

**SOUTH AFRICAN REVENUE SERVICE**

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**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

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**CUSTOMS AND EXCISE ACT, 1964**

**AMENDMENT OF RULES**

Under sections 107, 110 and 120 of the Customs and Excise Act, 1964 (Act No. 91 of 1964), the rules published in Government Notice R.1874 of 8 December 1995, are herewith amended to the extent set out in the Schedule hereto. This amendment will take effect 30 days after publication of this Notice.

**EDWARD CHRISTIAN KIESWETTER**

**COMMISSIONER FOR THE SOUTH AFRICAN REVENUE SERVICE**

**SCHEDULE**

**1. Insertion of rule 107A**

The following rule is hereby inserted after the rules for section 106:

**“RULES FOR SECTION 107A OF THE ACT**

**Requirements in respect of tobacco growers and tobacco leaf dealers**

107A.01 (a) For the purposes of this rule –

“tobacco grower” means any person who engages in the farming of tobacco leaf product;

“tobacco leaf dealer” means any person who engages in the storing, processing or transacting of tobacco leaf product, excluding the farming thereof;

“tobacco leaf processing” means any preliminary, intermediate or supplementary process in connection with tobacco leaf product, including the drying and threshing thereof.

“tobacco leaf product” means tobacco not stemmed or stripped, tobacco partly or wholly stemmed or stripped, or tobacco refuse;

“tobacco not stemmed or stripped” means tobacco classified under tariff subheading 2401.10 of Section IV of Part 1 of Schedule No. 1;

“tobacco partly or wholly stemmed or stripped” means tobacco classified under tariff subheading 2401.20 of Section IV of Part 1 of Schedule No. 1; and

“tobacco refuse” means tobacco classified under tariff subheading 2401.30 of Section IV of Part 1 of Schedule No. 1.

(b) Every tobacco leaf dealer shall register for that purpose with the Commissioner on form DA 185 and the appropriate annexure in terms of section 59A and the rules thereto.

(c) Every tobacco grower and tobacco leaf dealer shall –

(i) keep records in respect of –

(aa) each receipt of tobacco leaf product, including the name, address and customs and excise client number of the supplier;

(bb) the date, volume, value and detailed description of each such receipt of tobacco leaf product;

(cc) the tobacco leaf processing carried out in respect of each such receipt of tobacco leaf product;

(dd) the person on whose behalf such tobacco leaf processing was carried out, including the name, address and customs and excise client number of such person;

(ee) each supply of tobacco leaf product, including the name, address and customs and excise client number of the recipient;

and

- (ff) the date, volume, value and detailed description of each such supply of tobacco leaf product; and
- (ii) retain such records and the documents in support thereof 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.”

## **2. Insertion of rule 110**

The following rule is hereby inserted after the rules for section 107A:

### **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.

### **3. Substitution of form**

Item 202.00 of the Schedule to the rules is hereby amended by the substitution for form DA 185 of the following form:

“DA 185 Application form: Registration/Licensing of Customs and Excise Clients”

### **4. Insertion of form**

Item 202.00 of the Schedule to the rules is hereby amended by the insertion for form DA 185.4A17 of the following form:

“DA 185.4A17 Registration client type 4A17 – Registered tobacco leaf dealer”