

EXPLANATORY MEMORANDUM

TECHNICAL AMENDMENTS PLANNED FOR 2016

The draft amendments of the Schedules to the Customs and Excise Act, 1964 (the Act), are technical in nature and **will have no effect on the duty structure**. The amendments are as a result of requests by industry, SARS or other government agencies and are scheduled for implementation on 1 January 2016.

1. Amendments in Part 1 to Schedule No. 1

1.1 Request from National Brands for the creation of a separate tariff subheading for black tea

National Brands (the applicant) applied for the creation of a separate tariff subheading for black tea in immediate packings not exceeding 1 kg, to monitor between the bulk product that is mainly for the catering sector and products for the retail sales market they supply.

The new 8-digit tariff subheading will enable the industry to monitor black tea destined for the retail market, since this is the product they supply in the Southern African Customs Union (SACU) market. They are currently using the Point of Sale (POS) data acquired from market research institutions to monitor the teas'. However, this is not an adequate platform, especially when it is being used on its own.

The following subheading is substituted:

0902.30	Black tea (fermented) and partly fermented tea, in immediate packings of a content not exceeding 3 kg:
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The following new 8-digit subheadings are inserted:

0902.30.10	In immediate packings of a content not exceeding 1 kg
0902.30.90	Other

1.2 Request for separate 8-digit tariff subheadings for diallyl dimethyl ammonium chloride classifiable in tariff subheading 2923.90

F.C Dubbelman and Associate CC on behalf of Zetachem, a division of Omnia Group (Pty) Ltd (the applicant) submitted a request for the creation of separate tariff subheadings for diallyl dimethyl ammonium chloride classified in tariff subheading 2923.90. The application will assist the SACU industry to be more competitive against the importation of the subject product onto the local market.

The product is classified in a residual tariff subheading 2923.90 which incorporates other products, making it difficult for the industry to monitor the direct competitive products imported. The creation of separate tariff subheadings will allow the SACU industry to monitor the origin, impact, the volumes and the average price of the subject product.

The International Trade Administration Commission (the Commission) has no objection with the application.

The following 8-digit subheading is substituted:

2923.90	Other:
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The following new 7-digit and 8-digit subheadings are inserted:

2923.90.10	Diallyl dimethyl ammonium chloride
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2923.90.90	Other
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1.3 Request from the South African Tyre Manufacturers Conference (Pty) Ltd (SATMC) for the creation of separate 8-digit subheadings on rims classifiable in tariff headings 87.08 and 87.16

The South African Tyre Manufacturers Conference (Pty) Ltd (SATMC) together with the Tyre Association of South Africa (TIASA) and the Tyre Dealers and Fitment Centre Association of South Africa (TDFA) applied for the creation of separate 8-digit tariff subheadings for tyres imported on rims classifiable as parts in headings 87.08 and 87.16.

Tyres on rims are classified in residual tariff subheadings 8708.70.90 and 8716.90.90 that include other vehicle parts and accessories. The risks of tyres imported under these headings are that these tyres are not homologated at the time of importation and in addition, the tyres also attract a lower import duty than tyres classifiable in Chapter 40.

The members of the three Tyre Industry associations are of the view that tyres are currently being imported under the said headings and then sold separately. This allows the importers to benefit from the lower rate of import duty payable for tyres imported on rims.

The products in question require an export control permit issued by ITAC but not all the goods covered by the current 6-digit subheading structure are subject to the export control requirements.

The following 8-digit tariff subheading is deleted:

8716.90.90	Other
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The following new 7-digit and 8-digit tariff subheadings are inserted:

8708.70.2	Rims fitted with tyres:
8708.70.21	Of a kind used on motor cars
8708.70.23	Of a kind used on busses or lorries
8708.70.29	Other
8708.70.29	Rims fitted with tyres

1.4 Request for separate 8-digit tariff subheadings to provide for filled aerosol products

The Aerosol Manufacturers Association (the applicant) applied for the creation of 8-digit tariff subheadings for aerosol products. The key categories range from paints and varnish, lubrication preparations, chemicals and allied products as well as organic composite solvents and thinners.

According to the applicant, the South African industry is under tremendous pressure as importers misdeclare under the 6-digit international level.

The applicant motivated that there are products imported into South Africa under tariff subheading for “other”. The splitting of the subheadings will allow the industry to monitor and evaluate imports and exports of the above mentioned products.

