

customs connect



ISSUE No. 3 • June 2012

Welcome to the third edition of Customs Connect. In this edition we look back at the rollout of Release 3 at land border posts during the first half of 2012, highlight the recent introduction of a new Passenger Processing System and update you on a number of other Customs Modernisation projects. After reading the articles, please let us know if the information was interesting/helpful by completing a short survey under "We want your feedback!"

BLNS border posts seeing the gains of Customs Modernisation

The rollout of Release 3 is finally nearing an end, with much faster processing of cargo being reported at all Botswana, Lesotho, Namibia and Swaziland (BLNS) border posts that have already gone live.

[More ...](#)

Changes for travellers at land borders

A new Passenger Processing System (PPS) – which completely changes the way travellers are processed by Customs – is currently being introduced at land borders

[More...](#)

Electronic Cargo Reporting: One year later

Following the introduction of electronic cargo reporting for sea and air modalities last year, the focus is now on road.

[More...](#)

New payment process to benefit traders

A new Customs Revenue Accounting solution – which will soon be introduced – will enable the automated allocation of payments and offer traders a self-service function.

[More...](#)

In this issue

- Preferred Trader programme picking up pace
- "Your export is my import" information exchange
- Change in banking details
- Have you visited our Customs Modernisation page?
- Have you seen our SARS facebook page?
- We want your feedback!



Land borders seeing the gains of Customs Modernisation

It's been a busy time for land border posts, with roll-outs of Customs Modernisation initiatives taking place virtually every weekend since February this year (sometimes up to four border posts going live in one weekend!).

However, the implementation of Release 3 – which has primarily been rolled out at BLNS (Botswana, Lesotho, Namibia, Swaziland) border posts – will finally be coming to an end in the next few weeks.

Release 3 includes:

- The replacement of the CCA system with the international CAPE and Export systems and a case management system called Service Manager
- An enhanced inspection process, with declarations processed off site
- Electronic submission of supporting documents through e@syScan
- Limited manual declaration processing
- An electronic release system, reducing the need for paper and authorising stamps at branches
- No entry of commercial cargo into the port without pre-clearance and
- A new gate pass system for commercial vehicles

These rollouts have also involved the abolition of the general 70707070 code, the registration of all “foreign”-based importers and exporters as “foreign principals” and the fact that SA-based “registered agents” now have to conduct business on behalf of “foreign principals” in South Africa.

Two non-BLNS border posts – Lebombo and Beitbridge – also rolled out elements of Release 3 a couple of weeks ago, having already implemented most of the major system changes towards the end of last year. And Groblersbridge became the first BLNS border post to also have international processing functionality included on the system last weekend (10 June).

So far most of the Botswana, Lesotho, Namibia and Swaziland border posts have gone live, apart from Ficksburg (Lesotho) scheduled for 16 June, and finally Maseru Bridge (Lesotho) and Skilpadshek (Botswana) scheduled for 23 June.

Most of these system, policy and process changes have been designed to speed up the passage of goods through the port and enhance SARS's risk management. They have proven very successful at the border posts where they have been rolled out, with waiting periods for commercial traders and transporters being reduced substantially.

In one instance, a steel manufacturing company based in Pretoria with operations in Mozambique, wrote to SARS recently to thank Customs for the improved clearance of their goods at the Lebombo border post. In the past their trucks waited for between 6 and 8 hours to be cleared – a month ago, eight trucks with cargo were cleared in 20 minutes!

[Back to top](#)



New process for travellers at land borders

Travellers entering South Africa through Ramatlabama border post with Botswana over the past couple of weeks must have wondered what was happening.

Two weeks ago a new Passenger Processing System (PPS) – which will completely change the way travellers are processed by Customs at all SA border posts – was piloted at Ramatlabama..

Following a two-week stabilisation period, PPS was then rolled out to Nerston border post (Swaziland) and will now be implemented in a phased approach at all other land borders, starting with the smaller Swaziland border posts. Later on this year it is expected to be introduced at the air and sea ports.

The key changes under PPS include:

- The introduction of a Traveller Card. All travellers arriving in South Africa will need to complete a Traveller Card (this will replace the current DA331 form and the gate pass). It will also be used to apply for a Temporary Import Permit (TIP).
- The introduction of a new TRD1 form. If the traveller has something to declare, they go to the Customs office where their Traveller Card and passport are scanned and they make a verbal declaration, which is captured on the system by a Customs officer. This information forms the basis of a new form, called a TRD1 (Traveller Declaration). The TRD1 will also be used as a Temporary Import Permit (TIP) and Temporary Export Permit (TXP).
- An electronic signature pad. If the traveller is happy with the information on the TRD1, they are asked to sign on an electronic

signature pad and their signature is captured on the system. The signed TRD1 is then printed and given to the traveller.

