

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 in importing critical supplies into South Africa under Rebate Item 412.11. This SOP adds to the document series titled '*BUSA Covid-19 - Feedback Report on Security of Critical Supplies*' outlining an overview of the *Security of Critical Supplies* (item no. 4 on the BUSA Covid-19 Economy Work Stream document).

Importantly, (1) '*critical supplies*' means any product identified in the Excel Sheet titled '*Rebate Application (COVID-19) - HS Code list*'; (2) '*rebate item 412.11*' means the full rebate of custom duties and VAT exemption on the critical supplies during the COVID-19 pandemic as contained in Schedule 4 to the Customs and Excise Act 91 of 1964 and Schedule 1 to the Value Added Tax Act (3) '*application*' means the application for the importation of critical supplies under rebate item 412.11; (4) '*certificate*' means the official document issued by the International Trade Administration Commission of South Africa (ITAC) to import goods under rebate item 412.11.

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.

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.

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 R1 million ([SARS](#), 2020).

B. Application of Rebate permit with ITAC

1. Obtain application form from ITAC website

The application form for rebate item 412.11 can be found on ITAC's website ([ITAC](#), 2020).

2. Guidelines for rebate item 412.11

ITAC is in the process of developing guidelines for the completion of the application for a certificate as required for all the critical supplies subject to import duties. Once finalised the guideline will be available on the ITAC website: <http://www.itac.org.za/pages/services/tariff-investigations/guidelines-questionnaires>

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Refer to annexure – Guideline – RI 412.11

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

In order to expedite the process, Business has called upon ITAC to migrate from a manual process to an electronic process. As of today, the current procedure requires importers to submit the application form to ITAC via e-mail (see below). An update will be provided in due course.

Refer to annexure – Application form – RI 412.11

4. Submission of the application via mail to ITAC

Application forms will need to be submitted to ITAC. ITAC has communicated that two e-mail addresses will be provided for the purpose of the rebate application.

5. Refer to Webber Wentzel Master HS code list

A critical list of supplies has been established by Webber Wentzel and means any product identified in annexure “Covid-19 - HS Codes”. The list consists of 81 different tariff headings, of which 49 do not attract duty. For the rest of the products, industry has made a request for the waiving of import duties and exempting VAT under Rebate Item 412.11, as contained in Schedule 4 to the Customs and Excise Act 91 of 1964 for the duration of the national state of disaster.

6. ITAC will process this application within 24-48 hours

Being a manual process, it is estimated that ITAC will process the application within 24-48 of being submitted, since ITAC - like all entities currently in South Africa - are also affected by the lockdown. Nonetheless, ITAC is committed to expediting this important procedure. Therefore, all applicants are urged to expedite the clearing process by submitting clearing and supporting documents at the earliest opportunity possible.

7. Email Notification of Approval to Applicants

The applicant will be advised by ITAC of the outcome. Upon successful application, the applicant will be notified by email. Simultaneously, ITAC will email SARS to notify it of the approval.

The typical content of the rebate certificate will be:

- Issued to
- Importer’s code
- Certificate number
- Rebate item
- Year of issue
- Address
- Indication that certificate is non-transferable

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- Line item – description of commodity
- List of goods
- Tariff subheading
- Quantity
- Customs value
- Validity period
- Conditions

C. Notification

1. ITAC notification to SARS

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

2. Non-transferable nature of certificates

Certificate will not be transferable to any other legal entities.

3. Conditions on the certificate

The conditions field of the ‘permit/certificate/letter of authority’ will indicate:

- Only for COVID-19 approved supplies;
- For direct importations only and not to be cleared into bond – CPC A 14 measure 412.11 if imported from outside SACU and A 12 measure 412.11 if imported intra-SACU;
- The first declaration must contain the certificate.

D. Customs declaration

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

The following table indicates how the rebate item will be reflected:

SARS Description	Data Field	Type	Len	Class1	WCO3	WCO3 Field	SARS Code List	SARS presentation	Field	SAD Box
PGR (Permit for various 4th Schedule General Rebates)		AN	32	Additional Document	D005	ID (D006 = PGR (Permit issued by ITAC) National Code)	Code List 19	Additional Information Value		Box 44

2. Request of Supporting Documentation (CUSDEC Code 13)

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

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The ITAC authorisation letter must accompany the supporting document of the first declaration as stipulated in the conditions.

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. 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 document.