the rules under section 120(1)(mC), unless the context otherwise indicates –
“**advance payment notice**” or “**APN**” means a notice of intention to apply for advance foreign exchange payment contemplated in rule 120.13.03(a);

“**advance payment notice reference number**” or “**APN reference number**” means a unique reference number assigned by SARS in terms of rule 120.13.04;

“**advance payment**” means an advance foreign exchange payment contemplated in rule 120.13.02;

Advance Payment Notifications

“**authorised dealer**” means an authorised dealer in foreign exchange referred to in section 120(1)(mC); and

“**eFiling**” means a SARS software application available on the SARS website which enables SARS and registered electronic users to generate and deliver electronic filing transactions.

Application of rules

120.13.02 The rules numbered 120.13 apply for purposes of any advance foreign exchange payment which exceeds R50 000,00 in respect of import categories 101 (01 – 10) as set out in the Guidelines of the Reserve Bank of South Africa under the heading “(A) BALANCE OF PAYMENTS CATEGORIES APPLICABLE TO BOPCUS, NON RESIDENT RAND AND BOPDIR – INWARD PAYMENTS”.

Procedures for notifying Commissioner of intention to submit application for advance payment to authorised dealer

120.13.03 (a) An importer intending to apply to an authorised dealer to effect an advance payment must, subject to rule 59A.03(1)(b)(iv), before submitting such application to the authorised dealer notify the Commissioner of that intention by submitting an advance payment notice via eFiling.

(b) An APN referred to in paragraph (a) must reflect the following information:

(i) The customs and excise code of the importer;

(ii) the following additional details in respect of the importer:

(aa) Name;

(bb) address; and

(cc) name, telephone number and e-mail address of contact person;

(iii) the following details in respect of the person who will be making payment on behalf of the importer:

(aa) Name; and

Advance Payment Notifications

- (bb)* in the case of a juristic entity, the registration number or the number of its founding document;
 - (iv)* the South African Reserve Bank code of the authorised dealer who will make the advance payment;
 - (v)* the following details in respect of the advance payment:
 - (aa)* Type of foreign currency;
 - (bb)* amount in foreign currency; and
 - (cc)* estimated amount in South African Rand;
 - (vi)* the reason for intending to make the advance payment;
 - (vii)* the country from which the relevant goods will be exported to the Republic;
 - (viii)* the name of the supplier of the relevant goods;
 - (ix)* the first APN reference number assigned by SARS in relation to the goods, in the case where the financing is split between a number of authorised dealers;
 - (x)* the number of consignments in which the relevant goods will be imported, which must be indicated by a “1” if the actual number is not known;
 - (xi)* the following details in relation to the document used to prove the intended transaction and to be presented to the authorised dealer in support of the application to effect advance payment:
 - (aa)* Type of document;
 - (bb)* date of document; and
 - (cc)* reference number or unique identification number reflected on the document;
 - (xii)* the Balance of Payment (BOP) reporting category code contemplated in rule 120.13.02, also indicating the relevant subcategory; and
 - (xiii)* any other information required on the electronic notification.
- (c)* An APN must, subject to paragraph *(d)*, be amended or cancelled in circumstances described, and the manner provided for, in the

Advance Payment Notifications

Guide for Advance Payment Notifications as published on the SARS website.

(d) An APN may not be amended or cancelled after payment had been effected by the authorised dealer indicated on the notification.

(e) An APN automatically lapses if no payment is made by the authorised dealer indicated on the notification within 30 days of the date thereof.

Issuing of APN reference number

120.13.04 *(a)* An importer who submitted an APN as contemplated in rule 120.13.03 is entitled to be notified of –

(i) the outcome of any data validation process conducted by SARS in respect of the APN; and

(ii) the APN reference number assigned in respect of a validated APN notification.

(b) An APN reference number referred to in paragraph *(a)(ii)* must be referenced on that importer's application to effect an advance payment submitted to an authorised dealer.

(c) The authorised dealer indicated on the APN is entitled to be notified by SARS of the APN reference number assigned in respect of a validated APN.

Requirements for authorised dealers in relation to advance payments

120.13.05 *(a)* An authorised dealer may not grant an application to effect an advance import payment if such application does not reflect an APN reference number.

(b) An authorised dealer intending to effect an advance payment

Advance Payment Notifications

must, by making use of the APN reference number received in terms of rule 120.13.04(c), verify information supplied by an applicant for advance payment.

Communication through eFiling for purposes of advance payments

120.13.06 (a) The rules for electronic communication published in terms of section 255 of the Tax Administration Act by Government Notice No. 644 dated 25 August 2014, excluding rule 5 thereof, apply for purposes of electronic communication contemplated in the rules under section 120(1)(mC), subject to paragraph (b).

(b) The rules for electronic communication referred to in paragraph (a) apply with any necessary changes as the context may require, and in such application any reference in those rules to –

(i) a tax Act must be read as including a reference to the Customs and Excise Act or the rules thereunder;

(ii) an electronic filing system must be read as including a reference to eFiling for purposes of submission of an APN and related messages in terms of the rules under section 120(1)(mC);

(iii) an electronic filing transaction must be read as including a reference to submission of an APN in terms of the rules under section 120(1)(mC);

(iv) an electronic communicator or registered electronic user must be read as including a reference to an importer registered in terms of section 59A as an electronic user;

(v) a registered tax practitioner must be read as including a reference to a person registered in terms of section 59A as an electronic user and who submits APNs electronically as a clearing agent, registered agent or other representative on behalf of another; and

Advance Payment Notifications

(vi) a taxpayer must be read as including a reference to a registered importer.

(c) In the event of any inconsistency between a provision of the rules under section 120(1)(mC) and the rules for electronic communication referred to in paragraph (a), the provision of the former prevails.”.