- A new payment method. If a traveller needs to make payment, they can either use cash – as is currently the situation – or use a credit/debit card which is being introduced for the very first time.
- A simplified declaration process for informal traders.
- A new Detention Notice for Other Government Agencies (OGAs) which has to be signed by the traveller and Customs officer when goods are detained for further inspection.
- A new process for frequent travellers e.g. a resident who travels through the border on a daily basis. They will need to complete the Traveller Card and make a “nil” declaration. Travellers can then use their TRD1 every time they enter the country as their gate pass. However, Customs still reserves the right to inspect them or change their status at any time.
- The new PPS will use a simplified Tariff Book developed around 99 chapters to calculate all duties and VAT. The new Tariff Book will apply one flat rate for each chapter, which will be calculated automatically by the system.

The new Passenger Processing System sees greater automation of processes at the borders, thereby minimising human intervention. It also aims to improve safety and security at our borders through enhanced risk profiling.

[Back to top](#)



Electronic Cargo Reporting: One year later

After one year in operation, the Automated Cargo Management system has seen major developments and is constantly evolving.

In May 2011 SARS replaced its Manifest Acquittal system (MAS) with an Automated Cargo Management (ACM) System as part of its Customs Modernisation Programme.

Initially data take-on of electronic manifests at the inception of ACM was restricted to cargo imported by sea and air and saw a limited response. For example, before the official introduction of ACM, less than 20 000 manifests were received for March 2011, with only approximately 7% thereof passing validation.

Over the next few months, regular SARS Customs / stakeholder engagements saw a number of enhancements made to the Customs Cargo Report (CUSCAR) message. These engagements, coupled with the robust technical platform on which ACM resides, as well as an ongoing and dedicated registration campaign, soon started to bear fruit.

Increasing volumes of clean data started flowing into the ACM system from an ever-expanding base of cargo reporters. By the end of 2011 the number of manifests had increased to more than 43 000 manifests and 90.5% passing validation.

Land border posts

In August 2011 SARS started with the development of the electronic Road Freight Manifest (e-RFM) to deal with commercial cargo moving across South African land border posts. At the same time, SARS also embarked on a

registration drive to register road hauliers as cargo reporters on the ACM system.

Progress was rapid and the first test messages were received by the ACM test system on 15 October 2011. Just over a month later, on 17 November 2011, the first live electronic road freight manifests were received and processed. Further refinements to the e-RFN followed over the next few months, including the addition of the driver and crew details.

By the time ACM was activated on 18 May 2012 at Kopfontein, Ramatlabama, Nerston, Vioolsdrift, Nakop, Quachasneck, Caledonspoor, Golela, Jeppes Reef, Van Rooyenshek and Mananga/Mahamba, in excess of 800 South African road hauliers had already been registered and more than 750 foreign road hauliers had been assigned road haulier codes. In the short period from 18 May 2012 to 8 June 2012, more than 4800 manifests (with a success rate of 65%) had been submitted to ACM in respect of commercial cargo moving across the above-mentioned border posts.

A critical next step is for **all** relevant stakeholders to register for ACM as SARS cannot match advance information, declaration information as well as movement data – in order to ascertain the total risk related to a particular consignment – without receiving cargo reports electronically.

In the near future, it will become mandatory for all road hauliers to submit their manifests electronically. Therefore, those who have not yet registered to use SARS's ACM system are urged to do so as soon as possible as they will not be able to submit manifests electronically without being registered.

Rae Cruikshank, Group Executive: Customs Trade Operations had this to say: "The introduction of ACM for road is another step in SARS's journey towards providing greater benefits to legitimate trade by moving into a more automated, risk-based environment. By introducing the electronic road manifest to the already automated clearance declaration process, SARS is closing the information gap and creating a data synergy that will ultimately result in an expedited border process and a reduction of congestion at border posts."

Further information about the ACM system, including Frequently Asked Questions (FAQs), as well as the latest CUSCAR Data Mapping Guide (DMG) and downloadable registration forms, are available on the [ACM webpage](#).

[Back to top](#)



New payment process to benefit traders

Not only is Customs modernising the way it processes cargo and travellers at ports of entry, but also the way it processes payments.

Soon Customs will introduce a new Revenue Accounting solution in order to automate the allocation of payments and offer traders a self-service function, meaning the ability for them to electronically manage their accounts with SARS.

