



Latest News

WCO ADVOCATES SMART BORDERS

Every year the World Customs Organization identifies a theme to Customs departments (administrations) across the World. The theme for 2018 was the role of Customs in Economic Development.

The WCO is dedicating 2019 to the swift and smooth cross-border movement of goods, people and means of transport, with the slogan "SMART borders for seamless Trade, Travel and Transport".

WCO Member Customs Administrations have been celebrating International Customs Day around 26 January every year to celebrate the establishment of the Customs Co-operation Council (CCC) on that day in 1952.

During the celebration of International Customs Day by the South African Revenue Service (SARS), reference was made to the theme to be "SMART borders for seamless Trade, Travel and Transport".

To mark the significant event, SARS's Customs and Excise division held celebrations at two venues, that is, the ICD in Pretoria and at Beitbridge Port of Entry in Limpopo.

The main event in Pretoria was headlined by the Acting Chief Officer: Customs & Excise: Beyers Theron who delivered the keynote address.

The South African celebrations was a trade exhibition, representing a number of the highlights of Customs in the country over the years, such as the Preferred Trader programme (PTP), the New Customs Acts Programme (NCAP), IT capability, Partnerships, new e-Traveller Card and focus on the illicit economy.

In Beitbridge, the border post between South Africa and Zimbabwe, and the busiest border post in Africa, the event was jointly celebrated with officials from SARS, the South African National Defence Force (SANDF) and Zimbabwe Revenue Authority (Zimra). The event focussed on and highlighted some of the co-operative projects.

SARS acknowledges that it is the joint responsibility of the respective customs and border regulatory stakeholders to support efforts to grow the economy by ensuring that we bring the concept of seamless movement of legitimate goods and people to the border environment by the application of the SMART principles.

The concept of SMART borders provides a blueprint that can be used and applied by customs and other border regulatory partners in order to reduce the time and costs spends associated with cross-border traffic by strengthening the whole-of-government endeavour in that regard.

SMART, from the perspective of Customs, is the acronym for:

- **Secure** – This aspect calls for Customs, partner government stakeholders and economic operators to pursue the common objective of enhancing supply-chain security and efficiency based on mutual trust and transparency while safeguarding revenue collection.
- **Measurable** – Measuring the actual performance of Customs and border regulatory stakeholders in facilitating trade and controlling borders, as well as evaluating overall border performance, are two major pillars at the heart of sound decision-making using, for example, instruments such as the WCO Time Release Study (TRS) to accurately measure elements of trade flows and identify bottlenecks so that appropriate decisions can be formulated and implemented.
- **Automated** – Automation underpins every aspect of a modern Customs administration and, by extension and in partnership with border regulatory stakeholders, also of a seamless border environment.
- **Risk Management-based** – An intelligence-driven and data-enabled risk management framework allows Customs and border regulatory stakeholder partners to be more effective at all levels, especially in decision-making and targeted interventions.
- **Technology-driven** – Digital disruption has brought about new opportunities and challenges for Customs and partner government stakeholders, which triggers the need to explore the use of Information and Communications Technology (ICT) solutions.

Beyers Theron, the acting Chief Officer of SARS concluded that "these measures will enable us to deal decisively with illegal and counterfeit goods, which contribute to the illicit economy and loss of revenue to the state."

Customs Tariff Applications and Outstanding Tariff Amendments

The International Trade Administration Commission (ITAC) is responsible for tariff investigations, amendments, and trade remedies in South Africa and on behalf of SACU.

Tariff investigations include: Increases in the customs duty rates in Schedule No. 1 Part 1 of Jacobsens. These applications apply to all the SACU Countries, and, if amended, thus have the potential to affect the import duty rates in Botswana, Lesotho, Namibia, Swaziland and South Africa.

Reductions in the customs duty rates in Schedule No. 1 Part 1. These applications apply to all the SACU Countries, and, if amended, thus have the potential to affect the import duty rates in Botswana, Lesotho, Namibia, Swaziland and South Africa.

Rebates of duty on products, available in the Southern African Customs Union (SACU), for use in the manufacture of goods, as published in Schedule No. 3 Part 1, and in Schedule No. 4 of Jacobsens. Schedule No. 3 Part 1 and Schedule No. 4, are identical in all the SACU Countries.

Rebates of duty on inputs used in the manufacture of goods for export, as published in Schedule No. 3 Part 2 and in item 470.00. These provisions apply to all the SACU Countries.

Refunds of duties and drawbacks of duties as provided for in Schedule No. 5. These provisions are identical in all the SACU Countries.

