

NOTICE 409 OF 2006
INTERNATIONAL TRADE ADMINISTRATION COMMISSION
OF SOUTH AFRICA

GUIDELINES FOR APPLICATIONS FOR PERMITS IN TERMS OF ITEM
470.03 OF SCHEDULE 4 TO THE CUSTOMS AND EXCISE ACT, 1964

The International Trade Administration Commission of South Africa (ITAC) hereby notifies interested parties that applications for permits for rebate of the duty in terms of rebate item 470.03 submitted to ITAC, with effect from 1 April 2006:

1. Will be dealt with according to the guidelines described in this notice; and
2. Must be in the format as set out in the application form in this notice.



international Trade Administration Commission of South Africa

GUIDELINES, RULES AND CONDITIONS PERTAINING TO REBATE ITEM 470.03

(These documents replace all the previous guidelines and questionnaires in connection with rebate item **470.03** of Schedule No **4** to the Customs and Excise Act, **1964**)

LEGISLATION PERTAINING TO REBATE ITEM 470.03 This procedure must be read with the following:	
LEGISLATION	REFERENCE
International Trade Administration Act 71 of 2002	<ul style="list-style-type: none"> ❑ International Trade Administration Commission: Guidelines, rules and conditions pertaining to rebate item 470.03 (February 2006) ❑ Import Control regulations (Notice No. 3 R of 2 January 2004) <p>ITA Act 71 of 2002:</p> <ul style="list-style-type: none"> ❑ Section 6(1), (2) – Part (B) 17 ❑ Chapter 4, Part A, (26) (1) (2) – (6), 27 (1) (2), 28 and 29 ❑ Section 33 (1), 34, 42, 43, 44, 53, 54 and 55
Customs and Excise Act, Act No. 91 of 1964	<ul style="list-style-type: none"> ❑ Notes to Schedule 4, Notes A, C and H to Schedule 1, Notes 3 and 5 to Schedule 3 and Notes 1, 2, 3(a) and 4 to rebate item 470.00 ❑ Rebate item 470.03 ❑ Section 75: Specific rebates of duty under Schedule 4 (Only the subsections pertaining to 470.03 are referred to) ❑ Rules for Section 75 ❑ Section 40: Validity of entries ❑ Section 45: Determination of applicable duty ❑ Rules for Section 45 ❑ Section 59A: Registration of persons participating in activities regulated by this Act. ❑ Rules for Section 59A ○ Section 60(2): Refusal, suspension and cancellation

	<ul style="list-style-type: none"> ❑ Penal provisions – Chapter XI of the Act (Sections 78 to 95) Value-added Tax Act 89 of 1991 ❑ Section 7: Imposition of value-added tax ❑ Section 13: Collection of tax on importation of goods ❑ Schedule 1: Exemption: Certain goods imported into the Republic
International instruments	<p>Revised Kyoto Convention</p> <ul style="list-style-type: none"> ❑ Specific Annex F Chapter 1 – Inward processing

DEFINITIONS AND ACRONYMS

470.03	Rebate item 470.03 provides for rebate of customs duty on components and materials specified in permits for use in the manufacture, processing, finishing, equipping or packing of goods exclusively for export
BLNS	Botswana, Lesotho, Namibia and Swaziland
COMMISSIONER	Chief Commissioner of ITAC
DCCS	Duty Credit Certificate Scheme
GATT	General Agreement on Tariffs and Trade
ITAC	International Trade Administration Commission
MIDP	Motor Industry Development Program
SACU	Southern African Customs Union
SARS	The South African Revenue Service
VAT	Value-added Tax

1. PURPOSE

- 1.1 The purpose of this document is to provide a reference and procedural guide for the application for a permit in terms of rebate item 470.03.

2. SCOPE

- 2.1 The scope of this document covers the application process by applicants for a permit in terms of rebate item 470.03. This document must be read in conjunction with the "Quick reference guide to rebate item 470.03" from SARS, which refer to the rebate provision.

3. BACKGROUND

- 3.1 The Government's primary economic objective is the pursuit of economic growth and development, the highest possible per capita income, a socially acceptable distribution of income, the improvement of the quality of life of all members of the community and an

acceptable distribution of economic activity in the RSA and Southern Africa.

- 3.2 Sustainable economic growth and development requires the improvement of the international competitiveness of the industrial and agricultural sectors.
- 3.3 The promotion of South Africa's exports is a matter of great importance and a key element in stimulating industrial development and economic growth.
- 3.4 Access to raw materials and other inputs at world prices **is** essential for stimulating exports, and in view thereof provisions such **as** rebate item 470.03 and drawback item 521.00 have been introduced in terms of the Customs and Excise Act, **1964** (Act **91** of 1964), to facilitate imports of raw materials and components at world market prices.