The following 8-digit tariff subheadings are deleted:

3814.00.10	Containing methane, ethane or propane chlorofluorocarbons (CFC's), whether or not containing hydrochlorofluorocarbons (HCFC's)
3814.00.20	Containing methane, ethane or propane hydrochlorofluorocarbons (HCFCs), but not containing chlorofluorocarbons (CFCs)
3814.00.30	Containing carbon tetrachloride, bromochloromethane or

	1,1,1-trichloroethane (methyl chloroform)
3824.00.90	Other
3824.90.01	Mixtures of hydrocarbons and lubricity agents
3824.90.25	Flotation reagents containing dicresyldithiophosphoric acid or alkyl dithiophosphates
3824.90.37	Mono-, di- and triesters of glycerol with unmodified fatty acids, with a soap content (calculated as sodium stearate), by mass, of 3,5 per cent or more and a 1-monoglyceride content, by mass, not exceeding 38 per cent
3824.90.40	Mono-, di- and triesters of glycerol with a soap content (calculated as sodium stearate), by mass, of less than 3,5 per cent and a 1-monoglyceride content, by mass, not exceeding 45 per cent
3824.90.45	Phthalic acid esters of mixed aliphatic alcohols
3824.90.47	Preparations put up as correction fluids
3824.90.50	Chlorinated paraffins
3824.90.60	Other mixtures consisting mainly of chemicals containing a phosphorus atom to which is bonded one methyl, ethyl, n-propyl or isopropyl group but not further carbon atoms

The following 8-digit subheadings are substituted:

3208.20	Based on acrylic or vinyl polymers:
3403.19	Other:
3403.99	Other:

The following new 8-digit tariff subheadings are inserted and substituted:

3208.20.10	In aerosol containers
3208.20.90	Other
3403.19.10	In aerosol containers
3403.19.90	Other
3403.99.10	In aerosol containers
3403.99.90	Other
3814.00.1	Containing methane, ethane or propane chlorofluorocarbons (CFC's), whether or not containing hydrochlorofluorocarbons (HCFC's):
3814.00.11	In aerosol containers
3814.00.19	Other
3814.00.2	Containing methane, ethane or propane hydrochlorofluorocarbons (HCFCs), but not containing chlorofluorocarbons (CFCs):
3814.00.21	In aerosol containers
3814.00.29	Other
3814.00.3	Containing carbon tetrachloride, bromochloromethane or 1,1,1-trichloroethane (methyl chloroform):
3814.00.31	In aerosol containers
3814.00.39	Other
3814.00.9	Other:
3814.00.91	In aerosol containers

3814.00.99	Other
3824.90.1	Mono-, di- and triesters of glycerol with a soap content (calculated as sodium stearate), by mass, of less than 3,5 per cent and a 1-monoglyceride content, by mass, not exceeding 45 per cent, in aerosol containers
3824.90.11	In aerosol containers
3824.90.19	Other
3824.90.2	Flotation reagents containing dicresyldithiophosphoric acid or alkyl dithiophosphates:
3824.90.21	In aerosol containers
3824.90.29	Other
3824.90.3	Mono-, di- and triesters of glycerol with unmodified fatty acids, with a soap content (calculated as sodium stearate), by mass, of 3,5 per cent or more and a 1-monoglyceride content, by mass, not exceeding 38 per cent:
3824.90.31	In aerosol containers
3824.90.39	Other
3824.90.4	Mono-, di- and triesters of glycerol with a soap content (calculated as sodium stearate), by mass, of less than 3,5 per cent and a 1-monoglyceride content, by mass, not exceeding 45 per cent:
3824.90.41	In aerosol containers
3824.90.49	Other
3824.90.5	Phthalic acid esters of mixed aliphatic alcohols:

3824.90.51	In aerosol containers
3824.90.59	Other
3824.90.6	Preparations put up as correction fluids:
3824.90.61	In aerosol containers
3824.90.69	Other
3824.90.7	Chlorinated paraffin:
3824.90.71	In aerosol containers
3824.90.79	Other
3824.90.8	Other mixtures consisting mainly of chemicals containing a phosphorus atom to which is bonded one methyl, ethyl, n-propyl or isopropyl group but not further carbon atoms:
3824.90.81	In aerosol containers
3824.90.89	Other
3824.90.9	Other:
3824.90.91	In aerosol containers
3824.90.99	Other

1.5 Request from the Textile Federation of South Africa (TEXFED) for the amendment to statistical unit on articles of Chapters 61 and 62

The Textile Federation of South Africa (the applicant) requested the amendment of the statistical unit for articles classified within Chapters 61 and 62 to be changed to kilograms. The statistical unit for the said articles of Chapters 61 and 62 are currently expressed as “units”.

In total 20 tariff subheadings in Chapter 61 have “kilogram” as the statistical unit while 101 tariff subheadings have “unit” as the statistical unit. In Chapter 62, 43 tariff subheadings have “kilogram” as the statistical unit while 111 tariff subheadings have “unit” as the statistical unit.

As motivation for the request, the applicant stated that the clothing and textile sectors have been beset for many years by rampant under-valuation of imports originating from a number of countries most notably from China.

This under-valuation has over the years resulted in significant job losses and business failures, as well as the negative impact on the *fiscus* due to possible under collection of import duties.

The use of “kilograms” as the statistical unit will enable SARS and industry to improve risk management within the clothing sector.

1.6 Request for separate 8-digit tariff subheadings to provide for steel used in the production of cans.

XA international Trade Advisors on behalf of Nampak Divfood (the applicant) submitted a request for the creation of separate tariff subheadings for steel used in the production of cans.

