

**CUSTOMS**  
**EXTERNAL**  
**GUIDE**  
**REBATE ITEM 470.03**

**TABLE OF CONTENTS**

<b>1</b>	<b>SCOPE</b>	<b>3</b>
<b>2</b>	<b>REFERENCES</b>	<b>3</b>
2.1	Legislation	3
2.2	Cross References	3
2.3	Quality Records	3
<b>3</b>	<b>DEFINITIONS AND ACRONYMS</b>	<b>4</b>
<b>4</b>	<b>BACKGROUND</b>	<b>4</b>
4.1	History	4
4.2	Rebate Item 470.03	4
4.3	Objective	5
4.4	Roles of ITAC and SARS	5
<b>5</b>	<b>GOVERNING LEGISLATION</b>	<b>5</b>
5.1	Schedules to the Act	5
5.2	The Act	6
5.3	Rules to the Act	8
5.4	The VAT Act	10
<b>6</b>	<b>ITAC APPLICATION</b>	<b>10</b>
<b>7</b>	<b>REGISTRATION WITH CUSTOMS OPERATIONS</b>	<b>11</b>
7.1	Registration requirements	11
7.2	Making application	11
7.3	Application forms	12
7.4	Submission of plans and approval of rebate stores	12
7.5	Security	12
7.6	Refusal, suspension and cancellation of registrations	12
<b>8</b>	<b>CLEARANCE OF GOODS</b>	<b>13</b>
8.1	Submission of rebate permits at the time of clearance	13
8.2	Import declarations of goods under rebate	13
8.3	Value-added tax	13
8.4	Import permits	13
8.5	Goods imported which are free of Customs duty	14
8.6	BLNS countries	14
<b>9</b>	<b>MANUFACTURE OF GOODS</b>	<b>14</b>
9.1	Register of manufacturing yields	14
9.2	Secondary or by-products resulting from the manufacturing process	15
9.3	Manufacturing losses and wastage	15
9.4	Abandonment or destruction	15
9.5	Manufacture of excisable goods	16
9.6	Linkages to other rebate provisions and trade arrangements	16
9.7	Bringing duty to account on goods sold in the domestic market	16
9.8	Removal of materials to sub-contractors	17
9.9	Transfer of ownership of goods between registrants and keeping of records	17
9.10	Storage	17
<b>10</b>	<b>EXPORT OF GOODS</b>	<b>17</b>
10.1	Export declarations	17
10.2	Inspections	18
10.3	Declaration of origin	18
10.4	Timeframes	18
10.5	Proof of export	18
10.6	The importer must be the exporter	19
10.7	Special attendance	19
<b>11</b>	<b>AUDITS</b>	<b>19</b>
<b>12</b>	<b>DOCUMENT MANAGEMENT</b>	<b>19</b>

## 1 SCOPE

- a) This document provides a guide for the interpretation and application of Rebate Item 470.03.
- b) This guide also provides for the application process by registrants, the clearance of goods under rebate and accounting for the imported goods by Branch Offices.
- c) The following documents must be read in conjunction with this guide as they contain specific registration, clearance and audit requirements that must be met:
  - i) SC-CF-19 and
  - ii) SC-CF-04.

## 2 REFERENCES

### 2.1 Legislation

TYPE OF REFERENCE	REFERENCE
Legislation and Rules administered by SARS:	<b>Customs and Excise Act No. 91 of 1964:</b> Sections 40, 45, 46, 46A, 49, 59A, 60(2), 75, 75(A) and Chapter XI (Sections 78 to 95); Rules for Sections 45, 59A and 75. Notes A, C and H to Schedule 1, Notes 3 and 5 to Schedule 3, Notes to Schedule 4 and Notes 1, 2, 3(a), 4 and 5 to Rebate Item 470.00. <b>Value-Added Tax Act No. 89 of 1991:</b> Sections 7 and 13 and Schedule 1
Other Legislation:	<b>International Trade Administration Act No. 71 of 2002:</b> International Trade Administration Commission: Guidelines, rules and conditions pertaining to Rebate Item 470.03 (January 2006); Board on Tariffs and Trade: Guidelines, rules and conditions pertaining to Rebate Item 470.03 (19 July 1995); Policy and procedure regarding applications for permit issued in terms of Rebate Item 470.03/00.00/01.00 (Notice 137 of 2004); and Import control regulations (Notice R.206 of 27 February 2009)
International Instruments:	<b>Revised Kyoto Convention:</b> Specific Annex F Chapter 1 – Inward Processing – Standards 1, 2, 3, 5, 8, 9, 12, 14, 15, 19, 20, 21 and 24 – Recommended Practices 4, 6, 7, 10, 11, 13, 16, 18, 22 and 23 <b>WCO Framework of Standards:</b> None

### 2.2 Cross References

DOCUMENT #	DOCUMENT TITLE
SC-CF-04	Completion of declarations – External Manual
SC-CF-19	Licensing, Registration and Designation – External Policy
SC-CF-22	Special and extra attendance – External Policy
SC-EX-01-03	Exports – External Policy
SC-SE-05	Bonds – External Policy
SC-TR-01-02	Acquittal of Customs declarations – External Policy

### 2.3 Quality Records

NUMBER	TITLE
DA 62	Application for transfer of goods entered under rebate of duty
DA 70	Application to make provisional
DA 185	Application form: Registration/Licensing of Customs and Excise Clients
DA 185.C	Security Particulars – (Must be completed by applicants to license as Clearing Agents, Warehouses, Remover of goods in bond or to register Rebate Stores)
DA 185.4A1	Registration of client type 4A1- Importer
DA 185.4A2	Registration of client type 4A2 – Exporter – Section A – African Growth and Opportunity Act (AGOA) (DA 46A1.02), Section B – Application for Approved Exporter status (DA 49A.02) and Section C – Generalised System of Preferences (GSP) (DA 46A.01)
DA 185.4A3	Registration client type 4A3 – Rebate user (Schedules 3, 4 and 6)

### 3 DEFINITIONS AND ACRONYMS

<b>AGOA</b>	African Growth and Opportunity Act
<b>APDP</b>	Automotive Production and Development Programme
<b>BLNS</b>	The Republic of Botswana; The Kingdom of Lesotho; The Republic of Namibia; and The Kingdom of Swaziland
<b>BTT</b>	Board on Tariffs and Trade
<b>CMT</b>	Cut Make and Trim
<b>COMMISSIONER</b>	Commissioner for the South African Revenue Service
<b>CPC</b>	Customs Procedure Code
<b>CSIR</b>	Council for Scientific and Industrial Research
<b>DG: DTI</b>	Director General: Department of Trade and Industry
<b>The DTI</b>	Department of Trade and Industry
<b>EFTA</b>	European Free Trade Association
<b>EU</b>	European Union
<b>FTA</b>	Free Trade Agreement
<b>GSP</b>	Generalised System of Preference
<b>ITAC</b>	International Trade Administration Commission
<b>MFN</b>	Most Favoured Nation
<b>NRCS</b>	National Regulator of Compulsory Standards
<b>PTA</b>	Preferential Trade Agreement
<b>RAS</b>	Registration and Accreditation System
<b>SACU</b>	The Southern African Customs Union, consisting of: The Republic of South Africa; The Republic of Botswana; The Kingdom of Lesotho; The Republic of Namibia; and The Kingdom of Swaziland
<b>SADC</b>	Southern African Development Community
<b>The Act</b>	Customs and Excise Act No. 91 of 1964
<b>VAT</b>	Value-Added Tax
<b>VAT Act</b>	Value-Added Tax Act No. 89 of 1991

