



Health Promotion Levy

Sugary Beverages Levy (SBL) - Excise



Purpose

❖ The purpose of the session:

- The over arching purpose of the session is to inform you as our Excise client/stakeholder:
 - ✓ Licencing and Registration requirements for HPL goods
 - ✓ Enabling legislation
 - ✓ Warehouse requirements
 - ✓ Administrative procedures

❖ Excluded from this session:

- We will not discuss the rationale of the HPL.
 - ✓ Individual products that are subject to the levy and the levy rate, inclusive of the threshold

Background

- ❖ The decision to introduce a levy on sugar-sweetened beverages with effect from 1 April 2018 to help reduce excessive sugar intake was announced by the Minister of Finance in the February 2016 budget speech
- ❖ National Treasury (NT) determines tax policy in South Africa. Therefore the rationale on which the health promotion levy is based is not a SARS matter but a NT matter.
- ❖ SARS is only responsible for the administration and collection of all taxes which includes levies.

Background – cont.

- ❖ The National Treasury wants the Health Promotion Levy to be a separate standalone that will not form part of the SACU revenue sharing pool.
- ❖ The envisaged Sugar Levy will be imposed on both imported and locally manufactured identified products.
- ❖ National Treasury has had the following engagements with different stakeholders in addition to over 144 written comments received when the draft policy paper was published for comment:

2016

- 21 April: Beverage Association of South Africa (BEVSA)
- 30 May: South African Fruit Juice Association (SAFJA)
- 13 June: Bloomberg Philanthropies
- 14 July: Consumer Goods Council of SA
- 02 August: NDoH and DAFF
- 04 August: Bloomberg Philanthropies
- 04 August: South African Fruit Juice Association (SAFJA)
- 19 August: South African Sugar Association (SASA)
- 25 August: SARS/NDoH
- 25 August: Open Panel Discussion arranged by Classic FM
- 19 September: Open Panel Discussion arranged by Business Day
- 05 October: Participated in a Health e- News Workshop with Journalists
- 31 October: Coca Cola South Africa
- 11 November: Public Stakeholder Workshop
- 16 November: Advocacy Incubator Group
- 08 December: BevSA/Coca Cola

2017

- 31 January: Standing Committee on Finance Public Hearing
- 06 February: Ethicore, representing Pioneer Foods
- 10 February: BevSA/Coca Cola
- 14 February: Standing Committee on Finance Public Hearing
- 17 February: Nedlac Presentation and Discussion
- 02 March: PricelessSA and The Global Food Research Program, UNC
- 9 March: Open Panel Discussion arranged by Mail & Guardian
- 10 March: OECD and WHO
- 17 March: Open Panel Discussion arranged by the EU Delegation to SA
- April- June: Nedlac Meetings
- 30 March: Food and Allied Workers Union (FAWU)
- 31 May: Standing Committee on Finance Public Hearings
- 6 June: Standing Committee on Finance Public Hearings

- ❖ The 2017 Rates Act, 2017 Taxation Laws Amendment Bill (TLAB) and 2017 Tax Administration Laws Amendment Bill (TALAB), Final Response Documents and Explanatory Memoranda can be found on the National Treasury (www.treasury.gov.za) and SARS (www.sars.gov.za) websites

Background

- ❖ Due to the specific mandate and role of SARS we are therefore responsible to perform the following:
 - Draft enabling legislation and rules
 - Create and draft administrative procedures, supporting systems and documentation.
 - Implement the levy regime consistently throughout the country.
 - Ensure ALL producers/manufacturers of leviable sugary beverages products are part of the administration of the levy.
 - Collect the relevant levy due.
 - Perform post declaration and payment of levy audits.
 - Report administrative and collection results to NT.
 - Ensure all participants who are liable for registering and/or licencing are accordingly done so

Legislation

Enabling Legislation

- ❖ In order for Excise to collect the sugary beverages levy, SARS needed to ensure that enabling legislation was drafted and approved through the parliamentary process:
 - A new Chapter VB to the Customs and Excise Act, No. 91 of 1964 as well as relevant Rules 54I.01 to 54I.09 thereto has been drafted and promulgated.
 - Due to the fact that the Health Promotion Levy on sugary beverages is administered under the principals of the current levy regime of SARS, the Rules to the levy regime as mentioned in Chapter VA of the Act and its Rules 54F which must be read and implemented with the relevant Rules of Chapter VB of the Act.
 - The enabling legislation comes into force on 1 April 2018.
 - The levy is assessed, declared and paid on a duty at source (DAS) principles.

