

Standard Operating Procedure (SOP) under Rebate Item 412.11 for Business importing Critical Supplies during the National State of Disaster

About this SOP

This *Standard Operating Procedure (SOP)* acts as a guideline for business importing critical supplies and essential goods into South Africa under Rebate Item 412.11 and Schedule 1(8) of the Value Added Tax Act, and includes both imports of dutiable and duty-free goods.

In connection with this document, please note the following definitions:

- (1) **'critical supplies'** means any product identified in the Covid19-List of Critical Supplies, which document can be found on ITAC's website (see the following link):

[http://www.itac.org.za/upload/Rebate%20Application%20\(COVID-19\).pdf](http://www.itac.org.za/upload/Rebate%20Application%20(COVID-19).pdf)

- (2) **'rebate item 412.11'** means the full rebate of custom duties for the critical supplies during the COVID-19 pandemic (currently ITAC will issue rebate certificate with a validity up to 31 May 2020) as contained in Schedule 4 to the Customs and Excise Act 91 of 1964;
- (3) **'application'** means the application for the importation of critical supplies under rebate item 412.11;
- (4) **'certificate'** means the official approval by the International Trade Administration Commission of South Africa (ITAC) to import goods under rebate item 412.11, which includes during the pandemic written authorisation provided via email from an ITAC Senior Manager;
- (5) **'essential goods'** means those goods contained in paragraph A of Annexure B of the Regulations issued on 25 March 2020 in terms of the Disaster Management Act.

In addition to this SOP, it is advisable to refer to the SARS media statement available on the SARS website for the VAT treatment (exemption) of certain non-dutiable goods.

A. Prerequisite: Licensing and Registration

1. Registered with SARS Customs as an Importer

As per SARS Customs External Policy document SC-CF-55 par 2.1 (a), before importers can make use of rebate item 412.11, they need to be registered with SARS Customs as an importer. Refer to the SARS Customs External Policy document SC-CF-19 for registration requirements.

2. Registered company with CIPC (Companies and Intellectual Property Commission)

In addition to being registered with SARS, before being able to import goods under rebate item 412.11, a company must be registered in terms of the Companies Act, No 71 of 2008, as well as being registered as an approved operator during the national disaster period.

3. VAT number (or indicated that the company is not a VAT registered company)

In addition to being registered with SARS and the CIPC, it is mandatory for a business to register for VAT if the total value of taxable supplies made in any consecutive twelve-month period exceeded or is likely

to exceed R1 million. The business must complete a VAT 101 - Application for Registration form and submit it to the local SARS branch within 21 days from date of exceeding R 1 million ([SARS, 2020](#)).

4. Refer to HS Code List

A list of critical supplies has been established and means any product identified in the “Covid19 – List of critical supplies” on ITAC’s website. The list consists of goods classifiable under 81 different tariff headings, of which 49 do not attract duty.

