

**Customs Border
Operations, Ports of
Entry & Customs
Compliance**

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**THE DTIC
ALL EXTERNAL STAKEHOLDERS**

Dear Sir or Madam

RCTF MASTER PLAN AND DESIGN HOUSES REQUIREMENTS

1. This communication serves to provide the necessary clarify with regards to the Design House procedures related to movements to Cut, Make and Trim companies (CMT) and the registration and licensing requirements, including the requirements for provisional payments.
2. With regards to the Design Houses that have accreditation status (AEO) the following applies:
 - Current legislation - makes provision for a reduction in any security required from AEOC traders. A deduction method is applied and the starting point is a reduction of 60% as a baseline and further reduction are allowed based on the AEO traders size, the years in operation, etc. Therefore, the current legislation allows for a reduction of the amount of any security required in terms of the Act
 - Draft AEOs rules – these have been finalised and await approval from the Commissioner before implementation. The draft rules make provision for the total exemption of any security required. The above mentioned benefit is granted due to the AEO traders being financially sound and posing no threat of not paying their duty and VAT liability as they are accredited.

- The draft rules also make provision for the exemption of any special attendance required when goods are moved under this particular circumstances (The draft rules does not specifically refer to removals to CMT. The exemption of applications should be dealt with by operations. In addition, the policy does stipulate an application that must be lodged however permission can be granted on an annual basis which means the traders won't apply per specific consignment.
3. With regards to the non-accredited (Non AEO) clients:
- For non-AEO Design houses they will be dealt with on a case by case basis and for those who are found to have sufficient security or have already provided adequate security when transferring fabric from the Rebate registrant (Design House or Retailer or Fabric Converter) to National Bargaining Council (NBC) Compliant CMT's, there would be no requirement to call for PP's. All Customs Branch Offices have been informed to apply consistency in this regard. However, even in this category of Design Houses, where non-compliance is detected, PPs will be called for going forward.
 - These clients would still need to request permission in the guidelines provided for the movement of materials to the CMTs
4. With regards to licensing and registrations aspects
- Rebate users (Design Houses) who wish to manufacture goods off-site under the said rebate item must register under the same rebate item as their principals to effect such off-site manufacturing. It is further advised that raw materials can be moved to third party facilities (i.e. from fabric owner to CMTs) even though they are not registered to receive goods under rebate of duty or for that specific rebate item provided the local office is informed and permission is granted by that office

5. Once again all Customs Branch offices and relevant Divisions have been informed accordingly and will ensure alignment and consistency to this approach.
6. We trust this will assist and once again apologise for the delay in responding
7. For any further queries or operational issues please ensure to liaise with the following individuals:
 - Vonani Ntlhabyane - VNtlhabyane@sars.gov.za
 - Patrick Tshikosi - ptshikosi@sars.gov.za / Gideon Dipitso gdipitso@sars.gov.za

Kind regards,



BEYERS THERON

**DIRECTOR: CUSTOMS BORDER OPERATIONS, PORTS OF ENTRY &
CUSTOMS COMPLIANCE**

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