### 4 BACKGROUND

#### 4.1 History

- a) The idea to provide for the promotion of South Africa's exports with a view to stimulate industrial development and economic growth was first introduced in 1984 by the then Board on Tariffs and Trade (BTT) with the Department of Trade and Industry (the DTI). The BTT has subsequently been changed to the International Trade Administration Commission (ITAC).
- b) The aim of the provision was to provide for South African manufacturers, packers or processors to have access to raw materials and other inputs at world prices which are essential for the stimulation of manufacturing for exports. It was in this context that provisions were introduced in terms of the Customs and Excise Act No. 91 of 1964 (the Act), to facilitate imports of raw materials and components at world market prices, e.g. Rebate Item 470.03/00.00/01.00 (Rebate of Duty and value-added tax) and drawback item 521.00 (Drawback of Duty), subject to a permit being issued by ITAC.

#### 4.2 Rebate Item 470.03

- a) The provision of Rebate Item 470.03 provides for a full rebate of Customs duty on imported goods specified in an ITAC permit, i.e. the suspension of Customs duty on goods for use in the manufacture, processing, finishing, equipping or packing of goods exclusively for export. The provision also allows for the clearance of goods which are free of Customs duty to be declared thereunder.

- b) The effect of the Rebate Item is that it assists exporters in avoiding the strain imposed on their liquidity by the outlay of capital in respect of Customs and other applicable duties payable on the raw materials or components at the time of importation.

### 4.3 Objective

- a) The main criterion of Rebate Item 470.03 is that imported materials or goods must be processed in South Africa and exported within twelve (12) months from the date of entry in the case of Rebate Items 470.03/00.00/01.00 and 470.03/00.00/02.00 and three (3) years in the case of Rebate Item 470.03/00.00/03.00.
- b) It is in the discretion of the Commissioner to allow for an extension of these periods in exceptional circumstances. Refer to paragraph **Error! Reference source not found.** for extensions granted by ITAC and Note 3 to the Rebate Item for extensions granted by the Commissioner.
- c) The objective from a SARS perspective will be to ensure that materials imported are used in the manufacturing, packing, finishing or equipping of goods for export and that control measures are in place to ensure that the manufactured products are exported.

### 4.4 Roles of ITAC and SARS

- a) Within the above context the role of ITAC will be to consider applications for participation in the scheme, approve of participants and issue permits to successful applicants, thereby giving effect to the overall industrial policy of South Africa.
- b) The role of SARS will be to register manufacturers, facilitate the clearance process and ensure that registered manufacturers, packers or processors comply with the conditions of the rebate permit and the provisions of the Act.

## 5 GOVERNING LEGISLATION

### 5.1 Schedules to the Act

- a) Notes to Schedule 4
- i) Note 1 provides that goods specified in column II shall be admitted under rebate of ordinary Customs duty specified in, inter alia, Schedule 1 Parts 1 and 2, subject to the provisions of Section 75, at the time of entry for home consumption.
  - ii) Note 2 provide that notes A, C and H of Schedule 1 shall be equally applicable to Schedule 4. Note A refers to the general rules for the interpretation of Schedule 1 (classification), note C refers to the value for duty purposes and note H provides that the rate of duty specified in Schedule 1 Parts 1 and 2 shall not apply to goods subject to ordinary levy of Part 8.
  - iii) Note 3 provides that notes 3 and 5 of Schedule 3 shall be equally applicable to Schedule 4 in respect of any expression relating to the extent of any rebate in column III or to a tariff heading in Schedule 4.
  - iv) Note 4 refers to the meaning of the effective rate of duty within the context of Schedule 4.
  - v) Note 5 states that any reference to a permit issued and endorsed by ITAC shall include such permits issued and endorsed by the DG: DTI before 1 June 2003.
- b) Notes 1, 2, 3(a), 4 and 5 to Rebate Item 470.00
- i) Note 1 states that any temporary admission of goods under this Rebate Item shall be subject to the provisions of the Rules to Section 75.
  - ii) Note 2 alludes to the fact that the Commissioner may require of registrants to register a rate of yield that will be obtained from the imported goods.
  - iii) Note 3(a) states that the goods admitted under Rebate Item 470.03 shall for the purposes of Rebate Item 470.03 (01.00 and 02.00) be used in the processing or manufacturing of goods for export and that such goods shall be exported within twelve (12) months of the date of entry and for the purposes of Rebate Item 470.03 (03.00) within three (3) years from the date of entry thereof. The first proviso to Note 3 provides that the Commissioner may extend these periods in exceptional circumstances and the second proviso provides that such an application must be made prior to the expiry of the period.

- iv) Note 4 refers to the lifting of the liability for duty on production of proof that the goods have been used for processing or manufacture and have been exported.
  - v) Note 5 provides that for the purposes of Rebate Item 470.03/00.00/02.00, where the registrant is entitled to keep a portion of the goods in compensation, such goods must be exported within the stipulated period, or that VAT must be brought to account on a Customs declaration and the original Customs declaration be **changed** by **an amended Customs Declaration** of such goods retained. Note 5(b) makes it clear that for the purposes of this Rebate Item the term “full duty” where it appears in the “Extent of rebate” column means goods which are free of Customs duty as contemplated in Section 75A.
- c) Rebate Item 470.03
- i) Rebate Item 470.03/00.00/01.00 provides for a full rebate of Customs duty on goods, excluding goods free of duty as contemplated in Section 75(A) cleared in terms of a permit issued by ITAC, for use in the manufacture, processing, finishing, equipping or packing of goods exclusively for export.
  - ii) Rebate Item 470.03/00.00/02.00 provides for a full rebate of Customs duty on goods free of duty, for use in the manufacture, processing, finishing, equipping or packing of goods exclusively for export. When such goods are cleared an ITAC permit is not required.
  - iii) Rebate Item 470.03/00.00/03.00 provides for a full rebate of Customs duty on goods cleared in terms of an ITAC permit for use in the manufacture, finishing or equipping of yachts of tariff heading 89.03 exclusively for export.

