

## DEPARTMENT OF TRADE AND INDUSTRY

## NOTICE 398 OF 2016

## INTERNATIONAL TRADE ADMINISTRATION COMMISSION OF SA

## GUIDELINES PERTAINING TO REBATE OF THE DUTY ON REBATE PROVISIONS IN TERMS OF SCHEDULE 4 OF THE CUSTOMS AND EXCISE ACT

Interested parties are hereby notified that all applications submitted for permits in terms of the following rebate provisions will be dealt with according to the guidelines as described in this notice and must be submitted in the format as set out in the application forms in this notice, where applicable.

For the convenience of all interested parties, the guidelines in respect of all the rebate provisions subject to publication are attached to this notice as indicated in the Schedule hereunder.

The questionnaires and application forms related to these rebate provisions listed hereunder are obtainable from ITAC's website at [www.itac.org.za](http://www.itac.org.za) and from ITAC, Block E: thedti Campus, 77 Meintjies Street, Sunnyside, Pretoria.

**Note: Permits in relation to rebate provisions subject to a permit condition should be applied for and received before the goods concerned are shipped.**

**Schedule of Rebate Provisions**

DESCRIPTION OF REBATE PROVISION	ANNEXURE	PAGE OF NOTICE
311.40/5513.21/01.06: Woven fabrics of polyester staple fibres, containing 60 per cent or more by mass of such fibres but not exceeding 70 per cent, mixed mainly or solely with cotton, containing yarns with a dtex of 115 but not exceeding 145, of a mass exceeding 100 g/m <sup>2</sup> but not exceeding 119 g/m <sup>2</sup> , dyed, plain weave, classifiable in tariff subheading 5513.21 in such quantities, at such times and subject to such conditions as the International Trade Administration Commission may allow by specific permit for the manufacture of school shirts classifiable in tariff headings 62.05 and 62.06	Annexure 1.1	2

**ANNEXURE 1.1****GUIDELINES, RULES AND CONDITIONS PERTAINING TO REBATE ITEM**

**311.40/5513.21/01.06: Woven fabrics of polyester staple fibres, containing 60 per cent or more by mass of such fibres but not exceeding 70 per cent, mixed mainly or solely with cotton, containing yarns with a dtex of 115 but not exceeding 145, of a mass exceeding 100 g/m<sup>2</sup> but not exceeding 119 g/m<sup>2</sup>, dyed, plain weave, classifiable in tariff subheading 5513.21 in such quantities, at such times and subject to such conditions as the International Trade Administration Commission may allow by specific permit for the manufacture of school shirts classifiable in tariff headings 62.05 and 62.06**

**Note:** In terms of section 26 (4) of the International Trade Administration Act, 2002, the Commission may, inter alia, require an applicant to provide additional information in respect of the application. The conditions attached to and the information requested below reflects the minimum requirements, which ITAC would apply to evaluate an application under this rebate provision.

1. An applicant must register with South African Revenue Service (SARS) as an importer before applying for a rebate permit under rebate item 311.40/5513.21/01.06 for rebate of duty on woven fabrics used for the manufacture of school shirts and they must acquaint themselves with the requirements of SARS.
2. Applications for permits must be addressed to the International Trade Administration Commission (ITAC), Private Bag X 753, Pretoria or delivered by hand to the DTI Campus, (Block E), 77 Meintjies Street, Sunnyside, Pretoria, 0002.
3. Applications for permits must be submitted according to the requirements of the attached application form. If the space provided in the application form is insufficient, please use the format of the application form to submit the requested information.
4. If all the information requested in the application form is not submitted, the application will be deemed as deficient and the application will not be considered.
5. At least fourteen (14) working days should be allowed for the processing of applications and the issue of permits, provided that all necessary information, which renders the application duly completed, has been submitted to ITAC.
6. Each rebate permit issued defines the period during which the goods concerned can be cleared under the rebate. The period shall be for a calendar year, and commences on the date on which the permit was issued. The permit may be issued for a shorter period as requested by the applicant, or as decided upon by ITAC.