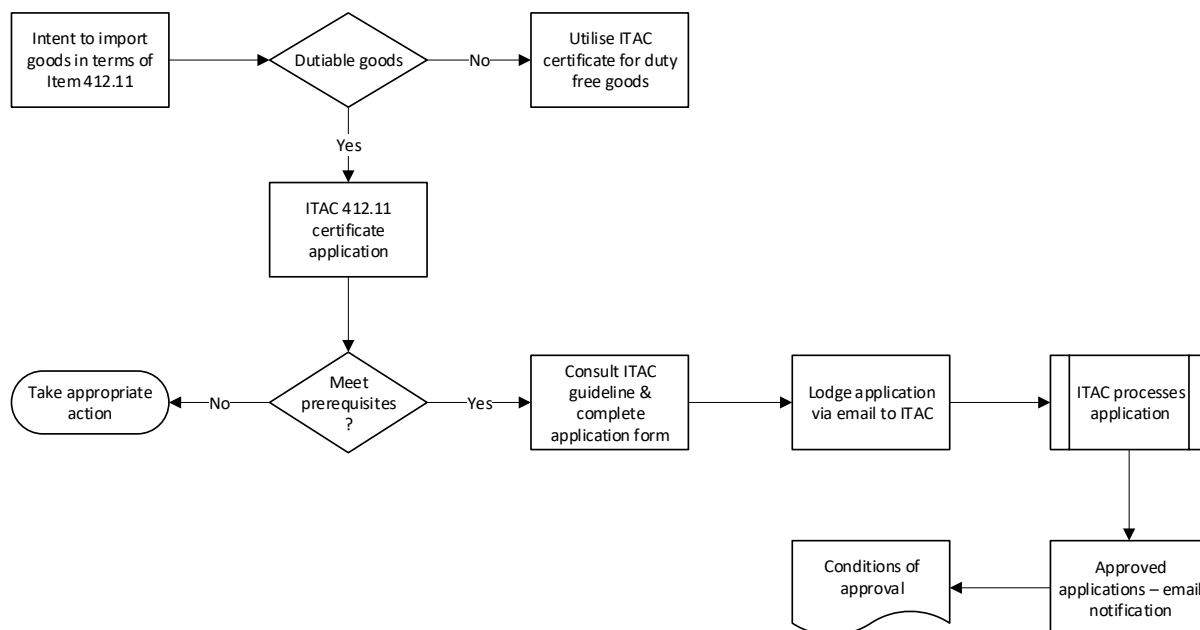
5. Rebate certificate and VAT Exemption

Only dutiable goods as referenced on the “Covid19 – List of critical supplies” are eligible for an ITAC rebate certificate to import these goods under full rebate of the relevant customs duties. For such goods, an application form (which can be found on ITAC’s website) must be completed and submitted to ITAC. The process is described in section B below.

Imports of all goods are exempted from VAT if such goods appear on the list of essential goods and have not been subject to an exclusion. Goods that appear on the list of essential goods but are excluded from (ineligible for) a VAT exemption are (1) goods that are subject to an ordinary customs duty (i.e. duties in Schedule 1 of the Customs and Excise Act) or a trade remedies duty (i.e. duties in Schedule 2 of the Customs and Excise Act); (2) goods that would ordinarily be subject to the aforementioned duties but are imported duty free under a preferential trade arrangement; and (3) goods which are currently the subject of an application or investigation by ITAC’s Tariff or Trade Remedies unit. As a technical matter, such goods are covered by a global certificate issued by ITAC to SARS. ITAC’s VAT certificate also details the above exclusion and can be found at the link-

[http://www.itac.org.za/upload/ITAC%20Certificate%20-%20SARS%20Essential%20Goods%20List%20\(2\)%2020200408.pdf](http://www.itac.org.za/upload/ITAC%20Certificate%20-%20SARS%20Essential%20Goods%20List%20(2)%2020200408.pdf)

B. Application for a Rebate Certificate from ITAC



1. Obtain application form from ITAC website

The application form for rebate item 412.11 can be found on ITAC's website ([ITAC](http://www.itac.org.za/pages/about-itac/covid-19-news-and-regulat), 2020 and <http://www.itac.org.za/pages/about-itac/covid-19-news-and-regulat>).

2. Guidelines for rebate item 412.11

ITAC has published Guidelines that should be read prior to completing the application form. This document is also available on ITAC's website (see the link in B.1. above). Please note that the Guidelines and the application form are contained in the same document (the application form is Annexure A of the Guidelines).

3. Application form to be completed

In summary, the following sections need to be completed:

- 1. Details of Applicant;
- 2. Details of Manufacturer (if different from paragraph 1);
- 3. Furnishing of information in respect of each product to be imported;
- 4. Proving details of the nature of the business of the applicant;
- 5. Indicating employment figures in relation to the end product to be manufactured;
- Sworn affidavit; and
- Check list (included in the documents to be provided as part of the check list are (i) proof of local orders from potential local buyers and (ii) CIPC certificate that the business is an approved operator during the period of national disaster).

4. Submission of the application via email to ITAC

Applications for a rebate certificate must be submitted electronically to the following officials:

For goods classifiable under Chapter 1 to 68:

- Mr Christopher Sako at csako@itac.org.za; and
- Ms Khosi Mzinjana at kmzinjana@itac.org.za;

For goods classifiable under Chapter 69 to 96:

- Ms Lufuno Maliaga at lmaliaga@itac.org.za

5. ITAC will process applications expeditiously

Although being a manual process, ITAC will nevertheless endeavour to process the application within three to five days of being submitted. However, ITAC - like all entities currently in South Africa - is also affected by the lockdown. Nonetheless, ITAC is committed to expediting applications. Therefore, all applicants are urged to assist with expediting the process by submitting clearing and supporting documents at the earliest opportunity possible.

6. Email Notification of Approval to Applicants

The applicant will be advised by ITAC of the outcome. Upon approval of the application, the applicant will be notified by email. Simultaneously, ITAC will email SARS to notify it of the approval (see C.1 below). ITAC will not be issuing physical rebate certificates during the lockdown but only an email approval notification.