The applicant needs to monitor imports of raw material and average prices of steel coated with tin or zinc used for the manufacture of cans. The steel used for cans moves in small volumes compared to the tariff subheadings they are currently cleared under.

The following 8-digit subheading is substituted:

7210.12	Of a thickness of less than 0,5 mm:
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The following new 8-digit subheadings are inserted:

7210.12.10	Other, of a thickness less than 0.19 mm
7210.12.20	Other, of a width exceeding 950 mm
7210.12.90	Other

1.7 Amendment in Chapter 39

Additional Note 2 in Chapter 39 is amended to replace the reference to “**has a bearing on**” with “**applies to**” to clarify the intention of the Note.

The Note is amended as follows:

“For the purposes of this Chapter the expression “heat shrinkable” **applies to** product which at a temperature of 120 OC have a shrinkage coefficient of 15 per cent or more”

The opportunity is also used to amend the wording on the descriptions of tariff subheadings 3920.20.25, 3920.20.30, 3920.20.35 and 3920.20.40 from “not heat shrinkable” to read as “not heat shrinkable as defined in Additional Note 2 to Chapter 39”. This will ensure that stakeholders are aware of the Note that defines “heat shrinkable”.

1.8 Amendment of Note 8 to Chapter 98

Note 8 to Chapter 98 is substituted to remove the reference to rebate item “**317.04 up to 31 December 2012**” applicable to MIDP.

The Note is amended as follows:

“For the purposes of this Chapter "automotive components" means a new article which can be identified as being suitable for use in the manufacture of motor vehicles manufactured under rebate items 317.03 and 317.07 or original equipment components, including carpet cut to floorpan shape, leather seat covers cut to size, unfinished articles, including blanks and rough castings, having the essential character of automotive components”.

2. Amendment of Schedule No. 2

Anti-dumping items 215.02/8716.80.10/01.08, 215.02/8716.80.10/02.08 and 215.02/8716.80.10/03.08 published in *Government Gazette* No. 39173, dated 4 September 2015 are deleted in order to insert them in the correct anti-dumping code applicable to vehicles and parts and accessories thereof.

Anti-dumping items 217.02/8716.80.10/01.08, 217.02/8716.80.10/02.08 and 217.02/8716.80.10/03.08 are inserted in the correct section applicable to vehicles in Section 17 as Section 16 of the HS is reserved for machinery and electrical equipment.

3. Amendment of Schedule No. 3

Rebate item 304.07/23.04/01.04 provide for oil-cake and other solid residues, whether or not ground or in the form of pellets, resulting from the extraction of soya-bean oil, in such quantities and at such times as the International Trade Administration Commission may allow by specific permit for the manufacture of preparations of a kind used in animal feeding, with effect from 1 July 2008 up to and including 30 June 2011

The rebate provision is deleted, as it covered the period from 1 July 2008 to 30 June 2011.

Provisions relating to the Motor Industry Development Programme (MIDP) were replaced with the Automotive Production and Development Programme that came into effect in 1 January 2013. The provisions of MIDP were in place from 2005 up to and including 31 December 2012. These provisions were not immediately removed from the Schedules of the Act. Two years has now lapsed since the implementation of APDP as such stakeholders are now acquainted with the new provisions.

Notes to rebate item 317.04 well as rebate items 317.04/98.01/01.04 to 317.04/98.01/05.04 are deleted.

4. Amendment of Schedule No. 4

Rebate item 460.27/00.00/01.00 in Part 2 of Schedule No. 4 provides for goods, entered for home consumption on or before 31 December 2010, in such quantities, at such times and under such conditions as the International Trade Administration Commission may allow by specific permit, for the installation of fuel pipeline systems.

The rebate provision is deleted as it was created for goods entered for home consumption on or before 31 December 2010.

The Notes to rebate item 497.00 in Part 5 of Schedule No. 4 are deleted and transferred to the designated page for notes on rebates of environmental levy in Part 5 of Schedule No. 4.

Note 1 to rebate item 460.17 is deleted and Notes 2 to 3 are renumbered as Notes 1 to 2. Rebate items 460.17/00.00/02.00, 460.17/8701.20/01.06, 460.17/87.02/01.04, 460.17/87.03/01.04, 460.17/87.04/01.04 and 460.17/87.06/01.04 applicable to MIDP are deleted.

5. Amendment of Schedule No. 5

Rebate item 539.01/2710.1/01.05 provides for fuel supplied by Petroleum Oil & Gas Corporation of South Africa (SOC) Ltd for the trunkline-fill of the NMPP from Island

View Durban to Jameson Park, before 31 March 2012, not exceeding 154 744 400 li.

The rebate provision is deleted as the expiry date was 31 March 2012.

Note 1 to rebate item 537.00 is deleted and Note 2 is renumbered as Note 1. Rebate item 537.01, 537.01/8701.20/01.06, 537.01/87.02/01.04, 537.01/87.03/01.04, 537.01/87.04/01.04 and 537.01/87.06/01.04 applicable to MIDP are also deleted.

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