



# Customs Clearance and Valuation of Banknotes

Customs & Excise



*South African Revenue Service*

# Customs Clearance and Valuation of Banknotes

## Preface

This guide has been prepared to clarify the procedure for the clearance and valuation of banknotes imported or exported for commercial purposes. It does not go into comprehensive technical and legal detail, and should therefore not be used as a legal reference.

This guide has no binding legal effect.

Should you require more information you may –

- visit the SARS website at **[www.sars.gov.za](http://www.sars.gov.za)**;
- visit your nearest SARS branch office;
- contact your own tax advisor or tax practitioner;
- contact the SARS National Contact Centre –
  - if calling locally, on 0800 00 7277;
  - if calling from abroad, on +27 11 602 2093 (only between 8am and 4pm South African time).

Comments on this guide may be emailed to **[policycomments@sars.gov.za](mailto:policycomments@sars.gov.za)**.

**Legislative Policy: Customs and Excise**  
**SOUTH AFRICAN REVENUE SERVICE**  
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## 1. Introduction

One of the key findings in the Financial Action Task Force (FATF) Report titled, “Money Laundering Through the Physical Transportation of Cash,” dated October 2015, states amongst other things –

“...it appears that ... substantially less countries have any appreciation of the legitimate movement of cash in cargo, and pay little attention to this phenomenon despite the amounts moved in cargo being much larger than those being moved by natural persons.”

Banks and other financial institutions buy and sell banknotes on global markets, both to meet their demands for banknotes, and also to enhance their profits by taking advantage of exchange rate fluctuations. The result of this is that banknotes are physically transported in huge volumes across international borders on a daily basis.

Establishing clear guidelines on customs clearance procedures and valuation rules for the import and export of banknotes will support –

- government’s efforts to combat money laundering and other crimes;
- effective risk management, monitoring and control over banknotes imported or exported commercially; and
- reliable and trusted merchandise trade statistics.

## 2. Purpose

This guide clarifies the procedure for the clearance and valuation of banknotes, imported or exported for commercial purposes, and the rules for their inclusion or exclusion in merchandise trade statistics.

## 3. Legislative framework

Section 1 of the Customs and Excise Act 91 of 1964 (the Act) defines “goods”, to include currency. In the international Harmonised System, developed by the World Customs Organisation, banknotes are given a unique goods nomenclature code: 49 07 00 30 00.

The use of any other commodity code for banknotes would be a false tariff declaration and could result in financial penalties, prosecution and forfeiture of the banknotes (see **5.1** and **5.2** for the tariff subheadings to be inserted for the purposes of inclusion or exclusion in trade stats).

For the purposes of the Act, banknotes are therefore goods subject to the same customs clearance procedures as other goods. A customs clearance declaration (SAD 500) must be submitted in accordance with section 38 read with sections 39 and 40.

The Commissioner for SARS has the mandate under section 117, to collect and disseminate South Africa’s international merchandise trade statistics as the Minister of Finance may determine. The Minister has approved that the IMTS 2010 recommendations on the reporting of banknotes in merchandise trade stats should be adopted.

Chapter IX of the Act must be referred to for the purposes of valuation.

## 4. International merchandise trade statistics

International trade statistics globally adhere to the guidelines of the United Nations Statistics Division contained in its *Manual on Statistics of International Trade in Services, 2010 (IMTS 2010)*, and *International Recommendations for Distributive Trade Statistics, 2008*.

According to the *IMTS 2010*, banknotes not in circulation are goods recommended for inclusion in trade statistics. Banknotes not in circulation include banknotes that are unissued or that are taken out of circulation. They are regarded as goods rather than as financial items and should be included in imports or exports as any other goods.

Issued banknotes in circulation are regarded as financial items and should be excluded from merchandise trade statistics.

The *IMTS 2010* further states that all categories of goods should be valued on the basis of the World Trade Organisation (WTO) Agreement on Customs Valuation. In addition, it recommends that banknotes not in circulation be valued at the transaction value of the printed paper or stamped metal rather than at their face value.

## 5. Customs valuation and inclusion or exclusion in trade stats

To give effect to the *IMTS 2010* recommendations above, guidance is provided below on customs valuation of banknotes and their inclusion or exclusion in trade stats.

### 5.1 Import of banknotes

Category of Banknotes	Customs Valuation	Tariff Subheading	Included/Excluded in trade stats
National currency, in circulation, repatriated from abroad	Valued on the basis of the WTO Agreement on Customs Valuation viz. transaction value, i.e. face value at the prevailing exchange rate at the time of importation	4907.00.11	Excluded
National currency, not in circulation, printed abroad	Transaction value, not the face value. In other words price paid for paper, ink, production etc.	4907.00.12	Included
Foreign currency, in circulation, imported	Valued on the basis of the WTO Agreement on Customs Valuation viz. transaction value, i.e. face value at the prevailing exchange rate at the time of importation.	4907.00.14	Excluded

## 5.2 Export of banknotes

Category of Banknotes	Customs Valuation	Tariff Subheading	Included/Excluded in trade stats
Foreign currency, printed locally, not in circulation, as provided for in Additional Note 1 to Chapter 49 <sup>1</sup>	Transaction value of the printed paper, ink or stamped metal rather than at their face value.	4907.00.16	Included
Foreign currency, in circulation, as provided for in Additional Note 1 to Chapter 49	Valued under section 72 of the Customs and Excise Act, 1964, i.e. price of the goods free on board at the place of despatch from the Republic.	4907.00.18	Excluded

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<sup>1</sup> **ADDITIONAL NOTE:**

1. Tariff subheadings 4907.00.16 and 4907.00.18 applies to the foreign currency banknotes mentioned therein, exported from the Republic.