Rebate item

- 3.5 Rebate item 470.03 provides for rebate of customs duty on components and materials specified in permits for use in the manufacture, processing, finishing, equipping or packing of goods **exclusively for export**. The provision provides for the exemption of ordinary customs duty specified in Parts 1 and 2 of Schedule No.1 of the Customs and Excise Act, but does not include anti-dumping or countervailing duties in Schedule **2**. Exemption of value added tax is not covered by the 470.03 permit issued by **ITAC** but **is** addressed by SARS under the **Value-added Tax Act 89 of 1991**.

The purpose of the rebate

- 3.6 The purpose of the rebate item shall be to assist exporters in avoiding the strain imposed on their liquidity by the outlay of capital in respect of customs and other applicable duties payable on the raw materials or components at the time of importation.

A) PROCEDURES:

1. WHO QUALIFIES?

1.1 The following entities, who are liable to ensure that export take place, qualify to apply:

- 1)** Manufacturers
- 2)** Packers
- 3)** Processors
- 4)** Importers
- 5)** Exporters

2. HOW TO APPLY

2.1 A prospective participant in the scheme, as stated in paragraph 1.1, must first register with his/her nearest **SARS** Customs Office. The applicant should contact their local Customs and Excise Controller for details on procedures and requirements to register as a user of rebate item 470.03.

2.2 Obtain a 470.03 application form from ITAC's website www.itac.org.za or contact general enquiries at (012) 394 3660. The following documents must accompany the 470.03 application form:

- a) The sworn affidavit
- b) The importer's code
- c) VAT registration number
- d) Copy of previous permit
- e) Proof of registration under rebate item 470.03 from SARS.

2.3 The completed Application Form must be addressed to:

The Chief Commissioner
International Trade Administration Commission

and forwarded via:

Post:

Private Bag X 753
PRETORIA 0001

Hand delivery:

The DTI Campus
77 Meintjies Street
Sunnyside
Pretoria
E Block
First Floor

Faxed:

(012) 394 4720

Or submitted online at:

www.itac.org.za

2.4 Once ITAC is in receipt of a completed application form, the following procedures will be followed:

- Letter of acknowledgement will be faxed, posted or emailed to applicant.

- Incomplete applications will not be considered but a letter of deficiency will be forwarded to the applicant indicating all the incomplete areas.
- a Completed applications will take 3 weeks to process.
- a Verification visits may be conducted should it be deemed necessary.
- SARS will be notified **of** all rebate permits issued for item 470.03.

2.5 The rebate permit will be posted via ordinary mail to the applicant or, if requested, the applicant may collect the permit at ITAC's physical address as indicated above.

Amendment of rebate permits

2.6 Any request for an amendment of a rebate permit must be forwarded to **ITAC** for consideration.

2.7 Amendments will only be considered in the following instances:

- 1) Error by ITAC on permit;
- 2) Error by applicant regarding product description or tariff subheading. This will only be processed if request is accompanied by a confirmation from **SARS** in this regard.

Note: No amendments of the statistical unit (quantity), which was applied for, will be considered – a new application has to be submitted in such instances together with the original previous permit.

2.8 Should the amendment be approved, a new rebate permit will be issued to replace the original rebate permit.

2.9 Should any party displace a permit, the applicant should submit an affidavit on a company letterhead endorsed by a Commissioner of Oath, stating that the application was lost. ITAC will issue a new permit. Should the lost permit be found the applicant should return such a permit to ITAC.

Extension of date on permit

2.10 Extension of the date as indicated on the 470.03 permit will only be permitted for a period up to 3 months and only in instances where:
a) An applicant has submitted a letter and supporting documents giving verifiable reasons for the extension; **and**
b) The permit has not expired.

B ROLE OF ITAC AND SARS IN THE ADMINISTRATION OF 470.03

1. In terms of the International Trade Administration Act, 2002, the Commission is the Government body that will consider all applications for permits. The Commission will be the permit-issuing

authority who has the final authority. The SARS, in co-operation with the International Trade Administration Commission, will be responsible for administering the scheme eg. Registration as user, bond registration, inspections and verifications of exports etc.

