

Excise

Office
Pretoria

Enquiries
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Reference

Date
5 August 2022

All Importers and Local Manufacturers of Alcohol Powder Products



South African Revenue Service

Pretoria Head Office
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Private Bag X923, Pretoria, 0001
SARS online: www.sars.gov.za
Telephone (012) 422 4000

Taxing of Alcohol Powder Products

Dear Valued Trader

In his 2022 Budget Speech on 23 February this year, the Minister of Finance announced that excise duty on beer powders would be introduced.

The current excise duty regime applies a flat excise rate of 34.7c/kg for traditional African beer powder. As there are similar products on the market, and in the interest of equity, these alcohol powder products will be included in the tax net with an excise rate equivalent to that of the traditional African beer powder from 1 October 2022. In terms of the National Treasury's proposal, alcohol powder products classified as preparations for use in the manufacturing of alcoholic beverages will be taxed.

As a result of the Minister's announcement, tariff amendments were affected to Part 1 and Part 2A of Schedule No.1, as well as rebate items in Part 1A of Schedule No. 6. Part 7A in Schedule No. 1 is also amended consequential to the amendment of the description of tariff subheading 1901.90.15 in Part 1 of Schedule No. 1 to the Customs and Excise Act, 1964 (the Act).

The DA185.4B1 form (for the licensing of a unique manufacturing warehouse in which the alcohol powder products will be manufactured) and the DA260 excise account (for Traditional African Beer and Alcohol Powder Products in which the alcohol powder products will be accounted for excise duty purposes) were also amended accordingly to insert the alcohol powder products.

These amendments, as published in the *Government Gazette*, are available on the SARS website at the following addresses respectively:

<https://www.sars.gov.za/legal-counsel/secondary-legislation/tariff-amendments/tariff-amendments-2022/>

<https://www.sars.gov.za/legal-counsel/secondary-legislation/rule-amendments/rule-amendments-2022/>

SARS will collect the excise duty on these alcohol powder products, as provided in Part 2A of Schedule No. 1 of the Act, from 1 October 2022.

Therefore, manufacturers of these products must apply to license their manufacturing premises with SARS before 1 October 2022 and submit their first excise duty account by 29 November 2022.

For any licensing and registration queries, please contact the nearest Customs and Excise Branch office or email CustomsSSMReg@sars.gov.za.

Sincerely



**ANAND KHELAWON
EXECUTIVE EXCISE
SOUTH AFRICAN REVENUE SERVICE**