



INBOUND AND OUTBOUND DUTY AND TAX FREE SHOPS

TABLE OF CONTENTS

1	PURPOSE	3
2	POLICY STATEMENT	3
2.1	Basic requirements to operate a duty and tax free shop	3
2.2	Import clearance	3
2.3	Warehouse register and inventory control at time of importation	4
2.4	Picking phase and documentation requirements	4
2.5	Removal to retail outlet	4
2.6	Sale transactions and information required on the sales document	5
2.7	Time period for sales and to make clearance	5
2.8	Warehouse register and inventory control after consolidation clearance	5
3	REFERENCES	6
3.1	Legislation	6
3.2	Cross References	6
4	DEFINITIONS AND ACRONYMS	6

1 PURPOSE

- a) **The purpose of this document is to explain the requirements, namely:**
- i) A duty and tax free shop for the sale of goods to Inbound and Outbound travellers is a licenced facility, in terms of Section 21(1) of the Act , situated at approved international airports.
 - ii) The facility operates under the warehousing regime with specific accounting as well as record keeping principles to govern all goods on hand and removed to the retail outlet for sale.
 - iii) Goods sold in these facilities are sold at a price that does not include any duty leviable in terms of the Act or any value-added tax leviable in terms of the Value-added Tax Act (Act No. 89 of 1991).

2 POLICY STATEMENT

2.1 Basic requirements to operate a duty and tax free shop

- a) A duty and tax free shop may only be at one (1) of the international airports as designated in the Rules.
- b) Inbound duty and tax free shops must be located before the Customs control point for inbound travellers. Outbound duty and tax free shops must be located after the Customs control point for outbound travellers. The sales areas must be separated from the storage areas.
- c) Approval for a retail outlet facility and to open a duty and tax free shop must first be obtained from the authority managing the international airport, where after application to be licensed must be made to the Controller / Branch Manager on the prescribed forms (refer to SC-CF-19).
- d) The necessary security in terms of the Rules as determined by the Customs Branch Office must be furnished (refer to SC-SE-05).
- e) Sales from inbound duty and tax free shops are restricted to inbound travellers and sales from outbound duty and tax free shops are restricted to outbound travellers.
- f) Travellers arriving from or who embark to the BELN countries may not purchase bonded duty free goods but only goods in free circulation.
- g) Travellers from destinations outside the Southern African Customs Union (SACU) en route to a BELN country may purchase bonded goods.
- h) No monetary restriction , regarding sales made to any specific shop, will be placed on the duty and tax free shops.

2.2 Import clearance

- a) Goods **entered or cleared** in terms of Section 38(1)(a) of the Act **may be placed under a** Customs warehouse regime, for purposes of being sold in a facility known as a duty and tax free shop licensed in terms of Section 21(1) of the Act.
- b) All import clearances must be made on a CCD. Refer to SC-CF-55.
- c) The category procedure code (CPC) that must be utilised will be determined by the type of duty and tax free shop licensed:
 - i) If licensed as an outbound duty and tax free shop the CPC for warehouse for export only (E42-00) must be used.
 - ii) If licensed as an inbound or both inbound and outbound duty and tax free shop the CPC for warehousing (E40-00) must be used.
- d) All import control requirements (certificates, permits, letters of authority, etcetera) must be met at the time of clearance under the CPC for warehousing.

- e) Goods prohibited from importation and / or exportation may not be warehoused or sold at duty and tax free shops.

2.3 Warehouse register and inventory control at time of importation

- a) All goods stored in the warehouse and placed on sale in the retail outlet facility must have a unique stock code:
 - i) Goods, for example cigarettes classified under tariff heading 2402.20.90, must be recorded in the register reflecting both the tariff classification and the stock code.
 - ii) A separate stock code must be allocated for each brand and its specific packaging.
 - iii) Cartons containing packets of 10s must have a different stock code than cartons containing packets of 20s.
- b) Upon receipt of bonded goods into the warehouse, the warehouse register must be updated to reflect such entry particulars.
- c) The register must contain the following minimum information:
 - i) The CCD Movement Reference Number (MRN) and date;
 - ii) Port of entry;
 - iii) Quantity placed in warehouse per CCD; and
 - iv) Storage location of the goods in the warehouse.
- d) Only bonded goods may be kept in the licensed SOS warehouse.
- e) Goods in free circulation must be stored separately.

2.4 Picking phase and documentation requirements

- a) Picking of goods for distribution to the retail outlets may take place at any time when replenishing is required.
- b) Goods must be reflected on a picking slip.
- c) The picking slip must contain the following minimum information:
 - i) Licensee and duty and tax free shop operator name;
 - ii) To which retail outlet the movement will take place [in instances of licensees with more than one (1) retail outlet];
 - iii) Goods code;
 - iv) Quantity; and
 - v) A clear distinction between bonded and free circulation goods if removed together.
- d) The picking slip must be retained as a record of movement, which may be requested at any time by a Customs Officer.