HPL Policies and Procedures

❖ Applicable Tariff Headings

- Chapter 18 – 1806 – Chocolate and other food preparations containing cocoa with sub-heading **1806.10.05** – Preparations for making beverages.
- Chapter 19 - 1901 – Malt Extract: food preparations of flour.....sub-heading **1901.90.15** – Preparations for making beverages (**excl.** those of tariff sub-heading 1901.90.20)
- Chapter 21 – 2106 – Food preparations not elsewhere specified – sub headings:
 - ✓ **2106.90.20** – Syrups and other concentrates or preparations for making beverages, not having a basis of fruit juice (**excl.** those of tariff sub-heading 210690.69)
 - ✓ **2106.90.22** - Syrups and other concentrates or preparations for making beverages, not having a basis of fruit juice (**excl.** those of tariff sub-heading 210690.69)
 - ✓ **2106.90.69** – Drinking straws, containing flavouring preparations
- Chapter 22:
 - ✓ 2202.10 – Waters including mineral waters and aerated waters, containing added sugar or other sweetening matter or flavoured, and other non-alcoholic beverages (excl. fruit or vegetable juices of heading 2009) – **2202.10.10** – In sealed containers holding 2.5li or less (**excl.** those in collapsible plastic tubes)
 - ✓ 2202.91 – Non-alcoholic beer – **2202.91.20** – In sealed containers holding 2.5li or less (**excl.** those in collapsible plastic tubes and those with a basis of milk)
 - ✓ 2202.99 – Other – **2202.99.20** - In sealed containers holding 2.5li or less (**excl.** those in collapsible plastic tubes and those with a basis of milk), and **2202.99.90** - Other

Legislation – cont.

Internal documents in the Harmonized Tariff:

- ❖ Schedule 1 part 7A – reflects the HPL items
 - The current health promotion specific items are;
 - ✓ 191.01, 191.02, 191.05 and 191.07 , all with various sub-items.

- ❖ Schedule 5 – reflects, amongst others, the 561.03 refund item

- ❖ Schedule 6 – reflects the health promotion levy refund items

- ❖ Schedule 8 – reflects the licensing and warehouse type.

Legislation – cont.

External guiding manuals and documents

- ❖ The following External documents, which will be found on the SARS website, will further assist you in understanding the legal framework and administrative requirements of your levy administration:
 - Licensing – SE-FS-02
 - Registration – SE-FS-21
 - Completion of DA 185 – SE-FS-03
 - Health Promotion Levy on Sugary Beverages – External Policy – SE-SB-02
 - Completion manual of the DA179-return, - continuation sheet and DA179.01 CSV – SE-SB-03-MO1

General Requirements

Who is liable for the payment of the levy?

- ❖ All local manufacturers of sugary beverages (in the Republic) classifiable under the Health Promotion levy items depending on the sugar content volume per calendar year.

- ❖ Two (2) categories of local manufacturers:
 - **Commercial manufacturers (Licensees)** – Local manufacturers who manufacture or expect to manufacture sugary beverages with a total sugar content exceeding **500 kilogram** per calendar year; and

General Requirements – cont.

- **Non – Commercial (Registrants)** – Local manufacturers who manufacture or expect to manufacture sugary beverages with a total sugar content **not exceeding 500 kilogram** per calendar year.

- ❖ Local manufacturers must note that any related persons who manufactures or expect to manufactures a combine total quantity of sugary beverages with a sugar content **exceeding 500 kilogram** per calendar year shall be respectively regarded as commercial manufacturers; and

- ❖ Any person who manufactures or who expects to manufacture on the same or adjacent manufacturing premises a combined total quantity of sugary beverages with a sugar content **exceeding 500 kilograms** per calendar year shall be respectively regarded as commercial manufacturers.