## 5.2 The Act

- a) Section 40 – Validity of entries
- i) Section 40(1) alludes to the requirement that goods must be declared correctly and that the correct duties must be paid.
  - ii) Section 40(2) provides that goods not so declared shall be considered to be landed without due entry, and
  - iii) Section 40(3) deals with correcting of entries on discovery of mistakes.
- b) Section 45 - Determination of applicable duty
- i) Subsection (1)(a) states that all goods shall on entry for home consumption be liable to all duties leviable thereon.
  - ii) Subsection (1)(b) provides, subject to the provisions of Section 40 (validity of entries), that goods dealt with contrary to the Act be assessed for duty at the specified times, whichever yields the greater amount of duty.
  - iii) Subsection (2) determines the time of entry for imports by post and otherwise.
- c) Section 59A - Registration of persons participating in activities regulated by this Act
- i) Section 59A (1)(a) provides that the Commissioner may require registration of persons who participate in any activities regulated by the Act.
  - ii) Section 59A(1)(b) provides for the Commissioner to make Rules to prescribe requirements relating to:
    - A) (i) Category of registration.
    - B) (ii) The application forms and supporting documents.
    - C) (iii) The activities and persons included.
    - D) (iv) The date of registration.
    - E) (v) Extensions allowed.
    - F) (vi) Amendment of particulars, and
    - G) (vii) Any other matter to regulate such registration.
  - iii) Section 59A (2)(a)(i) makes provision to call for security and (ii) for the Commissioner to alter or renew the form, nature and amount thereof.
  - iv) Section 59A (2)(b) provides that the Commissioner may refuse, cancel or suspend registration.
  - v) Section 59A (2)(c) provides that the provisions of Section 60(2) will apply for the purposes of Section 59A(2)(b).

- d) Section 60(2)
- i) Provides that the Commissioner may refuse an application for, or renewal of a licence, as well as cancel or suspend a licence subject to certain obligations.
  - ii) The pro forma advice provided for in Rule 60.09(2) shall also be used for the purposes of Rule 59A.11 (2).
- e) Section 75 - Specific rebates of duty under Schedule 4 (Only those Subsections pertaining to Schedule 4 are referred to.)
- i) Subsection 1(b) provides for any imported goods described in Schedule 4 to be to be admitted under rebate of any Customs duty at the time of entry for home consumption and for the export thereof to be subject to the provisions of the item. Both requirements are applicable to Rebate Item 470.03.
  - ii) Subsection (4) provides that a rebate of anti-dumping, countervailing or safeguard duty for goods entered under Schedule 4 may be granted if it is expressly stated in the item that the extent of the rebate includes such duty, otherwise it is payable. In the case for Rebate Item 470.03 these duties are payable.
  - iii) Subsection (5)(a)(i) provides for the liability for duty on the person who enters the goods for use under rebate of duty or the one on whose behalf the goods are entered as if the rebate did not apply to such goods. This provision is subject to Subsections (6) and (18) and Section 45 for goods which have not been used or goods which have been disposed of otherwise than in accordance with the provisions of the section and of the specific Rebate Item. Such duty shall be paid on demand. Proviso one (1) provides that if such goods are used under any other Rebate Item, the Commissioner may accept clearance under that provision. Proviso two (2) provides that any duty paid under the first provision be deducted in terms of liability under the second provision. All can be applied to Rebate Item 470.03.
  - iv) Subsection (5)(a)(ii) provides for the authority to take stock in a registered warehouse and that duty shall, subject to subparagraph (i), be paid on any deficiency.
  - v) Subsection (5)(a)(iii) provides for excess stock in the warehouse to be debited to stock.
  - vi) Subsection (6)(a) enables the Commissioner to allow for the use or disposal of such goods otherwise than in accordance with the section or Rebate Item, or to use or dispose thereof in accordance with any other rebate provision, as the case may be. Where applicable, duty shall be payable on demand. The proviso provides for an exemption of duty based on the period of use. Not likely to be applicable to Rebate Item 470.03.
  - vii) Subsection (6)(b) provides that any duty paid on first entry shall be deemed to have been paid in terms of liability under Subsection (6)(a).
  - viii) Subsection (8) provides that where a tariff heading of Schedule 1 is expressly quoted in any Rebate Item, the extent of rebate will apply only to that tariff heading.
  - ix) Subsection (9) provides that entry under the section shall be deemed to be entry for home consumption, provided that the Schedule 1 tariff and the Schedule 4 Rebate Item are declared on the declaration. The proviso provides for the Commissioner to exempt any clearance from such requirements with or without retrospective effect.
  - x) Subsection (10)(a) provides that registration must take place, for security to be provided and compliance with other conditions which may be prescribed in the rules or the notes, before clearances under the rebate provision may be accepted. The proviso provides for the Commissioner to exempt any clearance from such requirements with or without retrospective effect.
  - xi) Subsection (14B)(a) provides for the issue of permits by the relative authorised persons with or without retrospective effect to authorise clearance under rebate of duty, provided the provisions of the item and the conditions have been complied with.
  - xii) Subsection (15)(a)(i) provides for the amendment of the Schedules to give effect to requests from the Minister of Trade and Industry or when he/she consider it in the public interest to do so. In terms of Subsection (15)(aA) when he/she considers it in the public interest to do so amend the Schedules retrospectively. The provisions of Subsection 48(6) shall also apply to any amendment made under Subsection (15).
  - xiii) Subsection (17) provides that the Commissioner may refuse to accept an entry under rebate of duty from a person who has persistently contravened or failed to comply with the provisions of the Act or has committed the specified offences and may cancel or suspend such registration.
  - xiv) Subsection (18) provides for any loss or deficiencies in specific cases which are not applicable to Rebate Item 470.03.

- xv) Subsection (19) refers to the diversion of goods cleared under rebate without permission to an address other than that declared.
  - xvi) Subsection (20) provides that goods which have been dealt with contrary to the provisions of the Act shall be liable to forfeiture, including goods manufactured there from.
  - xvii) Subsection (21) alludes to the requirement that any imported goods entered under the rebate shall be used within a period of two (2) years from the date of entry. This is not applicable to Rebate Item 470.03 as the period is prescribed in Note 3(a) to Rebate Item 470.00 or on the permit issued by ITAC.
- f) Section 75(A) – Circumstances in which imported goods free of duty are admissible under a Rebate Item of Schedule 4, provides for goods which are free of duty and that are exempted from VAT in any item in paragraph 8 of Schedule 1 to the VAT Act and which are identified by an item number identical to that in Schedule 4, to be entered under the provisions of the VAT Act subject to compliance with Section 75.

