

DEPARTMENT OF TRADE, INDUSTRY AND COMPETITION

NOTICE 2311 OF 2024

INTERNATIONAL TRADE ADMINISTRATION COMMISSION OF SOUTH AFRICA

GUIDELINES REGARDING APPLICATIONS FOR PERMITS IN TERMS OF REBATE ITEM 311.18/63.09/01.04 FOR REBATE OF DUTY ON WORN CLOTHING AND ARTICLES USED FOR WIPING RAGS AND CLEANING CLOTHS

NOTE: These guidelines, rules and conditions will be applicable during the phase out period of the rebate item, effective from the date of publication of these Guidelines, rules and conditions in the Government Gazette.

1. APPLICATION

- 1.1 Applications for rebate permits must be addressed to the International Trade Administration Commission of South Africa, Private Bag X 753, Pretoria or delivered by hand to the DTI Campus (Block E), 77 Meintjies Street, Sunnyside, Pretoria, 0002. Duly completed applications must also be submitted in electronic format to Mr. Chris Sako: Email: csako@itac.org.za and Mrs. Kokami Legodi: Email: klegodi@itac.org.za.
- 1.2 Applications for permits must be submitted according to the requirements reflected in the attached application form. If the space provided in the application form is insufficient, please use the format of the application form to submit additional pages with the requested information.
- 1.3 If all the information requested in the application form is not submitted, the application is deficient and will not be considered, and it will be returned to the applicant.
- 1.4 At least fourteen (14) days must be allowed for the processing of rebate permit applications and the issuing of the rebate permit.
- 1.5 Worn clothing and other worn articles of textile materials are subject to Import Control conditions and an import permit will only be issued in instances where a rebate permit has already been obtained. **Note:** Goods imported under this rebate item require both rebate and import permits. It is therefore advisable that permits in relation to rebate provisions, which are subject to a permit being

issued by ITAC, be applied for and received before the goods concerned are cleared.

- 1.6 Each rebate permit defines the period during which the goods cleared must be used for the manufacture of wiping rags and cleaning cloths. The rebate permit may be valid for twelve months from date of issue, or a shorter period as decided upon by ITAC, which will be aligned to the phase-out period.
- 1.7 Rebate and Import Control permits may not be transferred in any manner by the holder thereof to any other person, or be used to the benefit of any person not named in the permits.

2. APPLICATIONS SUBMITTED IN TERMS OF THE REBATE PROVISION WILL BE SUBJECT TO THE FOLLOWING REQUIREMENTS:

- 2.1 The applicant must comply with labour laws, regulations and agreements gazetted by the Minister of Labour and Bargaining Council. Proof must be provided by submitting certified copies of Bargaining Council compliance, UIF registration as well as proof of salaries being paid;
- 2.2 The applicant must provide, in each permit application, the number of jobs it expects to create annually as a result of the rebate. The applicant must submit to ITAC an annual report on its job creation performance;
- 2.3 The applicant must submit its current SARS electronic access PIN, in order to enable ITAC to verify full tax compliance status;
- 2.4 Three (3) months compulsory audits (with a clean bill certificate) prior to ITAC issuances of new ITAC permit (to obtain new quantities).
- 2.5 The new importer's business premises will be visited by inspectors of the Inspectorate: Import and Export Control prior to the consideration of the application;

2.6 New and existing importer's businesses must provide municipal proof of its registered address as listed in the business CIPC documents.

2.7 New importers and existing importers must provide proof that the entity is a holder of a South African bank account, with Bank statements for a period as determined by ITAC (or Forex Account in cases where an importer holds a foreign account);

New and existing importers must provide proof of country of import and proof that they have secured supply from abroad; Where an entity is owned or partly owned by a person or persons who are non-citizens or non-residents of RSA, or these persons own any shareholding in such entity, applications should be accompanied by certified copies of the following documentation:

- South African Identity issued document and passport; or
- Any other information as ITAC may require.