Currently the allocation of payments is being done manually by staff ie. if traders pay into the current SARS branch account, traders have to provide proof of payment to the branch and Customs staff have to “receipt”, or manually match, that payment against the declaration.

However, when the new Customs Revenue Accounting solution is introduced at a branch, a unique payment reference number is required when the money is paid to SARS, which will result in the payment being automatically allocated to a specific account.

Before that can happen, Customs will close down all local banking accounts held at its offices from 22 June 2012 in order to ensure that all traders use the current official payment channels.

Many traders used these local Customs branch accounts without providing the official payment reference number details. These traders are therefore urged to start immediately using the official SARS payment methods/channels (which is currently required at all international ports and used correctly already by most traders):

- EFT using SARS eFiling (currently available payment channel);

- EFT using the Beneficiary ID SARS-CUS via the internet banking solutions of ABSA, FNB, Investec, Nedbank, or Standard Bank or manually at an FNB Branch (currently available payment channels); or
- At a Customs Office (currently available payment channel).

If money is paid directly into the Customs office numbered banking accounts after 22 June, it will be rejected by the bank and therefore considered as a non-payment. Traders are urged to read the SARS payment rules by going to the SARS website at: www.sars.gov.za > I want to > make a payment to SARS where they can click at the bottom on “Payments to SARS” and then read: SC-DT-A-02 - Customs Payments - External Policy.

Traders will be notified when the new Customs Revenue Accounting solution is implemented at each Customs office. On implementation at a specific office, the PRN will be determined systematically by SARS and communicated to traders in the following manner:

- For cash declarations, the PRN will be communicated via the EDI CUSRES message.
- For deferment accounts, the unique PRN will be reflected on the deferment statement which will be issued by the applicable Customs office.

The second phase of the new Customs Revenue Accounting solution will include a new refunds process and eAccount functions.

In order to provide a full declaration processing solution, the way refunds are processed will change. Traders will be able to request refunds to be paid back directly to their bank accounts. However, they will have to ensure that bank account details are registered and verified by SARS.

Furthermore, eFiling (in the form of an eAccount) will be made available to all traders with accounts, which will allow traders to manage their own accounts. This account management function will allow the trader to view previous historic statements of account, request current statements of account, display transactional listings, allocate payments to specific declarations and make payments. Traders will therefore seldom have to interact with the actual branch, since most of these services will be made available online.

A further change to be introduced later this year regarding payment procedures is a restriction on the value of cheque payments. Cheque payments made at a Customs Branch Office may not exceed R100 000. This applies irrespective of the number of declarations being paid. Furthermore, should multiple cheque payments be received, the total amount received may not exceed R100 000. This restriction will come into effect from 30 September 2012.

[Back to top](#)



Preferred Trader programme picking up pace

SARS continues to progress with its Preferred Trader (PT) programme with audit teams having finalised their work with businesses representing about 30% of import and export volumes, while clients representing about 20% of volume are working on their submissions or compliance improvement.

SARS is preparing to complete the process for prospective Preferred Traders by launching the test of Customs knowledge which all representatives of prospective Preferred Trader clients need to undergo. A new guide has been written to help clients and their designated officers understand their obligations for the test. After passing the test, eligible clients will be considered for formal Accreditation Status by the National Accreditation Review Board.

Mohamed Ally, Executive for Customs Audit, says that the new PT approach is yielding benefits for both clients and SARS by improving the competence and compliance of trade in Customs matters.

Security focus

SARS representatives recently returned from visiting Europe where they were hosted by Belgium and the UK as part of a fact-finding mission for the design of a South African Authorised Economic Operator (AEO) Safety and Security programme.

The mission identified the standards required for a South African AEO programme which SARS hopes to test in a pilot with trade in due course. The AEO programme represents one of the two pillars of the WCO's SAFE Framework of Standards that aims to counter the threat of terrorism.

The AEO mission followed closely on the back of the successful inaugural SACU Preferred Trader working group meeting in Johannesburg in May. SARS officers

are assisting SACU to help set up Preferred Trader programmes in each SACU member state, as well as establishing a regionally recognised PT /AEO programme with benefits for traders. A high-level action plan for SACU PT was recently signed off by all of the SACU Heads of Customs.

[Back to top](#)



“Your export is my import” information exchange

Over the past few months, SARS has been in consultation with various trading partners concerning information exchange, notably the IBSA countries (India, Brazil, South Africa) and Swaziland. In the case of the latter, a pilot project has been initiated between the Swaziland Revenue Authority and SARS to determine the feasibility and extent of declaration data matching.