Licencing and Registration

General Requirements for Licencing and Registration

❖ The applicant

- The forms DA 185 and DA 185.4B2 must be completed (available on SARS website).
- All relevant supporting (ID, Resolution, etc.) documents must be attached.
- Submit to the nearest Customs and/or Excise branch office.
- Registration on SARS eFiling is required in addition to the above (www.sarsefiling.co.za)

❖ Excise

- Perform a premises (on-site) inspection to ensure compliance of the building and it's structures to the Customs and Excise Act 91 of 1964, as amended
- Capture application on Service Manager and create case.
- Refer the application for internal vetting purposes.

Licencing and Registration

❖ The SARS Central Processing Hub

- Receive the application and prepare it for the licensing/registration committee's decision.
- Depending on the committee's decision, the administrator informs the relevant branch office of the outcome.
- If approved a letter of approval is issued containing the warehouse number, the client number and the payment reference number (PRN)

DA185.4B2



ANNEXURE DA 185.4B2

LICENSING CLIENT TYPE 4B2 – MANUFACTURING WAREHOUSE

Trading Particulars:

Please supply all trade names and physical addresses if the business is conducted from a different address or under a different name as that stated in Block 6 of the application form (DA 185).

Trade name of business:

Physical address: Street name and number:

Building name and floor number:

Suburb:

City/Town:

Street code:

Authority to apply:

I/We,

.....
(name of applicant)

(1) (2)

(Capacity)

being duly authorised thereto by virtue of –

(a) *a resolution passed at a meeting of the Board of Directors, held at
on the day of

(b) *express consent in writing of all the members of the close corporation / *
trustees of the trust; or

(c) * being a person having the management of any other association; or

(d) * delegated officer of an organ of State,
hereby apply for licensing of a Manufacturing Warehouse.

Warehouse Particulars:

(a) Indicate with an X what the warehouse will be used for:

(i) Manufacture of tobacco products (warehouse business type 32 - VM)

(ii) Manufacture of malt beer (warehouse business type 33 - VM)

(iii) Manufacture of spirits

(aa) Primary (warehouse business type 34 - VMP)

(bb) Secondary (warehouse business type 35 - VMS)

(iv) Manufacture of petroleum products – excluding biodiesel (warehouse business type 38 - VM)

(v) Manufacture of (commercial) biodiesel (warehouse business type 39 - VM)

(vi) Manufacture of plastic carrier and flat bags (warehouse business type 42 - VM)

(vii) Manufacture of electric filament lamps (warehouse business type 43 - VM)

(viii) Production of electricity (warehouse business type 44 - VM)

(ix) Manufacture of tyres (warehouse business type 56 - VM)

(x) Manufacture of sugary beverages (warehouse business type 57 - VM)

(b) Please state the rebate item(s), tariff subheading(s) / item(s) (if applicable), and describe the goods that will be manufactured or stored in the warehouse.

Rebate item(s)	Tariff subheading(s) / item(s)	Rebate Code	Description of goods manufactured / stored
(1)			
(2)			
(3)			
(4)			
(5)			
(6)			
(7)			
(8)			
(9)			

DA185.4B2 - cont

Completion by Electricity Producers only	
Installed Capacity of Electricity Generation Plant:	
Number of Electricity Generation Units:	
Non-renewable energy source used:	Coal <input type="checkbox"/> Petroleum based liquid fuels <input type="checkbox"/> Natural gas <input type="checkbox"/> Nuclear <input type="checkbox"/> Other <input type="checkbox"/> Specify:
If electricity generated from co-generation, indicate type: (Rule 54FA.10(c)(ii))	Waste heat or energy from waste <input type="checkbox"/> Combined heat and power <input type="checkbox"/> Renewable <input type="checkbox"/> Solar power <input type="checkbox"/>

Completion by Tyre Producers only	
Indicate tyre levy client type:	New tyre manufacturer <input type="checkbox"/>
	Re-tread tyre manufacturer <input type="checkbox"/>

Completion by Sugary Beverages Producers only	
Indicate sugary beverages levy client type:	Commercial manufacturer (manufacture, or expects to manufacture sugary beverages with a sugar content exceeding 500 kilogram per calendar year) <input type="checkbox"/>
	Non-commercial manufacturer (expects to manufacture sugary beverages with a sugar content not exceeding 500 kilogram per calendar year) <input type="checkbox"/>

and all enclosures are true and correct; and
 vice immediately of any changes in the particulars furnished in
 ws and procedures.

