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The discussion paper covers the following areas:   * Experience of current excise duty structure for alcoholic beverages since 2002. * Recent developments in excise policy formulation both locally and internationally. * Alcohol tax anomalies. * Scope for utilising the excise duty system to effectively internalise the social external costs arising from alcohol abuse. * Policy reform options.   Refer to the media release for more information.  Download the [**discussion paper**](http://www.sars.gov.za/AllDocs/LegalDoclib/DiscPapers/LAPD-LPrep-DP-2014-02%20-%20Discussion%20Paper%20on%20Review%20of%20Taxation%20of%20Alcoholic%20Beverages%20in%20RSA.pdf) and [**media release**](http://www.sars.gov.za/AllDocs/LegalDoclib/DiscPapers/LAPD-LPrep-DP-2014-03%20-%20Discussion%20Paper%20Treasury%20Media%20Release%20Review%20Taxation%20of%20Alcoholic%20Beverages.pdf).  **The impact of the Security Bill on the Customs sector and South Africa’s international trade**  Recently South Africa was criticised for not being an investor-friendly Nation, and it was said to have also affected its international ratings. If President Jacob Zuma signs the controversial Security Bill the image of the country as an investor could suffer yet another sensitive blow.  International organisations are also up in arms and blame the country for not honouring its agreements.  South Africa is a member of the World Trade Agreement and a signatory to many WTO Agreements, which includes the WTO General Agreement on Trade in Services (GATS). Recently the EU head of economics and trade, Axel Pougin de la Maisonneuve claimed that foreign equity caps would violate South Africa's commitment to unbounded market access under the General Agreement on Trade in Services (GATS).  However, it is not only services that will be affected by the new Private Security Industry Regulations Amendment Bill.  The Private Security Industry Regulations Amendment Bill (Bill 27 of 2012), will amend the Private Security Industry Regulation Act, 2001 to the extent that the distribution and transportation of security equipment will now also be regulated. In other words, imported goods will also be regulated and affected.  The WTO Agreements provide for retaliation clauses, for example in the event of a government subsidising a specific industry another government may retaliate by imposing countervaling duties on other products. The impact of the new Act could thus lead to such measures which could result in higher duties – in other countries – on goods imported from South Africa.  The new act will empower the Minister of Police to make regulations for the transportation of cash and other valuables on to provide for matters connected therewith.  It could be argued that further controls on firearms are positive but that controls on other goods still to be measured. What constitutes valuables?  There is also the possibility that the WTO Agreement on Import Licensing could be contravened.  It is evident that the Private Security Act is controversial in many aspects. It even has an impact on the customs profession.  **RULES TO CUSTOMS CONTROL BILL RELEASED FOR COMMENT**  ***(Due date for comments: 29 July 2014)***  Since the start of South Africa’s Customs Modernisation journey various versions of the proposed new Customs Control Act and the proposed Customs Duty Bill have been published for comments. The first round was published in October 2009, and a revised version of the proposed Customs Control Bill was published in May 2014.  Stakeholders were however concerned that the Rules to the new proposed Customs legislation have never been published for comment.  The Rules will be published for comment in various batches prior to the promulgation of the new legislation, and the first batch to the Customs Control Bill have been published  on the website of the South African Revenue services (17 June 2014).  The draft Rules that were published were those for Chapters 1, 3 and 10 of the proposed Customs Control Act and should be read with those Chapters of the latest version of the proposed Customs Control Bill 45B of 2013. These Chapters deal with definitions, reporting requirements for inbound and outbound vehicles and cargo and excise warehouse transit procedures.  The draft Rules can be downloaded from the SARS website at [**http://www.sars.gov.za/AllDocs/LegalDoclib/Drafts/LAPD-LPrep-Draft-2014-43%20-%20Draft%20Customs%20Control%20Rules%20Chapters%201%20and%203%20to%2010.pdf**](http://www.sars.gov.za/AllDocs/LegalDoclib/Drafts/LAPD-LPrep-Draft-2014-43%20-%20Draft%20Customs%20Control%20Rules%20Chapters%201%20and%203%20to%2010.pdf) **.**  A comment sheet is also available at [**http://www.sars.gov.za/AllDocs/LegalDoclib/Drafts/LAPD-LPrep-Draft-2014-44%20-%20Draft%20Customs%20Control%20Rules%20Comment%20Sheet.docx**](http://www.sars.gov.za/AllDocs/LegalDoclib/Drafts/LAPD-LPrep-Draft-2014-44%20-%20Draft%20Customs%20Control%20Rules%20Comment%20Sheet.docx) **.**  Your comments should be submitted to [**sauthar@sars.gov.za**](mailto:sauthar@sars.gov.za) before 29 July 2014.  **NATIONAL REGULATOR FOR COMPULSORY SPECIFICATIONS ACT: DRAFT AMENDMENT**  The Department of Trade and Industry has published a draft notice to indicate their intention to amend the compulsory specification for protective helmets and their visors for motorcycles and mopeds.  