3. CONDITIONS OF PERMITS

3.1 Rebate permits and import control permits issued will be subject to the following conditions:

3.1.1 Production capacity

Rebate permit allocations will be based on the actual capacity of the applicant. The capacity will be calculated on actual production, employment and sales figures. These figures may be verified should it be required.

3.1.2 Movement of clothing and other textile material

There shall be no movement of any clothing or articles of textile materials (these include worn, used, and new clothing and articles of textile materials obtained from sources in South Africa or imported from any country), from the premises, described in the application as the place where the manufacture of wiping rags and cleaning cloths will take place.

3.1.3 Goods suitable for the manufacture of wiping rags and cleaning cloths

Only worn clothing and other worn articles of textile materials with cotton containing 35% or more by mass of cotton fibers are regarded as suitable for the manufacture of wiping rags and cleaning cloths.

Articles of worn clothing therefore allowed to be imported are vesting, T-shirts, sweat-shirts, polo shirts, men's cotton shirts, lounge shirts, men's cotton pants, track suit tops and pants, sweat tops, ladies cotton blouses, shirts, dresses and skirts, pajama tops and pants, nightdresses, flannel shirts and skirts, corduroy shirts and pants and men's and ladies' denim pants and skirts, towels, bed sheets, bed covers and pillow casings with cotton containing 35% or more by mass of cotton fibers.

The imported worn clothing and other worn articles of textile material must show signs of appreciable wear.

Articles such as brassieres, girdles, corsets, braces, suspenders, garters, worn jackets, coats, blazers, jerseys, pullovers, cardigans, overcoats, car-coats, raincoats, anoraks, ski-jackets, duffle coats, mantels, parkas, swimwear, socks and similar clothing articles are not suitable for the manufacture of wiping rags and cleaning cloths and are not allowed to be imported.

3.1.4 Location and requirements of rebate store

The rebate store must be situated on the manufacturer's registered factory premises. These premises must be physically separated from premises where any activity other than the manufacture of wiping rags and cleaning cloths is taking place. The premises must exclusively be used for the manufacture of wiping rags and cleaning cloths and the storage of clothing and other articles of textile material obtained for the purpose of the manufacture of wiping rags and cleaning cloths.

All manufacturers under this rebate item must comply with the following rebate store requirements:

- Rebate stores must be of substantial construction and must offer the maximum security possible. The walls must be extended to the ceiling, and suitable steps must be taken to prevent access to the materials over the walls.
- The doors must be lockable and suitably equipped with fastenings for Customs locks.
- The windows, if any, must be fitted with bars.
- Rebate store must have one entry point.

3.1.5 Notification requirement

The Inspectorate of the Directorate: Import and Export Control [Mr. Vuyo Ntambam: Email: VNtambam@itac.org.za] must be notified in writing by the permit holder at least 10 working days in advance of the date of the arrival of consignments of imported worn clothing and other imported worn articles of textile materials at its premises.

The notification must state:

- Anticipated date or dates of arrival of the goods concerned at the premises.
- The mass in kg and invoice value in Rand of the goods concerned
- A description of the goods reflecting the type of clothing, type of article of textile material and whether the goods are new, used or worn.

Mr Vuyo Ntambam: Inspectorate of the Directorate: Import and Export Control must be informed in writing by the permit holder of the details of any clothing and any article of textile material obtained in South Africa for the purpose of the manufacture of wiping rags and cleaning cloths that are kept on the premises and which are described in the rebate permit or permits issued to the

importer. Any clothing or other articles of textile material includes worn, used and new clothing and other articles of textile material.

3.1.6 Documentation Requirement

The following documents must be available on the day of physical inspection:

- SARS release notification;
- Copy of the import permit notification;
- Copy of the rebate permit;
- Copy of the Bill of Entry;
- Copy of invoice as provided by the supplier; and
- Copy of Bill of Lading.