..... (Initials and Surname) (Status / Capacity, e.g. Director)
..... (Signature) (Date & Place)

FOR OFFICIAL USE												
File Number:												
Type of Warehouse:	VM	VMP	VMS									
Warehouse Number:												
Licence Number:												
Licence Date:												
District Office:												

General Requirements – cont.

❖ Requirements to be complied to by the warehouse licensees

- The manufacturing premises must be licensed with the SARS Excise as a Customs and Excise Manufacturing warehouse as prescribed in Schedule 8.
- The owner of the warehouse must ensure that the warehouse comply to the warehouse requirements which the Excise staff will identify.
- Always ensure timely submission and payment of the levy due on all removals from the warehouse during a particular assessment period.
- Always ensure the correct amount of levy is declared and paid on due dates.

General Requirements – cont.

- Records of all required source documentation, inclusive of production records, product orders from clients, sales invoices, relevant credit notes, warehouse registers as may be required from the Excise administration, delivery notes, DA 179 – return, DA179- continuation sheet and DA 179- CSV – file is safely kept.
- Floorplans of the warehouse are at all times correct and up-to-date as far as the layout and placement of production equipment is concerned. If any alterations or extensions are to be made prior to it, the Excise must be informed accordingly and a new amended plan be supplied to the Excise Auditor.

General Requirements – cont.

- The sugary beverages products produced or to be produced must be registered on the DA185 and its annexure. If the manufacturer decides to extend the production line with more sugary beverages products, it must be reflected on an amended DA185 to be submitted to Excise before commencement with the new products.
- The legal identity has been registered during the licensing process. If the legal identity is about to be changed or amended, the licensed identity must ensure that Excise is duly informed thereof prior to it been effected on an amended DA185 and its annexure.
- The licensee of the warehouse must at all times provide the Excise Auditor access to the warehouse premises to allow them to carry out their official duties.

General Requirements – cont.

- The licensee or their appointed public officer must ensure that they provide Excise with adequate office accommodation and furniture when they have to perform any task at the warehouse premises.
- Ensure full co-operation in availing relevant information, source documentation and records as requested by the Excise Auditor.
- Excise officers will identify themselves by means of SARS identity cards or a letter signed by the Senior Manager.

General Requirements – cont.

❖ Requirements to comply to by the registrant:

- Must register on a DA185 and its annexure as a non- commercial manufacturer.
- Must submit a new DA185 on or before 31st December of each year declaring the expected total sugar content volume for the next calendar year.
- Must keep and maintain production and sales records of all production and sales per calendar year.

General Requirements – cont.

Implementation provisions:

➤ Stock take of “prior stock”

- ✓ All licensees must **at or before (00:00 AM) on the evening of 31 March 2018**, after the production has been stopped, or if the production continues, after the production stock has been transferred to the relevant on-site stock facility, or before sales and removals of produced stock up to 00:00 AM on 31 March 2018 can be started with in the morning of 1 April 2018, perform a stock take of all the leviable sugary beverages in its manufacturing warehouse stock room/-shed or–division as a closing balance of stock manufactured before the health promotion levy came into affect, meaning the “old stock”.
- ✓ A suitable SAP record or similar stock record must be completed, signed and dated by the licensee. A copy of the warehouse’s “old stock”, either in an electronic format which has been agreed to and acceptable by Excise, or any other acceptable format agreed to, must be submitted to Excise on 1 April 2018 to the relevant Excise Officers for record purposes.
- ✓ The contact person per branch will be communicated to you prior to 1 April 2018.

General Requirements – cont.

Treatment of stock in the warehouse prior to 1 April 2018:

- Administrative arrangements must be made to sell and remove all the stock manufactured prior to 1 April 2018 out of the warehouse first to ensure “prior” and new stock are clearly marked. This is imperative to prevent the assessment of levies being payable on stocks prior to 1 April 2018.