2.5 Removal to retail outlet

- a) Bonded goods being removed from the storage area to the retail outlet must be packed in a lockable trolley and a copy of the picking slip must accompany the goods.
- b) Trolleys may not be left unattended in any area with general access to the public.

2.6 Sale transactions and information required on the sales document

- a) All bonded goods in the retail outlet must be clearly marked indicating that the selling price does not include duty and VAT.
- b) In the event that any goods placed in a warehouse requires an export certificate, permit or other such document to be produced prior to exportation, they may not be sold to outbound travellers unless the licensee is in possession of such certificate, permit or other document.
- c) The tax and duty free shop operator must before concluding a sales transaction:
 - i) Obtain from the traveller a valid flight ticket, boarding pass and passport to be eligible to purchase; and
 - ii) Capture the flight and seat number from the boarding pass and reflect such on the cash receipt or sales document.
- d) Cash receipts or other sales documents must be serially numbered and issued in duplicate containing the following minimum information:
 - i) Information pertaining to the traveller:
 - A) The specific retail outlet must be mentioned, for example shop 7 terminal 2;
 - B) The date of arrival or departure;
 - C) In the instance of an outbound traveller the airport of destination;
 - D) In the instance of an inbound traveller the airport of departure; and
 - E) The flight number and seat number.
 - ii) Information pertaining to the goods sold:
 - A) Precise description of the goods;
 - B) The quantity;
 - C) The sales price in South African Rand; and
 - D) The stock code.
- e) Bonded and free circulation goods sold to inbound travellers at the inbound duty and tax free shop must be placed and sealed in a transparent package ensuring the goods are visible together with the copy of the cash receipt or other sales document.
- f) The duty and tax free shop must keep the original sales document for record purposes.

2.7 Time period for sales and to make clearance

- a) Duty and tax free shop operators are permitted to sell goods for a period of seven (7) days without furnishing clearance.
- b) A further seven (7) days are allowed to conduct consolidation of all sales in the preceding seven (7) days.
- c) On the fourteenth day, the CCD must be submitted to SARS Customs.
- d) The Controller/ Branch Manager may determine the start and end period of the fourteen (14) day period.
- e) All clearance documents must be submitted on the fourteenth day or the last working day prior to such a day if it falls on a weekend or public holiday.
- f) CCDs may be submitted in electronic format or manually (refer to SC-CF-55).

2.8 Warehouse register and inventory control after consolidation clearance

- a) The warehouse register must be updated to reflect the CCD MRN, date and the quantities .
- b) The goods total must balance.

3 REFERENCES

3.1 Legislation

TYPE OF REFERENCE	REFERENCE
Legislation and Rules administered by SARS:	Customs and Excise Act No. 91 of 1964: Sections 19(9), 21(1), 38(1)(a) Customs and Excise Rules: Rules 21.04.01 to 21.04.12 Value-Added Tax Act No. 89 of 1991: Sections 7(1)(b), 13(3)
Other Legislation:	Promotion of Administrative Justice Act No. 3 of 2000: Section 3 and 5
International Instruments:	Kyoto Convention General Annex Chapter Standard 4.4 Kyoto Convention Specific Annex D Chapter 1 – Customs Warehouses, Standards: 1, 3, 4, 10 and 11 and Recommended practice: 5 WCO Framework of Standards: None

3.2 Cross References

DOCUMENT NUMBER	DOCUMENT TITLE
SC-CF-19	Registration, Licensing and Designation – External Policy
SC-CF-55	Clearance Declaration – External Policy
SC-SE-05	Bonds – External Policy

4 DEFINITIONS AND ACRONYMS

Link for centralised definitions and acronyms: [Glossary A-M | South African Revenue Service \(sars.gov.za\)](https://www.sars.gov.za/glossary)

DISCLAIMER

The information contained in this guide is intended as guidance only and is not considered to be a legal reference, nor is it a binding ruling. The information does not take the place of legislation and readers who are in doubt regarding any aspect of the information displayed in the guide should refer to the relevant legislation or seek a formal opinion from a suitably qualified individual.

For more information about the contents of this publication you may:

- Visit the SARS website at www.sars.gov.za;
- Make a booking to visit the nearest SARS branch;
- Contact your own tax advisor / tax practitioner;
- If calling from within South Africa, contact the SARS Contact Centre on 0800 00 SARS (7277);
or
- If calling from outside South Africa, contact the SARS Contact Centre on +27 11 602 2093 (only between 8am and 4pm South African time).