The draft notice was published under Notice R.441 in *Government Gazette* 37701 of 6 June 2014.  Download the notice at [**http://www.gov.za/documents/download.php?f=213569**](http://www.gov.za/documents/download.php?f=213569) for more information and should you wish to comment.  *Comments are due by 6 August 2014.* | | |  | |  | | |  | | Customs Tariff Applications and Outstanding Tariff Amendments | | |  | | Notice 375 of 2014 (List 05/2014) ***(Comments due on 23 June  2014)*** | | |  | | *The International Trade Administration Commission (*[*ITAC*](http://www.itac.org.za/)*) 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 the 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.*  ***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. 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. In the WTO system, a member may take a safeguard action, which is, restricting imports temporarily in the face of a sustained increase in imports that is causing serious injury to the domestic producer of like products. Safeguard measures are universally applied to all countries, unlike anti-dumping and countervailing duties that are aimed at a specific firm or country.*  *Schedule No. 2 is identical in all the SACU Countries.*  ITAC has published the following document relating to the SACU tariff and tariff amendment applications:  Increase in the rate of customs duty on paper and paperboard, coated, covered, impregnated or covered with plastic classifiable under tariff subheading 4811.59.90; and other paper, paperboard, cellulose fibres, classifiable under tariff subheading 4811.90.90 from free to 5% *ad valorem* by the creation of 8-digit subheadings.  Download the document  at  <http://www.gov.za/documents/download.php?f=213475>. | |  | |  |  | |  | | 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 is 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.*  *During the annual budget speech by the Minister of Finance in February, it was determined that parts of the tariff that are not amended resulting from ITAC recommendations, must be amended through proposals that are tabled by the Minister of Finance.*  *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.*  *The* following amendments have been published recently:  Provision is made for the imposition of anti-dumping duties on disodium carbonate (soda ash) originating in or imported from the United States of America as recommended in ITAC Report No 478. (Government Notice R.498, published in *Government Gazette* 37756 dated 19 June 2014 – Jacobsens reference: A2/1/361). | | The anti-dumping duty provisions on garlic is deleted under item 205.00 and new provisions have been created under item 202.00 to implement a technical correction in accordance with the structure of the Harmonized System. The numbers of the anti-dumping duty provisions in Schedule No. 2 correspond with that of the section numbers of the Harmonized System and the provisions for garlic have been allocated incorrectly. The matter has now been rectified. (Government Notice R.500, published in *Government Gazette* 37757 dated 19 June 2014 – Jacobsens reference: A2/1/360).  A new rebate provision has been created by the insertion of item 312.01/6001.92/01.06 to provide for a rebate of full duty on other pile fabrics, knitted or crocheted, of man-made fibres, classifiable in tariff subheading 6001.92, for the manufacture of footwear with uppers of textile materials classifiable in Chapter 64 as recommended in  ITAC Report No. 470. (Government Notice R.377, published in *Government Gazette* 37654 dated 23 May 2014 – Jacobsens reference: A3/1/703).  Note 8 to Schedule No 3 has been inserted to allow manufacturers in a Customs Controlled Area (CCA) to use the rebates in Schedule No. 3 as recommended in ITAC Report No. 471.  (Government Notice R.428 dated 30 May 2014 and published in  *Government Gazette* 37694 – Jacobsens reference: A3/704).  The amendments will be sent to subscribers under cover of supplement 1034.  **Subscribers will soon be able to view a PDF version of the tariff book supplements at**[**www.jacobsens.co.za**](http://www.jacobsens.co.za)**.**  [Download](http://new.jacobsens.co.za/News/CustomsWatch.aspx) the latest Customs Watch to have access to the latest tariff and rule amendments | | |  | | |  | | 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.* | *There* were no amendments at time of publication.  The last Customs Rule amendment was published on 16 May 2014.  Form CR 1 titled General Application for Customs Refund: Voucher of Correction have been amended and a new form has substituted the existed form in the schedule to the Rules.  The notice was published in Government Notice R.361 published in *Government Gazette* 37631 of 16 May 2014 (DAR/138).  Download [the amendments](http://www.sars.gov.za/AllDocs/LegalDoclib/SecLegis/LAPD-LSec-CE-RA-2014-01%20-%20Notice%20R174%20GG%2037422%2014%20March%202014.pdf) to view the notices. | |  | |  |  |  |  | | | |
| |  |  |  | | --- | --- | --- | | **Contact Information:** |  | **Contact the Author:** | | Mayuri Govender  Jacobsens Editor  Tel: 031-268 3273 e-mail:  [jacobsen@lexisnexis.co.za](mailto:jacobsen@lexisnexis.co.za) |  | Leon Marais  Independent Customs Specialist Tel: 053-203 0727  e-mail: [leon.marais@intekom.co.za](mailto:leon.marais@intekom.co.za) | |

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