- ✓ Licensees must ensure, when issuing invoices or delivery notes in respect of sales and removal of those leviable sugary beverages products manufactured before the date the health promotion levy came into effect, they endorse, with either a red stamp or red pen, such invoices or delivery notes with the words: “manufactured prior to 1 April 2018”.

General Requirements – cont.

Treatment of the new production stock in the warehouse from 1 April 2018:

- ❖ Licensees must, as from 00:01 AM on 1 April 2018, record all new stock manufactured for purposes of assessment, declaration and payment of the levy.
 - This record may be kept on the licensee's internal SAP recording system.
 - The recording, in which ever format, must be kept and stored in a fire-proof safe.

- ❖ The first assessment period is from 1 – 30 April 2018. Licensees must therefore ensure they have all their administrative processes in place to record all sales and removals of its leviable sugary beverages products

Monthly Excise Return Administration

The DA179 – return and its continuation sheet:

- ❖ The return is a manual document which must be completed by the licensee on a monthly basis starting from April 2018.
 - Must be completed, signed and dated by the licensee or his appointed public officer.
 - Must be used to capture the EXD 01 on e-filing.
 - Must be retained for record and audit purposes for a period of five (5) years in a fire-proof safe or area.

- ❖ The return must be completed using the external completion manual – published on the SARS website.

Monthly Excise Return Administration - cont

The DA179 – CSV – file document:

- ❖ The **CSV** – file must be completed every month reflecting ALL sale and removal transactions performed during the assessment month, i.e. the month in which the products were sold and removed.
- ❖ Must reflect every product code and its description per line, obviously only the products liable to the sugary beverages levy.
- ❖ The product packaging volume per packaging, i.e. 200ml, 330ml or 440ml, 750ml,1000ml, 2500ml, etc. which ever is relevant to your sales.

Monthly Excise Return Administration – cont.

- ❖ The number of units sold and removed, during the assessment period, of a specific product. If the product has been packed in different package sizes such individual sizes must be reflected separately per individual line on the CSV file.
- ❖ The sugar content in grams per 100ml which must be obtained from the test report which is certified by a testing laboratory accredited by the South African National Accreditation System (SANAS) or the International Laboratory Accreditation Cooperation (ILAC).
- ❖ Note: If either one of the mentioned testing reports is not readily available, the sugar content of the sugary beverages must be calculated on the deemed sugar content that is assumed to constitute 20 grams per 100ml.
- ❖ Nil returns must also be submitted at all times (if applicable)
- ❖ Same rules apply to the submission of the “NIL” returns as far as it pertains to timelines, etc.

Monthly Excise Return Administration - cont

- ❖ If the licensee is, due to unforeseen reasons, i.e. total electricity outage or system breakdown, unable to submit and eFile the monthly Excise EXD 01 return, the licensee may, before the lapse of the submission and payment timelines, manually submit the return (DA179) by hand delivery to an Excise Officer at the branch office that the licensee normally deals with for capturing on the Excise EXD 01 system.
- ❖ The Excise Officer must capture the manually submitted DA179 return in the presence of the licensee or his officially designated public officer.
- ❖ The Excise Officer must provide the licensee or his/her representative with a system generated payment reference number, which the licensee must use to make an EFT bank transfer of funds to the amount of the levy due and payable by the licensee.

The EXD 01

Product Details – Sugary Beverages Levy Return

SBLLC01

CSV File Name

SBL - Health Promotion Levy Payable

Tariff sub-heading(s)	Health Promotion Levy Item	Total Sugar Content Removed	Sugar Content Exceeding 4g/100ml Removed	Levy Rate	Levy Payable
00000000	00000000	000000000000.00	000000000000.00	0.0000	000000000000.00

SBL - Health Promotion Levy Adjustment

Less Rebates	Less Refunds	Less Refunds	Less Levy Overpaid	Plus Levy Underpaid	Net Levy Payable
000000000000.00	000000000000.00	000000000000.00	000000000000.00	000000000000.00	000000000000.00