In January 2012, the World Customs Organisation (WCO) hosted a workshop in Pretoria for Southern African Customs Union (SACU) member states and representatives from the United Nations (UN), Southern African Development Community (SADC), Common Market for Eastern and Southern Africa (COMESA), and Mozambique Customs on the Globally Networked Customs (GNC) concept and IT connectivity. The GNC concept aims to realise connectivity, data exchange, and cooperative work amongst the world's customs administrations.

The outcome of this event saw agreement reached amongst SACU states on an approach towards a Customs-2-Customs information exchange standard.

So successful was this conference that it led to further discussion between SARS and SADC/COMESA (SADCOM) countries that also saw the advantages of adopting a universal standard. Subsequent work sessions with the SADCOM countries have now led to no fewer than 26 countries in this region (including SACU) participating to bring about a uniform standard on information exchange.

This implies that all participating countries must align their national data structures with an agreed WCO data subset; harmonise their declaration and

transit procedures in accordance with the Revised Kyoto Convention; and commit to modernising their systems to accomplish this.

The WCO is following this development closely in conjunction with similar initiatives occurring elsewhere on the globe. The aim is to define a standard for “Your export is my import”, thereby providing all 177 WCO members with a universal standard for information exchange.

GNC is set to play a very important role in promoting trade facilitation, enhancing trade efficiency and safeguarding trade security. It will also greatly influence international rules and the development of the customs end-to-end operational process.

[Back to top](#)



Change in the process for registering, licensing or amending banking details

The process in which to register, license or amend banking details with SARS will change from 18 June 2012.

Any changes to banking details will now be verified before updating your banking profile with SARS.

Therefore, any refunds due to you (if applicable) will only be processed after your banking details are received and verified. For security reasons and to protect you from potential fraud, changes to banking details can only be done in person at a SARS Customs and Excise branch nearest you.

You may be required to verify your banking details under the following conditions:

- Where a general refund is due to you and you are not participating in the deferment scheme
- Where you have received a notification from SARS requesting your banking details be verified
- Where you are registering/licensing a new function or amending your banking details.

When visiting a SARS Customs and Excise branch to register, license or amend your banking details, ensure you comply in terms of the following application forms and supporting documents:

- **Natural or juristic person located in the RSA:**
 - A completed DA185 – Application form: Registration/Licensing of Customs and Excise clients and, if applicable, the relevant annexure signed by the applicant or the appointed representative
 - Original identity document/passport or a temporary identity document/passport of the person signing the application
 - One of the following documents to prove the account holder’s name, bank account number and bank branch code:
 - A cancelled cheque
 - A legible certified copy or original bank statement
 - An original letter from the bank on an letterhead
 - An original auto bank statement
 - Original or certified municipal account not older than 3 months to confirm the business address and residential address details
 - Value-Added Tax (VAT), Income Tax, Pay-As-You-Earn (PAYE), Skills Development Levy (SDL), Unemployment Insurance Fund (UIF) letters from SARS to confirm revenue registration details
 - Telkom and/or cell phone account not older than 3 months to confirm contact details
 - Original identity document/passport documents of –
 - Individual (applicant)
 - Representative of the company, trust, etc. so appointed.

- **For companies/Trusts/Close Corporations (CC) located in the RSA, etc:**
 - A completed DA185 – Application form: Registration/Licensing of Customs and Excise clients and, if applicable, the relevant annexure signed by the applicant or the appointed representative
 - Certificate of Incorporation (CM1) in case of Unlisted Public/Private Company, Founding Statement and Certificate of Incorporation (CK1) in case of a Close Corporation or a Trust deed or other founding statement in the case of a Trust
 - Resolution specifying who is authorised to act on behalf of or represent the Company, Trust, Close Corporation, etc.
 - Original identity document/passport or a temporary identity document/passport of

- All Members/Partners/Trustees
- All Directors, including Managing Director and Financial Director
- Public Officer and representative
- One of the following documents to prove the account holder's name, bank account number and bank branch code:
 - A cancelled cheque
 - A legible certified copy or original bank statement
- An original letter from the bank on the bank's letterhead
- Original or certified municipal account not older than 3 months to confirm the business address details.

Please note it will be required that the applicant or your representative must approach the nearest SARS Customs and Excise branch with the original identity document/passport or a temporary identity document/passport and the original Resolution specifying who is authorised to act on behalf of or represent a Company, Trust, Close Corporation, etc in order to enable SARS to conduct a physical verification.

[Back to top](#)