The typical content of the email approval notification (rebate certificate) will be:

- Issued to
- Importer's code
- Certificate number
- Rebate item
- Year of issue
- Address
- Indication that certificate is non-transferable
- Line item – description of commodity
- List of goods
- Tariff subheading
- Quantity (estimated quantities until 31 May 2020 as opposed to an application for each consignment)
- Customs value
- Validity period
- Conditions

C. Notification

1. ITAC notification to SARS

ITAC will communicate its approval to SARS - Customs via e-mail.

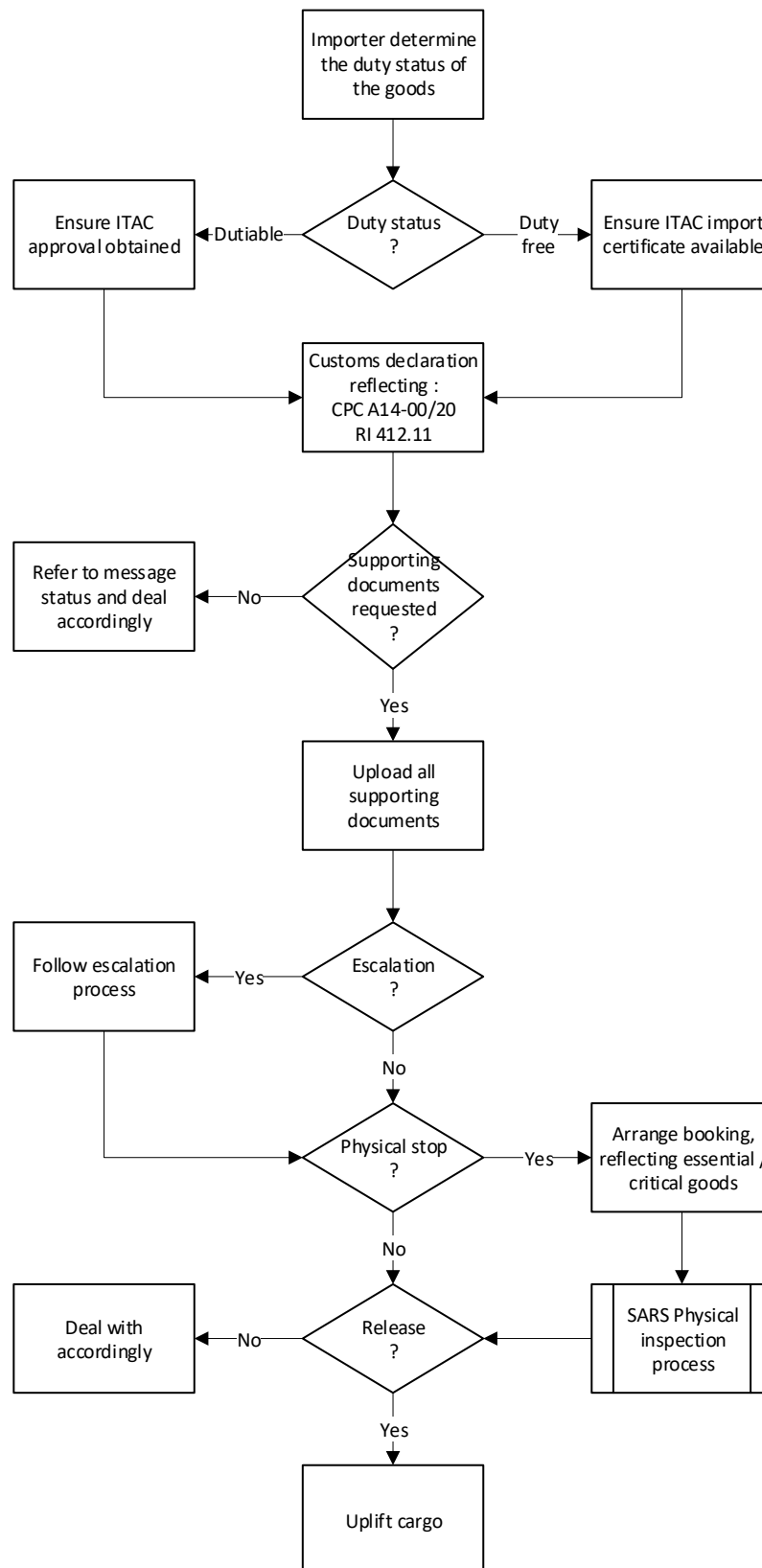
2. Conditions of the Rebate Certificate

The rebate certificate issue by ITAC is strictly subject to the following conditions, which will also appear on the email approval notification:

- This rebate provision is only applicable for COVID-19 relief purposes and for COVID-19 approved critical supplies, which do not include used or second-hand goods.
- The permit is non-transferable.
- For direct importation only and not to be cleared into Bond.
- Goods imported under this rebate item 412.11/00.00/01.00 shall not be sold or disposed of to any party who is not entitled to any privileges under the rebate item, or removed to the area of Botswana, Lesotho, Swaziland or Namibia without the permission of the International Trade Administration Commission.
- Goods imported under this rebate will be subject to monitoring and if a prima facie case is established that any condition of this permit is not complied with, the consignment in terms of which the rebate permit was used can be seized and the rebate permit will be temporarily suspended while SARS and ITAC conduct an investigation. If it is established that non-compliance took place, appropriate steps will be taken. These steps will be taken in terms of the International Trade Administration Act, 2002 (Act No. 71 of 2002) and the Customs and Excise Act, 1964 (Act No. 91 of 1964), and can include, criminal charges, withdrawal of the permit or permits concerned and/or the rejection of future applications for permits.
- All approvals will only be valid until 31 May 2020.

D. Customs declaration

The information in this and the following sections has been provided to ITAC by Business Unity South Africa (BUSA) and is provided here to further assist with the importation of critical supplies.



1. The Import Customs Declaration will reflect the Rebate Item 412.11

The conditions (as outlined per the conditions reflected in the document titled '*Industry request to fully rebate duty on essential imports during COVID-19 pandemic*') should then be for clearances under CPC A 14-00/20 with measure 412.11/00.00/01.00:

- CPC – Box 1 = A
- CPC – Box 37 = "14" as the requested procedure code and then depending on the previous declaration if any "00" or "20"
- Box 44 = Procedure measure

2. Request of Supporting Documentation (CUSDEC Code 13)

SARS – Customs may request the supporting documentation (including the certificate), for uploading into SARS – Service Manager. All declarants must ensure that they are in possession of all supporting documents prior to lodgement of the declaration. The supporting documents must be uploaded expeditiously after receiving the EDI notification request for documents in order to ensure timely treatment of all declarations.

Comment: Importers must retain their ITAC certificate in the event of a risk-based query from Customs. This would come in the form of Customs 'Status 13' –

13 Query— Supporting Documents required.	To notify the declarant that the declaration has been automatically selected by the Customs risk engine and standard clearance supporting documents must be submitted.
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The "ITAC rebate item email approval notification and the "ITAC import VAT certificate" (a link which has been provided above) must accompany the supporting document.

E. Escalation

SARS Customs will monitor the Import Customs declarations for COVID-19 essential supplies, while SARS Branch Call Centre will handle the escalation. A dedicated escalation contact is being set up. However, for the moment, Covid-19 escalations will most likely go through the listed call centre numbers, which are:

- Local callers: 0800 00 7277
- International callers: +27 11 602 2093

Since the vast majority of critical supplies will most likely be air cargo, the contact details of OR Tambo Customs is essential:

OR Tambo International Airport

Contact type: Customs: Airports

Country: South Africa

Region: Gauteng

City: Johannesburg

Building: New Agents Building

Telephone number: 0800 00 7277 or (011) 701 3989/3985/3996

Fax number: (011) 923 2467

Physical address: New Agents Building

Jones Road

Cargo Division

F. Physical inspection

In the event that the import consignment is stopped for a physical inspection the branch office needs to be contacted to arrange for a booking for an inspection. Should it not be possible to make an inspection booking or if the inspection results are not finalised the escalation process as in Paragraph E must be followed.

G. SARS Head Office Monitoring

SARS - Head office will also monitor the situation and will assist with cases that is taking longer than the time outlined in this.

SARS Customs has also set up a command centre to deal with escalations that may have not been dealt with at branch level. Your existing call reference number, transaction (SSM/LRN) can then be sent to osc@sars.gov.za. To save duplication and time, clients are reminded that queries must be sent to the relevant branch/processing centre.

H. Additional SARS information

Refer to the SARS Coronavirus webpage for any updates:

<https://www.sars.gov.za/Media/Pages/CoronaVirus.aspx> and
<https://www.sars.gov.za/ClientSegments/Customs-Excise/Pages/default.aspx>