Levy Calculations

Total Levy Payable	000000000000.00
Less Rebates	690.01
Less Refunds	691.01
	691.04
Gross Levy Due	000000000000.00
Less Levy Overpaid	000000000000.00
Subtotal	000000000000.00
Plus Levy Underpaid	000000000000.00
Total Amount Payable	000000000000.00
Due date (CCYYMMDD)	0

The DA179 CSV

DA17901 Excel upload file		Schedule of Health Promotion Levy Items Removed										
Warehouse number: CTNVM 01234	Excise code: 12345678	www.sars.gov.za										
Taxpayer e-mail address: bdutoit1@sars.gov.za		PERIOD M: 20180401; 20180430										
A Client Product Code	B Client Product Description	C Tariff Subheading	D Health Promotion Levy Item	E Unit package volume	F Number of Units removed	G Sugar content g/100ml	H Total sugar content removed g/100ml (E/100xFxG)	I Threshold Sugar content g/100ml	J Sugar Content Leviable (G-I)	K Total sugar content removed in excess of the threshold in g /100ml (E/100xFxJ)	L Levy Rate per gram	M Levy payable (KxL)
5012a	Coca-Cola	22021010	1910705	100	10	10	100.00	4	6	60.00	0.021	1.26
S2804H17	Sparlette Cream Soda	22021090	1910710	440	100	10.6	4 664.00	4	6.6	2 904.00	0.021	60.98
C1A18H17	Coca-Cola	22021090	1910710	440	1 000	10.6	46 640.00	4	6.6	29 040.00	0.021	609.84
C014047	Fruitree Clear Apple	22029920	1910725	440	10 000	10.6	466 400.00	4	6.6	290 400.00	0.021	6 098.40
W1000	Water	22021010	1910705	440	100 000	10.60	4 664 000.00	4	6.6	2 904 000.00	0.021	60 984.00
Page 1											Total Levy Payable	67 754.48

Green columns will be carried forward to the front page of the DA179 - EXD01 will populate these fields using the summarised CSV and validations

These field values are auto calculated with a formula and will also be validated by the backend ATP

Refund Items Administration

The refund items available are (for direct set-off):

- ❖ 691.01 – SBL goods removed by the VM – licensee to a consignee in BLNS.
- ❖ 691.04 – SBL goods removed by the VM- licensee to a consignee outside the Customs Union.
 - These refund items may only be used if the sugary beverages products fully complied to the general notes as reflected in the items in the Schedule 6. The licensee therefore must make 100% sure that all relevant requirements as far as it pertains to, amongst others, status of the products, limitations and timelines have been complied to before using the item.
 - If there is 100% compliance to the relevant notes, the refund may be set-off directly on the DA179 – return and the EXD 01 eFiling system return for which both returns makes due provision for.

Refund Items Administration - cont

The refund items available for claiming on the DA 66:

- ❖ 691.02- SBL goods found to be off-specification or deteriorated and being returned for destruction or reprocessing.

- ❖ 691.03- SBL goods exported by a “third party”

- ❖ 691.05- SBL goods in a Customs and Excise warehouse used by a licensee:
 - Of health promotion levy warehouse for the manufacture of goods subject to HPL, or
 - An Excise manufacturing warehouse for the manufacture of goods not subject to HPL

- ❖ 691.06 – SBL goods in a non-licenced premises

Refund Items Administration - cont

- ❖ The rebate item available is:
 - 690.01 – Vis major occurrences
 - ✓ Here the licensee must also ensure that the products fully comply to the general notes of the rebate item.
 - ✓ If 100% compliance to the relevant notes is ensured, the licensee may set-off the rebated amount directly on the provide field on the DA179 return and EXD 01 eFiling system return.

- ❖ The licensee must note that with every set-off made on a DA179 and EXD 01 return, the branch office Excise staff will contact him/her for a full explanation and or submission of supporting documentation to substantiate the set-off made.

- ❖ The request for reasons and or supporting documentation may however be performed immediately or pended for a on-site warehouse audit, which ever the Excise staff decided to do.

Refund Items Administration – cont.

- ❖ The licensee must therefore ensure the supporting documentation to substantiate a rebate or refund set-off is at all times readily available for audit or inspection purposes.