7. If an applicant intends to apply for a subsequent permit for which the period of validity should commence on the day after the expiry date of the previous permit issued, this must be clearly indicated in a new application. The application must be submitted to ITAC at least fourteen (14) working days prior to the expiry date of the previous permit as permits cannot be issued with retrospective effect.
8. Rebate permits may not be transferred in any manner by the holder thereof to any other person, or be used for the benefit of any person or entity, not named in the permit.
9. Any request for an amendment to a rebate permit must be forwarded to ITAC for consideration. Amendments will only be considered in the following instances:
  - a) Error by ITAC on permit;
  - b) Error by applicant regarding the product description or tariff subheading. This will only be processed if the request is accompanied by a confirmation from SARS in this regard.
10. Should any party misplace a permit, the applicant should submit an affidavit on a company letterhead endorsed by a Commissioner of Oath, stating that the permit was lost and the circumstances surrounding the loss of such permit. ITAC may, on the facts furnished, exercise its discretion to issue a new permit that replaces the lost permit. Should the lost permit be found the applicant must return such permit to ITAC.
11. Extension of the period (one calendar year or less, as provided for in paragraph 6) from which the permit is valid may be granted. Extensions will only be granted where the relevant permit has not expired, and in the view of ITAC, good cause warrants extension of such permit. Such discretion shall lie solely with ITAC. Extensions will only be permitted for a period up to 3 months and the party applying for the extension must submit a letter and supporting documents to ITAC, furnishing reasons and good cause for the extension.
12. Rebate permits issued will be subject to the following conditions and reciprocities:
  - 12.1 There should be an intention by the applicant(s) to manufacture school shirts as described in the rebate provision to such an extent that there is a visible permanent change in the fabrics, and a change in tariff heading; as such, the rebate provision is exclusively applicable to manufacturers of school shirts with in-house CMT operators.
  - 12.2 The applicant(s) must be able to prove that they have sufficient manufacturing capacity to process the volume of fabric internally for which it has applied for. If deemed necessary, ITAC will physically inspect the equipment and manufacturing process prior to the issue of a rebate permit.
  - 12.3 The applicant must provide a formal letter on the applicant's business letter head confirming that the applicant complies with labour laws, regulations and agreements gazetted by the Minister of Labour.
  - 12.4 An applicant must, together with the application, submit proof of registration and a Certificate of Compliance obtainable from the National

Bargaining Council for the Clothing Manufacturing Industry. ITAC may consult with the South African Clothing and Textiles Worker's Union (SACTWU) regarding compliance.

- 12.5 The applicant must provide ITAC with its current SARS electronic access PIN, in order to enable ITAC to verify full tax compliance status.
- 12.6 The applicant must submit a SARS letter of approval for registration as a rebate user in terms of Schedule 3 to import and use the material under the provisions of rebate item 311.40/5513.21/01.06. This letter must reflect the physical address that the applicant is currently operating from.
- 12.7 The applicant must submit a letter of consent agreeing to transparency of information in that the following information may be shared with industry stakeholders [i.e. Texfed, Sustainable Cotton Cluster, Apparel Manufacturers Association of South Africa (AMSA) Southern African Clothing and Textile Workers' Union (SACTWU) etc.]:
  - 12.7.1 Name of applicant;
  - 12.7.2 Contact details of applicant;
  - 12.7.3 Technical description of fabric (i.e. weave type, width, weight, thread count, yarn density and finish);
  - 12.7.4 Volume applied for;
  - 12.7.5 Units of school shirts to be manufactured from imported subject fabric.
- 12.8 Applicants must approach the Textile Federation (Texfed) and known local manufacturers, for confirmation of the local availability of the fabrics to be imported under rebate. This must be accompanied by a sample of the fabric to be imported, which must also be attached to the application to ITAC.
- 12.9 Applications must be accompanied by proof of engagements with local fabric dyeing and finishing mills regarding the incorporation of a value addition project for greige fabric with a view to maximise beneficiation within the entire value chain.
- 12.10 ITAC will request Texfed, local manufacturers and/or any other relevant institution to respond within 14 working days on the applicant's import requirement. Should the local manufacturers of school shirting fabrics not be able to supply the quantity requested, the applicant(s) need to obtain a confirmation letter from the manufacturer stating that they are not able to supply. The original letter needs to be submitted with the application form.
- 12.11 If the manufacturer unreasonably refuses to provide such a confirmation letter, ITAC will write a letter to the manufacturer informing it of the application and requesting it to confirm its production and production capacity. The manufacturer will then be allowed 7 days to respond to this letter. Should the manufacturer respond within the 7 day period, the information provided will be taken into account during the decision making process.

- 12.12 Should, after receipt of the manufacturer's response, or in the absence of such response, information be available that reflects that the manufacturer is reasonably unable to supply the quality and quantity of fabrics required, ITAC will be able to issue a permit without, or despite, the required letter of confirmation by the manufacturer.
- 12.13 As a rebate provision is considered for the purpose of providing relief to domestic producers that may be experiencing injurious import pressures, support will be tied to conditions related to economic performance over time and may be reviewed after a specified period.
- 12.14 The applicant must commit, inter alia, to the creation of employment and provide in each permit application the number of jobs it expects to create annually as a result of the rebate provision. The applicant must submit to ITAC an annual report on its job creation performance.
- 12.15 Applicants are required to keep verifiable records of school shirts manufactured under rebate and sold by type, size and volume of each category.
13. ITAC reserves the right to conduct an audit on the usage (meters/kg of fabric imported under rebate against units of school shirts produced) of the rebate facility by rebate holders.

**Non-compliance to the conditions of the permits:**

14. 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 by ITAC and the rebate permit will be temporarily suspended while ITAC conducts 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 and the Customs and Excise Act, and can include, criminal charges, withdrawal of the permit or permits concerned and/or the rejection of future applications for permits.