### 5.3 Rules to the Act

- a) Rules 45.01 and 45.02 – Presentation of clearing and related documents, covers the presentation of Customs declarations and related documents. These rules are applicable to all clearances.
- b) Rule 59A.00 – Registration of persons participating in activities regulated by the Act, states that the number reflected after the Rule refers to the Subsection in the Act.
- c) Rule 59A.01 - Definitions and application for registration, in paragraph (a) provides for definitions, paragraph (b) requires application to be made on the form DA 185 and the required annexures, paragraph (c) provides for re-registration and paragraph (e) provides for registration in terms of General Note 2 to Schedule 6 to come into operation on 1 April 2006 and for any existing registration in terms of any item to Schedule 6 to be terminated on 31 March 2006.
- d) Rule 59A.02(1) – Provisions in the Act and Schedules relating to registration, in paragraph (a) states that the provisions in the Rules are in addition to any other requirements and that a separate registration is required for each activity prescribed in any provision and paragraph b) provides for specific requirements of certain applicants.
- e) Rule 59A.03(1) – Paragraph (a)(i) makes it obligatory for importers and exporters to be registered and paragraph (ii) specify the persons who may apply for registration. Paragraph (b) provides for the Commissioner to conduct investigations, paragraph (c) provides that an agent may not apply on behalf of the applicant and paragraph (d) states that the rules apply also to a container operator approved under Section 96A.
- f) Rule 59A.04(1) – Information regarding contraventions and other matters to be furnished on application forms, in paragraph (a) requires the applicant to provide, on application, information regarding contraventions, convictions, insolvency, etc. during the five (5) preceding years and paragraph (b)(i) requires details thereof and paragraph (b)(ii) allows the applicant to make a submission in respect of contraventions relating to Customs matters in specific circumstances.
- g) Rule 59A.05(1) – Information regarding contraventions and other matters to be furnished after submitting the application or after registration, in paragraph (a) requires the applicant to provide after application or registration, information regarding contraventions, convictions, insolvency, etc. and paragraph (b) allows the applicant to make a submission in respect of contraventions relating to Customs matters in specific circumstances.
- h) Rule 59A.06(1) - Issue of a Customs client number, in paragraph (a) states that, on approval, the client number will be allocated and the applicant advised in writing and paragraph (b) requires the number to be quoted for all transactions of Customs as well as in authorisation for agents to conduct business on their behalf.
- i) Rule 59A.07(2) – Validity of registration and furnishing of security, in paragraph (a) provides the circumstances under which the Commissioner may cancel or suspend registrations, paragraph (b) requires security to be provided before registration and paragraph (c) makes the provisions of Rules 120.08 and 120.09 applicable to surety bonds.



- j) Rule 59A.08(2) – Controller to be advised of any changed particulars, in paragraph (a) requires the registrant to advise the Controller / Branch Manager of changes and paragraph (b) provides that security may be altered.
- k) Rule 59A.09(2) – Keeping of books, accounts and documents, in paragraph (a) requires that records be kept for five (5) years, paragraph (b) that the requirements of the Act in respect of the activity registered for must be included in such books, accounts and documents and paragraph (c) that it must be made available on demand.
- l) Rule 59A.10(2) - Sufficient knowledge, requires that the applicant or a staff member have sufficient knowledge of the requirements of the Act and procedures to be followed.
- m) Rule 59A.11(2) – Pro forma advice when registration is suspended or cancelled, provides that Rule 60.09(2) shall apply equally in respect of any pro forma advice to be issued as contemplated in Section 59A(2).
- n) Rule 60.09(2) – Cancellation or suspension of licence, provides for a pro forma advice to a licensee when a licence is suspended or cancelled.
- o) Rule 75.01 – Application for registration, provides for registration to obtain goods under rebate and for the registration of the premises, which must be accompanied by a plan of the rebate store.
- p) Rule 75.02 – Removal of goods, requires that entered goods must be removed directly to the rebate store, except with the permission of the Controller/Branch Manager, and must be locked and secure when not in use.
- q) Rule 75.03 – Availability for inspection, requires that books, documents, stock and premises be available for inspection.
- r) Rule 75.04 – Use of materials, provides for the registrant to, when required to do so, demonstrate the materials being used in manufacture.
- s) Rule 75.05 – Change in particulars, provides that the registrant shall notify the Controller/Branch Manager of any changes.
- t) Rule 75.06 – Manufacturing on registered premises, provides that manufacturing must only be done on the registered premises, except with the permission of the Controller/Branch Manager.
- u) Rule 75.07 – Storage of rebated goods, provides that the Controller/Branch Manager may require that different rebate goods be stored separately or that manufacturing be done separately.
- v) Rule 75.08 – Providing for a rebate store, requires that the registered premises have a rebate store, except if exempted by the Controller/Branch Manager.
- w) Rule 75.09 – Marking of goods, requires the goods in the rebate store to be marked and packed for easy checking.
- x) Rule 75.10 – Goods which may be stored, requires that only goods entered under rebate be stored in the rebate store, except with permission otherwise from the Controller/Branch Manager.
- y) Rule 75.11 – Transfer of rebate materials, provides for the transfer of rebated goods between rebate registrants by a sale between them by application on a DA 62. If there is a difference in duty between the items it must be paid before transfer.
- z) Rule 75.12 – Transfers not allowed, provides for exceptions, with the permission of the Controller/Branch Manager, for the transfer of goods which are not owned by the registrant.
- aa) Rule 75.13 – Liability for goods transferred, stipulates that liability for duty is on the transferor until the goods are delivered to the transferee.
- bb) Rule 75.14 – Stock record, prescribes the content of the stock record to be kept, subject to the approval of the Controller/Branch Manager.

- cc) Rule 75.15 – Record of receipts, provides that the “factory“ shall keep record of receipt from the rebate store.
- dd) Rule 75.16 – Other records, provides for additional records and other formats to be kept in lieu of that which is normally required, e.g. snippets of materials, quantities and yields, etc.
- ee) Rule 75.17 – Keeping of records, requires that documents be kept for five (5) years after the stock has been exhausted.
- ff) Rule 75.18 – Valid clearance, provides that goods may only be used if the registrant is in possession of a valid declaration or DA 62.
- gg) Rule 75.19 – Use of invoices, requires that invoices be issued for all materials and manufactured goods.
- hh) Rule 75.20 – Safekeeping of records, requires that records be kept in a safe place and be made available on request.
- ii) Rule 75.21 – Entry of goods under Schedule 3 or 4, requires that when declarations are made on behalf of a rebate user the authorised agent must submit to the Controller/Branch Manager:
  - i) A Customs declaration;
  - ii) A declaration on a letter from the rebate user as provided.
- jj) Rule 120.08 – Surety bonds – Approval, requires the surety bond to be given by an approved banking or insurance institution in an approved form.
- kk) Rule 120.09 – Surety bonds – Notice, requires that a thirty (30) day notice of withdrawal of the bond be given to the Controller/Branch Manager.

## 5.4 The VAT Act

- a) Section 7 - Imposition of value-added tax, provides that subject to, inter alia, exemptions, VAT shall be paid on all imported goods.
- b) Section 13 - Collection of tax on importation of goods, determination of value thereof and exemptions from tax, subsection 3 provides for the exemption of tax imposed in terms of Section 7(1)(b) on the importation of the goods set forth in Schedule 1.
- c) Schedule 1 – Exemption: Certain goods imported into the Republic, Rebate Item 407.00 in paragraph eight (8) to the Schedule provides for an exemption from the payment of VAT on goods imported under Rebate Item 470.03. This exemption applies to rebate provisions 470.03/00.00/01.00, 470.03/00.00/02.00 and 470.03/00.00/03.00.