A Rebate register, as required by SARS, must be kept in respect of worn clothing and other worn articles of textile materials cleared under rebate of the duty.

Records must be kept of any clothing and any other articles of textile materials obtained by the permit holder in South Africa and that enter the premises described in the permit or permits issued to the permit holder.

These records must contain the following:

- The name, postal address, e-mail address and telephone number of the firm or copy of I. D. Document and other contact details of the person from whom the clothing or other articles of textile material was purchased.
- The date of the purchase.
- The mass (kg) and sales value (R) of the clothing or other articles of textile material.
- A description of the clothing and other articles of textile materials purchased, indicating the type of clothing, type of other articles of textile material and whether the goods are new, used or worn.
- The date on which the clothing and the other articles of textile materials entered the premises.

Records must be kept of imported worn clothing and other worn articles of textile material for the manufacture of wiping rags and cleaning cloths for at least five years. These records must provide a clear documentation trail from the point of order to the actual import action of the goods.

Invoices reflecting the sale of wiping rags and cleaning cloths manufactured from worn clothing and other worn articles of textile materials obtained in terms of rebate permits must be kept for at least five years. These records must include the date, mass (kg) and sales value (R) of each sale and the name, addresses (postal and street) and telephone number of each purchaser.

Invoices reflecting the sale of wiping rags and cleaning cloths manufactured from clothing and other articles of textile materials obtained in South Africa must be kept for at least five years. These records must include the date, mass (kg) and sales value (R) of each sale and the name, address (postal and street) and telephone number of each purchaser.

3.1.7 Requirements in respect of goods not suitable for the manufacture of wiping rags and cleaning cloths.

Any clothing and other articles of textile material that enter the premises for the manufacture of wiping rags and cleaning cloths that are not suitable for the manufacture of wiping rags and cleaning cloths must be cut up at the premises within 10 working days of being identified as not suitable for the manufacture of wiping rags and cleaning cloths.

The unsuitable material can only be removed from the premises in terms of a written authorization issued by the Manager: Inspectorate of the Directorate Import and Export Control in which authorization the nature and mass of the goods, the date or dates on which the goods will be removed from the premises and the destination of the goods are fully described.

Requests to obtain the above authorization must be in writing and submitted to the Manager: Inspectorate of the Directorate Import and Export Control at least 15 working days before the date on which authorization is required. Should waste need to be removed more frequently, requests must be submitted to the Manager: Inspectorate of the Directorate Import and Export Control at least five working days before the date on which authorization is required. Requests must fully describe the nature and mass of the goods, the planned date or dates of the removal of the goods from the premises and the destination of the goods.

3.1.8 Inspections by the Inspectorate: Import and Export Control of the International Trade Administration Commission.

Investigators from the Inspectorate of the Directorate Import and Export Control of the International Trade Administration Commission could visit permit holders and the premises of permit holders to inspect and to investigate any matter or record related to the importation and the manufacture of wiping rags and cleaning cloths. This includes the inspection of the goods cleared in terms of permits, any other goods that enter the premises and any wiping rags, cleaning cloths and waste that leave or came from the premises.

4. Bales imported will be subject to the following:

- a) Outer bales MUST have the importers code printed (in bold print) on all sides of the bales.
- b) The garments must be de-faced prior to compress baling. The collars removed, buttons removed, accessories removed, garment cut in half, etc.
- c) Consignments may be subject to compulsory stop for physical inspection.

5. NON-COMPLIANCE TO THE CONDITIONS OF PERMITS

If there is a reason to believe that any condition of a permit issued in terms of this rebate provision or related import permit is not being complied with, the consignment in terms of which the rebate and import permit was used can be seized by ITAC. If non-compliance is detected, appropriate steps will be taken in terms of the International Trade Administration Act and the Customs and

Excise Act that can include, criminal charges, withdrawal of the permit or permits concerned and/or the rejection of future applications for permits.