C. CONDITIONS:

1. In terms of the ITAC Brochure: "Delegation of power in terms of Section 15 of the ITA Act", Paragraph 26, all authority regarding the development of or changes to policy issues for rebate and drawback provisions shall reside with the Commission. Therefore, ITAC reserves the right to exclude certain products from the rebate item, based on economic considerations and for control purposes.
2. A full reply to ITAC's Application Form must be submitted by an applicant registered with SARS as a user of rebate item 470.03 in terms of the Customs and Excise Act, 1964. **Proof of registration from SARS stating that the applicant is registered with Customs and Excise must be submitted with the application.**
3. The manufactured, processed or packed product/s must be exported within 12 months from date of importation.
4. The export earnings must be repatriated to South Africa within 12 months of exportation – Form E repatriation form obtainable from SARB.
5. It will be compulsory to submit a VAT certificate when applying for a 470.03 permit.
6. It will be compulsory to submit an importer's code when applying for a 470.03 permit.
7. The imported material or its derivatives may not be sold on the domestic market nor within the Southern African Customs Union without prior permission from SARS and if approved, payment of the *import duties plus any penalties that may be imposed.*
8. In considering the approval and issue of rebate permits ITAC may make it a condition of the permit to require that goods be exported in such a lesser period as the circumstances may warrant. Any request for an extension of the stated period up to 12 months must be made to ITAC. Only extensions of the 12 month period prescribe in the notes to rebate item 470.00 will be considered by SARS.
9. **Duty free imported goods**
Goods imported which are free of customs duty specified in parts 1 and 2 of Schedule 1 may under no circumstances be cleared under rebate item 470.03. It follows that if no customs duty is levied, there

is nothing to rebate. Each column in Schedule 1 Part 1 of the tariff is considered to be a separate rate of duty. It may be that the general rate of customs duty for a specific tariff is 10% ad valorem, whilst the EU and SADC rates for that tariff is free. If goods are imported from any EU or SADC country under that specific tariff, they will not qualify for clearance under Schedule 4. However, if such goods are imported under the specific tariff item from any other country, which will be liable to the general rate of duty, they may be cleared under Schedule 4.

10. **BLNS countries**

Only goods destined for importers in South Africa and for which a valid permit has been issued by ITAC may be entered under rebate item 470.03 at any place of entry in the Republic. Goods intended for clearance under rebate item 470.03 and destined for the BLNS countries may only be removed in bond to those countries, after the appropriate security has been lodged with Customs and Excise. No exceptions *in this regard may be made*.

11. **DCCS**

It is a requirement of the DCCS that in order for goods imported under the rebate provisions of Schedules 3, 4 or 5 to qualify for DCC's, two full stages of transformation must be achieved. This would mean that, for example, yarn may be imported to manufacture fabric which may be used in the manufacture of clothing that will be exported. It is therefore possible that goods imported under rebate item 470.03 may be sufficiently transformed to qualify for DCCS purposes.

12. **MIDP manufacturers**

Component manufacturers for the MIDP are registered to import specific materials for use in the manufacturing process under rebate item 317.06 for supply to motor vehicle manufacturers as original equipment or for purposes of the after market. Under no circumstances may goods manufactured from materials imported under rebate item 470.03 be supplied to motor vehicle manufacturers as original equipment or to the after market unless permission has been given to bring the duties and **VAT** to account.

Should a manufacturer be registered for both rebate item 317.06 and 470.03, care must be taken that the goods imported under the two provisions are not mixed as these provisions have different conditions that must be complied with.

13. **Trade Agreements and other preferential trade agreements**

Nothing would prevent the importation of materials under rebate item 470.03 for the manufacture of goods for export under preferential trade arrangements, provided such goods manufactured comply with the origin requirements of such specific preferential trade

arrangements in place in the country to which the goods are exported.

14. Value-added Tax

Clearances of goods made under the rebate item are exempted from the payment of value-added tax in terms of item 470.00 of Schedule 1 to the Value-Added Tax Act. Should the customs duty under any circumstances become payable on such goods value-added tax will be collected as well.

- 15.** Failure to comply with any of these conditions could result in payment of the duty, VAT, penalties, prosecution and seizure of the goods or withdrawal of registration.

D ATTACHED DOCUMENTATION

- Attached to this document are the following:
 - APPLICATION FORM & SWORN AFFIDAVIT



International Trade Administration Commission of South Africa

APPLICATION FORM 470.03/00.00/01.00

PLEASE NOTE:

It is imperative to study the content of the document titled "GUIDELINES, RULES AND CONDITIONS PERTAINING TO REBATE ITEM 470.03 (February 2006)", before completing this application form.

If the space provided for on the application form is insufficient, please use the lay-out of the application form as a guideline of the form in which the requested information should be submitted.