## 6 ITAC APPLICATION

- a) Any manufacturer, producer, processor or packer who is an exporter and who wishes to make use of the provisions of Rebate Item 470.03/00.00/01.00 or 470.03/00.00/03.00 must apply to ITAC for approval in order to be issued with a rebate permit. ITAC reserves the right to recommend to the Minister of Trade and Industry to exclude certain products from the Rebate Item, based on economic considerations and for control purposes, e.g. the exclusion of dairy products was approved in 1999.
- b) It is the ITAC policy to issue rebate permits in cases where the products imported are not available from SACU sources in sufficient quantity or of acceptable quality or of acceptable specification or not at a price competitive with the landed cost excluding Customs duty, of the imported goods. Goods imported under Rebate Item 470.03 may be the property of the importer or remain the property of the foreign supplier.
- c) The application must have a specific bearing on the export of products as will be specified on the permit to be issued by ITAC, with specific reference to the tariff sub-heading, value and quantity to be

manufactured for export, as well as reference to the products which will be imported for the purpose of manufacturing the export product.

- d) Applicants must at the time of the application to ITAC either be in possession of a firm export order or an agreement for an export order subject to the successful application for the rebate permit.
- e) Registered manufacturers, producers, processors or packers may make use of other manufacturers, producers, processors, packers or traders to assist in the manufacturing, processing or packing of the goods, but the full responsibility and liability under the scheme and for the unpaid duties and VAT will remain vested with the importer.
- f) It is a condition of ITAC that the registration process with Customs Operations must be completed before application for a rebate permit under Rebate Item 470.03 (01.00 and 03.00) will be considered.
- g) Application forms for registration are obtainable from ITAC. If approved, ITAC will issue the manufacturer with a rebate permit which will entitle it to import materials for the manufacture of goods for export. The permits are issued in hard copy and are handed to the applicants who must present it for writing-off with each clearance made under the Rebate Item. ITAC will notify Customs Operations - Trade Administration of all permits issued by them who in turn will forward the notification to the relevant Customs Branch Office where the manufacturer is registered.
- h) The rebate permit will specify any materials that may be imported under the Rebate Item, the products to be manufactured there from and any other conditions that ITAC may impose on the manufacturer.
- i) Rebate permits will be valid for the period indicated thereon.
- j) ITAC will consider extensions thereof on application from the registered holder giving reason for the extension, on condition that the permit has not expired already.
- k) Any request for an amendment of a rebate permit must be forwarded to ITAC for consideration.
- l) Should ITAC agree to the registrant's request, a new rebate permit will be issued to replace the original rebate permit and Customs Operations - Trade Administration will be notified thereof.
- m) Before any new permit will be issued ITAC will consult with the Manager: Trade Administration on the extent of usage of the original rebate permit.

## **7 REGISTRATION WITH CUSTOMS OPERATIONS**

### **7.1 Registration requirements**

- a) Rebate manufacturers must be registered under Section 59A in terms of Section 75.
- b) This must not be confused with Customs and Excise warehouses which are licensed under Section 19. Sections 19 and 20 do not apply to Schedule 4.
- c) The normal registration procedures must be followed with such registrations. Refer to SC-CF-19 in this regard.

### **7.2 Making application**

- a) Application for registration must be made on the prescribed forms (see paragraph 7.3) in accordance with Section 59A and the Rules therefore, to the Controller/Branch Manager in whose area of control the manufacturing premises will be located.
- b) If any false statements are made in the documents presented by the applicant, such a person is guilty of an offence in terms of Section 84(1).
- c) Applicants will be notified in writing whether their application is successful or not.

### 7.3 Application forms

- a) Copies of the forms are published in the rules and are available on the SARS website [www.sars.gov.za](http://www.sars.gov.za) on the path All forms, Customs. The forms which must be completed for registration under Rebate Item 470.03 are the following:
- i) DA 185 - Application form: Registration/Licensing of Customs and Excise Clients
  - ii) Annexure DA 185.4A1 – Registration client type 4A1 - Importer
  - iii) Annexure DA 185.4A2 – Registration client type 4A2 – Exporter
    - A) Section A – African Growth and Opportunity Act (AGOA)
    - B) Section B – Agreement on Trade, Development and Co-operation between the European Community and its member States and the Republic of South Africa and the Free Trade Agreement between EFTA and SACU (Approved exporters)
    - C) Section C – General System of Preferences (GSP)
  - iv) Annexure DA 185.4A3 – Registration client type 4A3 – Rebate user (Schedules 3, 4 and 6)
  - v) Annexure DA 185.C - Security Particulars (must be completed by applicants to license as Clearing Agents, Warehouses, Remover of goods in bond or to register Rebate Stores).
- b) The above forms can be completed online and printed. Also refer to SC-CF-19, SC-CF-19-S02, SC-CF-19-S11 and SC-CF-19-S12. These documents are available on the SARS website [www.sars.gov.za](http://www.sars.gov.za).

### 7.4 Submission of plans and approval of rebate stores

- a) Rule 75.01 requires the submission of a plan of the registered premises and Rule 75.08 requires that the premises include a rebate store where goods imported under Rebate Item 470.03 must be stored. The essence of these Rules is that a plan must be submitted and the premises approved for the safekeeping of rebated goods, as is the case for Schedule 3 rebate manufacturers.
- b) A preliminary inspection will be conducted to verify:
- i) The accuracy of the site plan as presented;
  - ii) The existence of the rebate store as well as whether it is sufficiently secured; and
  - iii) That the registered rate of yield can be verified.
- c) Should the rebate store not be secure, the applicant will be informed of the additional measures that must be taken and will be given the opportunity to remedy the problem. The preliminary inspection will be repeated upon confirmation that requirements can be met. Should the applicant not be able to meet the requirements the second time around the application must be rejected.

### 7.5 Security

- a) In terms of Section 75(10)(a), sufficient security to cover the duty involved is required before goods may be entered under rebate. The security so provided must cover the VAT that will be suspended as well. In this regard refer to SC-SE-05.
- b) When a demand for payment is made on the registrant and the payment is not received within the period stated in the letter of demand, the security provided will be presented to the issuing financial institution for payment of the outstanding duty and VAT. In order for SARS to use any of the money so recovered for payment of penalties, the registrant will be required to sign the admission of guilt clause on the DA 70.

### 7.6 Refusal, suspension and cancellation of registrations

- a) Based on available evidence, the Commissioner may, in terms of Section 75(17), read with Section 60(2) refuse, suspend or cancel a registration of a client who has contravened any provision of the Act. ITAC must also be informed of any decision to refuse, suspend or cancel a registration. In such circumstances a hold will be placed on the registration in the Registration and Accreditation System (RAS) and that the rebate permit will be retained by the Branch Office.
- b) The cancellation of a registration may also be done at the written request from a registrant. In such circumstances a full audit will be conducted to ensure that the registrant has complied with all

requirements and conditions of the Rebate Item before the registration is cancelled and the security provided is returned. In this regard refer to SC-CF-19-S02 and SC-CF-19-S12.