- ❖ If a third party entity want to claim a refund on any of the mentioned refund item he/she may do so only by completion of a DA 66 refund claim jacket.
 - The claimant must ensure he/she has a legal claim in that he/she fully complied to all the requirements and provisions listed in the general notes to the refund items as reflected in Schedule 6.
 - The claimant must submit the DA66 claim manually to the Excise staff in the branch office his business is situated together with all required supporting documents.

Refund Items Administration – cont.

- ❖ If the licensee of a manufacturing warehouse has imported a product which is intended to be used in the manufacturing warehouse in further downstream production of sugary beverages products, he/she may also submit a DA 66 refund claim in terms of item 561.03 of Schedule 5 to the Customs division in the branch office where their manufacturing warehouse is situated.
 - The licensee, which is the refund claimant, may only submit **ONE (1) refund claim** for the total amount - or number of sugary products he/she has originally imported for use in his/her manufacturing warehouse.
 - The claimant must ensure, before submission of the refund claim, that he has a legitimate SAD 500 DP bill of entry processed through Customs during the import of the products, and
 - That the products/s so imported, for use in the manufacturing warehouse in the downstream production of sugary beverages, has been duly received on a form developed for the specific purpose in the manufacturing warehouse where such downstream activities are to be undertaken.

Refund Items Administration – cont.

- The so imported product/s may only remain in such a manufacturing warehouse for a period not exceeding two (2) years from the date of importation. If this timeline has lapsed the refund claim cannot be entertained anymore.
- The manufacturing warehouse licensee must ensure that the imported product/s has been registered in his warehouse register as proof of the ad hoc use thereof in production.

❖ Guidance and Assistance

[www..sars.gov.za](http://www.sars.gov.za) > Customs and Excise > Excise > Sugary Beverages Levy

Need help?

If you have any questions, you may:

Send your questions to SugarLevy@sars.gov.za or

Phone our Contact Centre on 0800 00 7277 or

Visit your nearest [Customs & Excise branch](#).

Record Keeping

The licensee of a manufacturing warehouse must keep records of:

- ❖ Raw materials received, used in the production process, and/or removed
- ❖ Yield from raw materials
- ❖ Production
- ❖ Stock on hand
- ❖ Instances where a rebate item 690.01 (vis major) necessitates a rebate of levy:
 - Police affidavits and - reports, insurance claim documentation, relevant photographs of the incident, etc.
 - Removal for sales in the Republic

Record Keeping - cont.

- ❖ Returns of levy paid stock for destruction or reprocessing, etc.
 - Credit notes, delivery notes, etc.

- ❖ Exports to BLNS or beyond SACU.
 - The Customs export documentation, inclusive of SAD 500, Transport documentation, etc.

- ❖ A licensee may keep electronic records if it can be readily converted into paper copies and made available to SARS when required/requested.

Non Compliance

Penalties:

- ❖ Failure to adhere to the provisions of the Act, as set out in this document, is considered a transgression and therefore regarded an offence.
- ❖ Offences may render the licensee liable to, as provided for in the Act:
 - ✓ Criminal prosecution; and/or
 - ✓ Suspension or cancellation of registration and/or license
 - ✓ Monetary penalties.
- ❖ Licensee may revert to the appeal process (DA 51) if in dispute over the penalty requested, but only after the said penalty amount has been brought to account. The policy in this regard, as well as the process to be followed, is contained in document SC-CC-24.

Non Compliance- cont.

- If the appeal process has been exhausted and the client is still not satisfied with the outcome thereof, he/she may revert to the alternative dispute resolution, DA 52 (ADR) process. The policy in this regard, as well as the process to be followed is contained in document SC-CC-26.
 - Penalties is subject to either full - or - partly forfeiture or full refund thereof.
- ❖ Interest:
- Interest is payable on all outstanding amounts which were due to be paid by the licensee.
 - Note must be taken of the interest calculation of “a day represents a whole month.”
 - Interest is not refundable.

Thank you
Re a leboha
Re a leboga
Ndza Khensa
Dankie
Ndi a livhuwa
Ngiyabonga
Enkosi
Ngiyathokoza