

GENERAL EXPLANATORY NOTE:

[] Words that are between square brackets and in bold typeface, indicate deletions from the existing rules

 Words that are underlined with a solid line, indicate insertions in the existing rules

**DRAFT AMENDMENT OF RULES
in terms of the Customs and Excise Act, 1964**

The following amendments are proposed in terms of sections 110 and 120:

(a) By the insertion after rule 106.02 of the following heading and rules:

RULES FOR SECTION 110 OF THE ACT

Product counters on cigarette production lines

110.01 For the purposes of these rules -

(a) "cigarette packaging machine" means any machine used in the packing of any cigarettes.

(b) "cigarette production line" means any sequence or combination of machines used in the manufacture of cigarettes.

110.02 The licensee of a customs and excise manufacturing warehouse for the manufacture of cigarettes shall calculate the quantities of all cigarettes manufactured in the warehouse by means of a functional product counter on each cigarette packaging machine.

110.03 For the purposes of rule 110.02, the licensee shall -

(a) ensure that a product counter is installed and maintained on each cigarette packaging machine according to the specifications of the manufacturer of

such cigarette packaging machine and the manufacturer of such product counter respectively;

(b) ensure that a device is installed and maintained for the recording of data for each product counter on the quantities of all cigarettes manufactured;

(c) seal any inoperative cigarette packaging machine or cigarette production line with a tamper-proof security seal under the supervision of an officer;

(d) conserve any security seal and only allow the seal to be removed and replaced under the supervision of an officer;

(e) bear the cost of installing and maintaining any product counter and data recording device; and

(f) bear the cost of installing and conserving any security seal.

110.04 The licensee shall comply with the provisions of rule 110.03 -

(a) within 30 days after the commencement of these rules;

(b) within 30 days after the acquisition of any operative cigarette packaging machine after the commencement of these rules; or

(c) within an alternative period the Commissioner may allow upon a request in writing from such licensee.

110.05 The licensee shall record and report to the Commissioner –

(a) annually the layout in the warehouse of each product counter and its data recording device per cigarette packaging machine per cigarette production line;

(b) daily the readings of each product counter and its data recording device per cigarette packaging machine per cigarette production line and per cigarette production run;

(c) immediately upon occurrence the –

(i) resetting, deactivation or malfunction of any product counter or data recording device;

(ii) deactivation or malfunction of any operative cigarette packaging machine or cigarette production line;

(iii) breach or malfunction of any security seal

(iv) activation of any inoperative cigarette packaging machine or cigarette production line;

(v) alteration of any cigarette packaging machine or cigarette production line that impacts on any product counter or data recording device; or

(vi) acquisition, installation, sale or removal of any cigarette packaging machine or cigarette production line; and

(d) retain the records available for inspection by the Commissioner for a period of five years calculated from the end of the calendar year in which any such record was created.

110.06 If for any reason the quantities of all cigarettes manufactured cannot be determined as prescribed in rule 110.02, the licensee may request approval in writing from the Commissioner for an alternative methodology to be used.

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