1. DETAILS OF APPLICANT

<p>Applicant:</p> <p>_____</p> <p>importer's code: _____</p> <p>VAT registration no:</p> <p>_____</p>	<p>Postal address:</p> <p>_____</p> <p>_____</p> <p>_____</p> <p>_____</p>
<p>Contact details of applicant:</p> <p>Contact person:</p> <p>_____</p> <p>Telephone no.:</p> <p>_____</p> <p>Cell no.:</p> <p>_____</p> <p>Fax no.:</p> <p>_____</p> <p>Email address:</p> <p>_____</p>	<p>Physical address where manufacturing takes place:</p> <p>_____</p> <p>_____</p> <p>_____</p> <p>_____</p>

Notification letter by SARS stating that the applicant is registered as a user of rebate item 470.03 is attached:

Yes: _____

No: _____

The **ITAC** and SARS guidelines pertaining to rebate item 470.03 has been obtained and perused:

Yes: _____

No: _____

List of permit nos. of previous permits applied for in terms of rebate item 470.03: _____ _____ _____ _____ _____	Export earnings of previous exports in terms of rebate item 470.03 were repatriated to South Africa after 12 months of exportation: Yes: _____ No: _____ If no, please state reasons: _____ _____ _____
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2. Furnish The Following Information In Respect Of Each Of The Products Which Rebate Is Applied For:

(i) DESCRIPTION OF IMPORT PRODUCT IS AS IN THE CUSTOMS TARIFF	a) b) c)
(ii) TARIFF SUBHEADING/S OF EACH PRODUCT	a) b) c)
(iii) RATE OF CUSTOMS DUTY APPLICABLE TO EACH PRODUCT	a) b) c)
(iv) QUANTITY (1)	a)

	b) c)
(v) CUSTOMS (FOB) VALUE IN RAND	a) b) c)
(vi) COUNTRY/IES IMPORTING FROM	a) b) c)
(vii) Yield (How many import unit/s does it take to make 1 export unit ie. 0.8kg : 1kg)	a) b) c)
(vii) PROCESS (2)	a) b) c)

3. If applicable, indicate whether derivatives as a result of the manufacturing process, which has a resale value, will **be** exported together with the export product **as** shown in item 4 below, or whether Customs and *Excise* will be requested to bring the customs duty on these products to account and then sell it into the SACU market:

DERIVATIVES TO BE EXPORTED	
DERIVATIVES' DUTY WILL BE BROUGHT TO ACCOUNT BY SARS	

2 Indicate, with respect to each of the import products, whether it will **be** used in the manufacture, processing, finishing, equipping or packing of the export product.

4. Furnish The Following Information In Respect Of The Product/s To Be Exported:

(i) DESCRIPTION AS IN CUSTOMS TARIFF	a) b) c)
(ii) TARIFF SUBHEADING/S	a) b) c)
(iii) QUANTITY (3)	a) b) c)
(iv) CUSTOMS (FOB) VALUE IN RAND	a) b) c)
(v) COUNTRY/IES EXPORTING TO	a) b) c)

5. State the reasons for importing the products concerned:

- not available in the SACU in sufficient quantities
- not available in the SACU at internationally competitive prices
- not available in the SACU according to the required specifications
- other (describe briefly)

³ Please use the statistical unit as per the customs tariff classification

6. Indicate with a cross whether the outcome of the application should be forwarded by mail to the applicant or whether it will be collected at the offices of the International Trade Administration Commission at the DTI Campus, Block E, C/o Meintjies street and Esselen street, Sunnyside, Pretoria.

BY MAIL	
BY HAND	

SWORN AFFIDAVIT

Submit the following declaration by the CEO of the company:

I, _____ (full names) with identity number _____, in my capacity as _____ of _____ (hereinafter referred to as the applicant)

hereby declare under oath that the information furnished in this application is to the best of my knowledge true and correct.

NAME: _____ DESIGNATION: _____

SIGNATURE: _____ DATE: _____

I CERTIFY THAT THE DEPONENT HAS ACKNOWLEDGED THAT HE/SHE KNOWS AND UNDERSTANDS THE CONTENTS OF THIS STATEMENT, AND THAT HE/SHE HAS NO OBJECTION TO TAKING THE PRESCRIBED OATH, AND THAT HE/SHE CONSIDERS THIS OATH TO BE BINDING ON HIS CONSCIENCE. THE STATEMENT WAS SWORN TO/ AFFIRMED TO BEFORE ME AND THAT THE DEPONENTS SIGNATURE WAS PLACED THEREON BEFORE ME.

SIGNED and SWORN to before me at _____ this _____ Day of _____ Year.

COMMISSIONER OF OATH

Full names and surname

CHECK LIST

1. **Please note:** Before the **470.03** application form is submitted to ITAC, the applicant is required to complete the check list which is shown in Table 1 below:

Documents and information to be submitted	Mark with X
Importer's code	
VAT registration no.	
Proof of registration under rebate item 470.03 from SARS	
Copy of previous permit (if applicable)	
All information required in the questionnaire has been submitted.	
Signed sworn affidavit	

2. The checklist will assist applicants to ensure that all the relevant information **is** submitted and that all the relevant documentation is *attached*.

It is hereby agreed that the checklist **is** a true reflection of all the documents that were attached and the information submitted:

Signature: _____

Designation: _____

Date: _____