Trade remedies include: Anti-dumping duties (in Schedule No. 2 Part 1 of Jacobsens), countervailing duties to counteract subsidisation in foreign countries (in Schedule No. 2 Part 2), and safeguard duties (Schedule No. 2 Part 3), which are imposed as measures when a surge of imports is threatening to overwhelm a domestic producer, in accordance with domestic law and regulations and consistent with WTO rules.

To remedy such unfair pricing, ITAC may, at times, recommend the imposition of substantial duties on imports or duties that are equivalent to the dumping margin (or to the margin of injury, if this margin is lower).

Countervailing investigations are conducted to determine whether to impose countervailing duties to protect a domestic industry against the unfair trade practice of proven subsidised imports from foreign competitors that cause material injury to a domestic producer.

Safeguard measures, can be introduced to protect a domestic industry against unforeseen and overwhelming foreign competition and not necessarily against unfair trade, like the previous two instruments.

Dumping is defined as a situation where imported goods are being sold at prices lower than in the country of origin, and also causing financial injury to domestic producers of such goods. In other words, there should be a demonstrated causal link between the dumping and the injury experienced.

The International Trade Commission of South Africa (ITAC) also publishes Sunset Review Applications in relation to anti-dumping duty in terms of which any definitive anti-dumping duty will be terminated on a date not later than five years from the date of imposition, unless the International Trade Administration Commission determines, in a review initiated before that date on its own initiative or upon a duly substantiated request made by or on behalf of the domestic industry, that the expiry of the duty would likely lead to continuation or recurrence of dumping and material injury.

There were no applications for amendments to the SACU Common External Tariff at the time of publication.

List 10/2018 was published under Notice No. 802 of 2018, in *Government Gazette* No. 42100 of 14 December 2018.

Customs Tariff Amendments

With the exception of certain parts of Schedule No. 1, such as Schedule No. 1 Part 2 (excise duties), Schedule No. 1 Part 3 (environmental levies), Schedule No. 1 Part 5 (fuel and road accident fund levies), the other parts of the tariff are amended by SARS based on recommendations made by ITAC resulting from the investigations relating to Customs Tariff Applications received by them. The ITAC then investigates and makes recommendations to the Minister of Trade and Industry, who requests the Minister of Finance to amend the Tariff in line with the ITAC's recommendations. SARS is responsible for drafting the notices to amend the tariff, as well as for arranging for the publication of the notices in Government Gazettes.

Parts of the South African Tariff are not amended resulting from ITAC recommendations.

These parts (for example Parts of Schedule No 1 other than Part 1 of Schedule No. 1), must be amended through proposals that are tabled by the Minister of Finance, or when the Minister deems it expedient in the public interest to do so.

Once a year, big tariff amendments are published by SARS, which is in line with the commitments of South Africa and SACU under international trade agreements.

Under these amendments, which are either published in November or early in December, the import duties on goods are reduced under South Africa's international trade commitments under existing trade agreements.

There were no tariff amendments at time of publication.

Customs Rule Amendments

The Customs and Excise Act is amended by the Minister of Finance. Certain provisions of the Act are supported by Customs and Excise Rules, which are prescribed by the Commission of SARS. These provisions are numbered in accordance with the sections of the Act. The Rules are more user-friendly than the Act, and help to define provisions which would otherwise be unclear and difficult to interpret.

Forms are also prescribed by rule, and are published in the Schedule to the Rules.

Two sets of amendments to the rules to the Customs and Excise Act, 1964 were published in *Government Gazette* No. 42218 of 8 February 2019.

Under the first set which was published under Notice No. R122 (DAR/179), Rule 75(24) is amended to provide for the keeping of a register by rebate users of excisable goods.

Form DA 133 in respect of return in respect of spirits is published in the schedule to the Rules.

Under the second set of amendments, the rules are amended to enhance the administration and enforcement in respect of stills, agricultural distillers and manufacture of excise goods for own use.

Form DA 185 in the schedule to the rules is amended, and the following new forms are inserted in the Schedule to the Rules:

- DA 185.4A14 – Registered still
- DA 185.4A15 – Manufacture of excisable goods solely for own use
- DA 185.4B11 – Distillation of spirits by an agricultural distiller
- DA 185.4B12 – To own possess or keep stills
- DA 185.4B13 – Manufacture or import stills for sale or repair still for reward

The amendment (DAR 180) was published under Notice No. R. 121 in *Government Gazette* No. 42218 of 8 February 2019.

Contact Us

Havandren Nadasan
Jacobsens Editor
Phone: 031 268 3510
jacobsons@lexisnexis.co.za

Leon Marais
Independent Customs
Consultant
Phone: 053 203 0727
leon@itacs.co.za