- c) Should any requirements or condition be outstanding it must be complied with before the cancellation process is completed, after which the registrant will be advised of the cancellation.

## **8 CLEARANCE OF GOODS**

### **8.1 Submission of rebate permits at the time of clearance**

- a) Rebate permits allowing for clearances under rebate item 470.03 (01.00 and 03.00) must be submitted with clearance documents at the time of entry for home consumption. Rebate permits submitted must be scrutinised to ascertain whether they are valid in all respects before it is written-off and clearances are accepted. A copy of all rebate permits must be submitted with the first clearance to the Branch Officer and will be placed on the importer's file. Rebate permits will only be written-off on the document itself. Under no circumstances will permits be written-off on documents attached to it.
- b) Rebate permits may either reflect a value or a volume of a particular product or products which may be imported there under or both. Under no circumstances will goods in excess of the stated value or volume be allowed. In such cases importers must approach ITAC for an endorsement of the rebate permit or the issue of a new permit to cover the consignment declared.

### **8.2 Import declarations of goods under rebate**

- a) Clearances under Rebate Item 470.03 must be made on a Customs declaration and the appropriate Customs Procedure Code (CPC) must be inserted in the appropriate field. A continuation sheet must be used where applicable.
- b) Goods cleared ex-warehouse for purposes of Rebate Item 470.03 must also be cleared on a Customs declaration and the appropriate CPC must be inserted in the appropriate field. A continuation sheet must be used where applicable.
- c) Importers may elect at the time of importation to clear part of a consignment for use in the manufacture of goods for the local market. Such goods must be declared for home use and the Customs duty and VAT paid thereon.
- d) Branch Offices will ensure that the goods imported correspond with the tariff heading provided for on the rebate permit and regular examination of consignments will be conducted to ensure that the rebate provision is not abused.
- e) Copies of all import declarations for goods cleared under Rebate Item 470.03 will be placed of the registrant's file for audit purposes. If the registrant's rebate premises are not in the control area of the office where the entry was passed, copies of the entries must be forwarded to the relevant Branch Office for control purposes.

### **8.3 Value-added tax**

- a) Clearances of goods made under the Rebate Item are exempted from the payment of VAT in terms of Item 470.00 of Schedule 1 to the VAT Act.
- b) Should the Customs duty under any circumstances become payable on such goods VAT will be collected as well.

### **8.4 Import permits**

- a) In terms of Notice R.206 of 27 February 2009 issued by ITAC, importation of all goods described in Schedules 1, 2 and 3 thereto and all second-hand or used goods, including waste and scrap of whatever nature, are subject to an import permit issued by ITAC, except as provided for in title (II) of the Notice. This requirement applies also to goods imported under Rebate Item 470.03. The Notice is available on the ITAC website [www.itac.org.za](http://www.itac.org.za).

- b) It is a further requirement that goods shall not be shipped from the country of export if the importer is not in possession of the required import permit. Should any such goods be imported without the required import permit, it is deemed to have been imported in contravention of the International Trade Administration Act No. 71 of 2002 and the Act. Such goods will be detained and ITAC will be advised thereof. Reference is made to Section 113(2) for the requirement to submit the required permit. Import permits are transferred electronically from ITAC via their interface with **SARS and must be referenced on the Customs declaration**.
- c) However, paragraph (n) of title (II) of the Import Control Regulations provides for the exemption of new goods imported under the provisions of Rebate Item 470.03.
- d) Import permit requirements are in addition to the rebate permit that will be issued by ITAC for the purpose of clearances under Rebate Item 470.03 (01.00 and 03.00).

## 8.5 Goods imported which are free of Customs duty

- a) Goods which are free of ordinary Customs duty specified in Schedule 1 Parts 1 and 2 may in terms of Rebate Item 470.03/00.00/02.00 be cleared under a full rebate of duty. Paragraph eight (8) and Item 470.00 of Schedule 1 to the VAT Act provides for an exemption from the payment of VAT on goods imported under Rebate Item 470.03. For this purpose, each column in Schedule 1 Part 1 of the tariff is considered to be a separate rate of duty. It may be that the general rate of Customs duty for a specific tariff is 10%, whilst the EU and SADC rates for that tariff are free. If goods are imported from any EU or SADC country under that specific tariff, they will qualify for clearance under Rebate Item 470.03/00.00/02.00. However, if such goods are imported under the specific tariff item from any other country which will be liable to the general rate of duty, it must be declared under Rebate Item 470.03/00.00/01.00 or 470.03/00.00/03.00.
- b) When goods are imported under Rebate Item 470.03/00.00/02.00 it will not be necessary for a rebate permit from ITAC to be submitted with the Customs declaration, as the goods are free of Customs duty. However, VAT will be exempted in accordance with Item 470.00 in paragraph eight (8) of Schedule 1 to the VAT Act which will become payable when such goods are not exported but retained for home use. For this purpose a Customs declaration must be processed bringing the VAT to account and the original Customs declaration must be **changed by an amended Customs declaration** in respect of the quantity and the value.

## 8.6 BLNS countries

- a) Only goods destined for importers in South Africa and for which a valid rebate permit has been issued by ITAC may be entered under Rebate Item 470.03 (01.00 and 03.00) at a place of entry in South Africa.
- b) Goods intended for clearance under Rebate Item 470.03 and destined for the BLNS countries may only be removed in bond to those countries, after the appropriate security has been lodged, for clearance there under the rebate provisions.

## 9 MANUFACTURE OF GOODS

### 9.1 Register of manufacturing yields

- a) Branch Offices where rebate manufacturers are registered must know the details of the yield to be had from materials imported under the rebate provisions. Documentary evidence to substantiate this must be included with the application (See note 2 to Rebate Item 470.00 and Rule 75.16).
- b) In most cases the calculation will be done by dividing the number of products manufactured by the number, measure or measurement of the imported material and verifying this against the stated yield for that product. It could also be that material may not be visible when looking at the final product, in which case the production process must be physically viewed or the bill of material for the product scrutinised. Rule 75.04 places the onus on the registrant to demonstrate that the imported materials have been used in the manufacturing process.
- c) If the rate of yield cannot be determined for some or other reason the matter must be referred to institutions such as the National Regulator of Compulsory Standards (NRCS) or the Council for

Scientific and Industrial Research (CSIR) to make a determination. The cost of such verifications must be borne by the applicant and must be paid before the registration is finalised. It is important that the registered rate of yield includes provision for the actual wastage in respect of the manufacturing process.

## 9.2 Secondary or by-products resulting from the manufacturing process

- a) Manufacturers may also register yields for any secondary products which may result from the manufacture of a primary product. Secondary or by-products will normally have a different classification from that of the original imported product and the primary product. It could also be that the value of the secondary product is negligible compared to that of the primary product and it may in addition be that the mass of the secondary product is far greater than that of the primary product.
- b) An example of such a secondary or by product is oilcake which is derived from the extraction of soya bean oil from soya beans. Soya beans of tariff heading 1201 are imported for the extraction of soya bean oil of tariff heading 1507.10 or 90 for export. The secondary or by-product from this process is oilcake of tariff heading 2304 which can be used in the manufacture of animal feed. A further example is the importation of dried paprika of tariff heading 0904.20 for the extraction of essential oils of tariff heading 3301.90.80 for export. The secondary or by-product of this process is a product called spent of tariff heading 2306 which can be used as filler in the manufacture of spices for export.
- c) In instances where such secondary or by-products are not exported registrants must be allowed to either bring the duty and/or VAT thereon to account or alternatively to transfer such product to other registrants who would normally import such products for the manufacture of other products for export. In cases where duty is brought to account the classification of the secondary product will determine the tariff that will apply and the price at which the secondary or by-product is sold will be the price paid or payable on which duty and/or VAT must be brought to account.
- d) When secondary or by-products are sold to another registrant who is registered to receive such products, transfer thereof must take place on a DA 62. The recipient registrant will thereafter be held liable for the duty and/or VAT on such products as if that product were imported under Rebate Item 470.03.

## 9.3 Manufacturing losses and wastage

- a) Other than wastages provided for in Section 75(18), for which Rebate Item 470.03 is not included, no loss or deficiency of any nature are allowed under Section 75. However, normal manufacturing losses and wastage are allowed and may be regarded to be goods used in accordance with the provisions of the Rebate Item. In this regard it is necessary for the registrant to provide proof of the quantity of the imported goods incorporated or used in the goods exported as well as the normal losses and wastage of such imported goods incurred in the manufacture of the goods exported.
- b) If any waste that results from the manufacturing process can be used and the registrant wishes to make use thereof for home consumption, application to bring duty and VAT to account must be made. The value on which duty and VAT must be paid will be the pro rata value declared at the time of importation. Once the duty has been brought to account the registrant may dispose of the goods. The provision as provided for in Note 5(a) to rebate item 470.00 wherein a Customs declaration must be processed and the original declaration must be **changed by an amended Customs declaration** will equally apply in this situation.
- c) No duties will, however, be payable on normal wastage that cannot be used for other commercial purposes and will be discarded.

## 9.4 Abandonment or destruction

- a) Application for abandonment or destruction of imported goods will be considered in terms of Rebate Item 412.07, subject to the conditions attached thereto. Any cost incurred will be for the account of the registrant. It should be noted that if the application is not made within the twelve (12) months from importation, the provisions of the Rebate Item will have been contravened. In such circumstances abandonment or destruction can be accepted, but the penalty will remain payable as provided for in the penalty guidelines.

- b) In instances where the original imported products are allowed to be destroyed under Customs supervision and the registrant wishes to sell the scrap derived there from, duty and VAT must be brought to account on the value of the scrap, as if such scrap were imported. In this regard refer to Section 75(22)(a).

## 9.5 Manufacture of excisable goods

- a) The manufacture of excisable goods, in particular tobacco and liquor products, is a very sensitive matter with a high risk attached thereto.
- b) Measures must be taken to ensure that these products do not enter the domestic market under any circumstances.
- c) Should any goods not be able to be exported as contemplated in the Rebate Item, they will be destroyed under Customs supervision.
- d) Additional security may be called for in instances where this is warranted.

## 9.6 Linkages to other rebate provisions and trade arrangements

- a) **APDP** manufacturers
- i) Component manufacturers for the **Automotive Production and Development Programme (APDP)** are registered to import specific materials for use in the manufacturing process under Rebate Item 317.06 for supply to motor vehicle manufacturers as original equipment or for purposes of the aftermarket. Under no circumstances may goods manufactured from materials imported under Rebate Item 470.03 be supplied to motor vehicle manufacturers as original equipment or to the aftermarket unless permission has been given to bring duties and VAT to account.
- ii) Should a manufacturer be registered for both Rebate Item 317.06 and 470.03, care must be taken that the goods imported under the two **(2)** provisions are not mixed as these provisions have different conditions that must be complied with.
- b) Trade agreements and other preferential trade arrangements
- i) Nothing would prevent the importation of materials under Rebate Item 470.03 for the manufacture of goods for export under preferential trade arrangements, provided the goods manufactured comply with the origin requirements of the specific preferential trade arrangements in place in the country to which the goods are exported.
- ii) Any contraventions of the rebate item provisions and related provisions could be liable to applicable penalties imposed.

## 9.7 Bringing duty to account on goods sold in the domestic market

- a) The objective of the Rebate Item is to manufacture goods for the export market. In this context neither the materials nor the manufactured goods may be diverted to the local market. If, however, for good reason the goods cannot be exported, Controllers/Branch Managers may give permission that the goods may be sold in the domestic market. Permission must always be obtained before the goods are disposed of locally.
- b) Permission to dispose of goods in the local market will only be approved in circumstances such as the cancellation of export orders, materials still in stock at the time of cancellation of the registration and if goods cannot be accounted for, i.e. reasons beyond the control of the registrant.
- c) Sight should not be lost of other requirements that may apply to the goods under normal conditions at the time of importation, e. g. import permit requirements, etc. Also refer to paragraph **8** for the procedure to be followed for the clearance of such goods.
- d) Customs duty and VAT must be paid in respect of goods sold in the domestic market on the materials imported under Rebate Item 470.03 on a pro-rata basis to that used in the production thereof. A Customs declaration with the appropriate CPC must be used to bring duty and VAT to account for any



reason. The original clearance made must be **changed** accordingly by means of **an amended Customs declaration**.

## 9.8 Removal of materials to sub-contractors

- a) Application for the temporary transfer of materials or semi manufactured goods to other registrants under Rebate Item 470.03, or to cut make and trim (CMT) operators, for purposes of collaboration in the manufacturing process may be made to the Controller/Branch Manager in whose area of control a manufacturer is registered.
- b) Proper records and track must be kept of the goods so transferred by all concerned.
- c) The responsibility for payment of the Customs duties and VAT will remain with the importer under whose permit the goods were imported. Refer to Rule 76.06 in this regard.

## 9.9 Transfer of ownership of goods between registrants and keeping of records

- a) In cases where goods are sold to other rebate registrants, a DA 62 must be used to transfer goods from one rebate manufacturer to another. Applications for such transfers must be made to the Controller/Branch Manager where the registered rebate manufacturer is situated.
- b) The liability for Customs duty and VAT will remain with the original importer until the goods are received in the rebate store of the other registrant.
- c) The transfer of goods will only be allowed between registrants in South Africa and will not be allowed to be moved to registrants in the BLNS countries.
- d) Registrants will only be able to receive goods , in the case of goods declared under Rebate Items 470.03/00.00/01.00 or 470.03/00.00/03.00, for which they are registered and which are reflected on their rebate permits. It will not be necessary to make any adjustments to the rebate permits of the registrants in such cases. This will also apply to goods declared under 470.03/00.00/02.00 except that no rebate permits are required.
- e) Proper records must be kept as are provided for in Rule 75.14. Rule 75.17 requires that documents be kept for five (5) years after the stock has been exhausted and Rule 75.20 require that records be kept in a safe place and be made available on request.

## 9.10 Storage

- a) It is required of all registrants to have a rebate store on the manufacturing premises. SARS will require of registrants to ensure that such rebate stores are sufficiently secured, goods are stacked per consignment as is required in terms of Rule 75.09, goods can be identified with stock cards attached thereto as is required in terms of Rule 75.15 and only rebate goods are stored in the rebate store, as is required in terms of Rule 75.10.
- b) Account must be given by registrants of all goods entering and exiting the rebate store, in a register as is required in terms of Rule 75.14. Care must be taken that all the requirements for such a register are complied with. It is important that the register must be signed and date-stamped by the Customs inspector with each audit that is conducted.
- c) It is a requirement under Subsection 75(21) that any imported goods shall be used within a period of two (2) years from the date of entry. This provision is not applicable to Rebate Item 470.03 as the period within which the imported goods must be exported is prescribed in the notes to the Rebate Item or on the ITAC permit for shorter periods.

## 10 EXPORT OF GOODS

### 10.1 Export declarations

- a) A Customs declaration must be used to declare goods for export and must be presented at the Branch Office where the manufacturer is registered. **A** continuation sheet must be used where applicable.

- b) The Customs declaration must be endorsed “Manufactured from materials imported under Rebate Item 470.03” in the endorsements field and the Rebate Item must be reflected in the field provided. Goods manufactured from materials imported under Rebate Item 470.03 must be declared separately from other goods that are exported.
- c) Goods that have been manufactured in the BLNS countries must be declared for export in the country where the manufacturer is registered. Should such goods be moved in transit through South Africa for export to countries outside the Common Customs Union, it must be so declared on a Customs declaration and the appropriate security will be required.

## 10.2 Inspections

- a) Physical inspections will be conducted, based on risk, to ensure compliance with the provisions of the Rebate Item.
- b) This may also include inspections to be conducted at the manufacturers’ premises where goods may be packed and sealed under Customs supervision.

## 10.3 Declaration of origin

- a) Manufactured goods must comply with origin requirements to be considered as of South African origin and to be declared as the export of local goods.
- b) Should the manufacturing process be such that it does not confer origin on the manufactured product it will retain the origin of the country from which the materials were imported originally and must be declared as the export of imported goods.
- c) For this purpose manufactured goods will be subject to the origin requirements of Section 46 for goods exported in the normal course of most favoured nation trade (MFN), Section 46A for goods exported in terms of nonreciprocal trade arrangements (GSP) and Section 49 for goods exported under a free/preferential trade agreement (FTA or PTA).

## 10.4 Timeframes

- a) Note 3(a) to Rebate Item 470.00 stipulates that goods imported under the provisions of Rebate Items 470.03/00.00/01.00 and 470.03/00.00/02.00 must be exported within twelve (12) months from the date of importation and for the purposes of Rebate Item 470.03 (03.00) within three (3) years from the date of entry thereof. The first proviso provides that the Commissioner may extend the period in exceptional circumstances and the second proviso provides that such application must be made prior to the expiry of the period.
- b) In considering the approval and issue of rebate permits ITAC may make it a condition of the permit to require that goods be exported in such a lesser period as the circumstances may warrant. Any request for an extension of the period stated must be made to ITAC. Only extensions of the twelve (12) month and three (3) year periods prescribed in the Note 3(a) to Rebate Item 470.00 will be considered by the Controller/Branch Manager.

## 10.5 Proof of export

- a) Note 4 to Rebate Item 470.00 places the obligation on the registered rebate user to provide proof that the goods have been used for processing or manufacture and that the final product has been exported. Only when this has been done may the liability for Customs duty and VAT on the imported materials be lifted. In this regard registrants are required to submit to the Branch Office within one (1) month of the final export an acquittal schedule for the imported consignment, together with all relevant supporting documents, for sign-off. Should everything be in order the documents will be returned to the registrant to be retained for record purposes. **Reference in this regard must be made to SC-TR-01-02 - Acquittal of Customs declarations – External Policy and SC-EX-01-03 - Exports - External Policy.**

- b) Proof of export may be, but is not limited to, one or more of the following documents:
- i) A bill of lading endorsed “shipped on board” or a signed copy of a mates receipt for goods exported by sea;
  - ii) An air waybill indicating that the goods have been accepted as forwarded cargo for goods exported by air;
  - iii) In respect of goods exported by road, a copy of the Customs declaration properly endorsed and showing that the goods have left the Common Customs Union, together with a copy of the road manifest stamped and signed at the border post;
  - iv) A stamped and signed rail consignment note for goods exported by rail; or
  - v) A copy of the relevant postal form which has been date-stamped as acknowledgement of receipt for goods exported by post.

## 10.6 The importer must be the exporter

- a) It is a requirement of Rebate Item 470.03 that the registered rebate manufacturer must be the importer of the materials, manufacturer and the exporter of the products.
- b) However, permission can be obtained from ITAC, upon application, to allow for the selling of finished or semi-finished goods to other registrants, for completion of the manufacturing process or for incorporation in other products that will be exported. The details of the registrant to whom the importer may sell such goods will be reflected on the rebate permit under which the materials were imported. Should the rebate permit not be endorsed to this effect and the registrant wishes to transfer such goods to another rebate registrant, ITAC must be requested to amend the permits of the parties suitably. Such a transfer will only be allowed to one other registrant and will include that the transfer be made on a DA 62. Such a transfer will include the transfer of the liability for Customs duty and VAT attached to the goods.

## 10.7 Special attendance

- a) The principle that will be applied with regards to special or extra attendance is if it is done at the request of the registrant, the appropriate special or extra attendance charges must be levied. Reference in this regard must be made to the SC-CF-22 - Special and Extra Attendance – External Policy. This may also include clients considered to be of high risk who must also apply for special attendance for goods to be packed and sealed under Customs supervision at the registered premises.
- b) In cases where the targeting of containers are done in general for examination at the export stacks, special attendance fees will not be payable.

## 11 AUDITS

- a) Registrants can expect audits to be conducted more frequently in the initial phase of the manufacturing process in order that the required level of compliance can be established.
- b) It is also during this phase that registrants would seek guidance with regard to compliance with the provisions of the Rebate Item.

## 12 DOCUMENT MANAGEMENT

<b>Business Owner</b>	Group Executive: Customs Operations
<b>Document Owner</b>	Executive: Process Solutions Customs & Support Services
<b>Author</b>	C C van Rensburg
<b>Detail of change from previous revision</b>	Delete references to SAD 501, SAD 551, SAD 601 and Duty Credit Certificates. Change reference to MIDP to APDP, Customs and Excise client number to Customs client number, Customs and Excise Act to the Act and voucher of correction (VOC) with amended Customs Declaration. Reference to IPS removed
<b>Template number and revision</b>	ECS-TM-07 - Rev 7