



# **Export Duty on Scrap Metals**

MEETING WITH EXTERNAL STAKEHOLDERS

Wednesday, 19 May 2021

# Agenda

<b>INTRODUCTION</b>	Thomas Phupheli
<b>LEGISLATION</b>	Thomas Phupheli
<b>REGISTRATION</b>	Cobus Weber
<b>ITAC PERMIT</b>	Cobus Weber
<b>CUSTOMS TARIFF</b>	Johan van Rooyen
<b>EDI PRODAT</b>	Carl Wilbers
<b>TRADE AGREEMENTS</b>	Cobus Weber
<b>ADDITIONAL INFORMATION CODES</b>	Cobus Weber
<b>DECLARATION PROCESS CHANGE</b>	Cobus Weber
<b>PAYMENT OF DUTY</b>	Cobus Weber
<b>PROJECT TIMELINE &amp; TESTING</b>	Mandla Gugushe & Carl Wilbers

# Introduction [Thomas]

The Taxation Laws Amendment Act allows for the amendment of Customs and Excise Act 91 of 1964, by the insertion of the notes in Section A to Part 6 of that Schedule to the Act allowing the imposition of export duty on scrap metal.

- Although the legislation is effective as from 1 March 2021, the collection of duty on scrap metal will commence as of **1 August 2021**.
- This will be the First Phase of the project and this presentation will focus on Phase 1
- The Second Phase will cover the automated billing process to SAP and the export declaration will make provision for an export duty field.

TO REPEAT – THE CONTENT OF THIS PRESENTATION COVERS ‘PHASE 1’ ONLY

## Legal implications regarding the application of Scrap Metal Duty

- **Section 1** of the Act defines “export duty” to mean any duty leviable under Part 6 of Schedule No. 1 on goods exported from the Republic
- **Section 48(4) (a)** of the Act empowers the Minister of Finance to impose an export duty
- **Section 48(4) (b)** on of the Act makes provision for the Minister of Finance to withdraw or reduce any export duty imposed with or without retrospective effect, or increase such export duty, from a date and to such extent as may be determined by the Minister in such notice.
- The rates of export duty imposed on scrap metal is contained in **Schedule No 1 Part 6 of the Act**
- An application for refund of export duty in respect of goods specified in Part 6 of Schedule No.1 shall be paid or granted in accordance with the provisions of **Section 76** of the Act.

# Registration [Cobus]

## **SARS Client Registration**

- Exporter registration will not be impacted
- 70707070 Exporters will not be allowed to export scrap metal
- Exporter must be a registered exporter

## ITAC Permit Requirements

- No Permit Changes
- Current ITAC requirements stay the same, and the existing export permits for scrap metal are still applicable.

# Customs Tariff [Johan]

## New Schedule 1 part 6 : Export Duty

Export Duty Item	Tariff	Article Description	Rate of Export Duty					
	Subheading		General	EU / UK	EFTA	SADC	MERCOSUR	AfCFTA
193.00	EXPORT DUTY ON SCRAP METAL							
193.01	72.04	Ferrous waste and scrap; <del>remelting</del> scrap ingots of iron or steel:						
193.01.01	7204.10	Waste and scrap of cast iron	20%	10%	free	free	20%	20%
193.02	7204.2	Waste and scrap of alloy steel:						
193.02.01	7204.21	Of stainless steel	15%	10%	free	free	15%	15%
193.02.03	7204.29	Other	20%	10%	free	free	20%	20%
193.02.05	7204.30	Waste and scrap of tinned iron or steel	20%	10%	free	free	20%	20%
193.03	7204.4	Other waste and scrap:						
193.03.01	7204.41	Turnings, shavings, chips, milling waste, sawdust, filings, trimmings and stampings, whether or not in bundles	20%	10%	free	free	20%	20%
193.03.03	7204.49	Other	20%	10%	free	free	20%	20%
193.03.05	7204.50	<del>Remelting</del> scrap ingots	20%	free	free	free	20%	20%
193.04	7404.00	Copper waste and scrap	10%	10%	free	free	10%	10%
193.05	7602.00	Aluminium waste and scrap	15%	10%	free	free	15%	15%

### Schema reflecting Schedule 1 Part 6 Item

[illegible]

# Trade Agreements [Cobus]

## **Application of Scrap Metal Export Duty in regard to Trade Agreements**

- For exportation under trade agreements, there are no changes to the existing rules
- Normal exporter registration is required to participate under an agreement; and a valid certificate of origin is still needed to export under a trade agreement

# Additional Information Codes [Cobus]

## New “Additional Information” Codes for Export Duty on Scrap Metal

Two ‘Additional Information’ Codes (Code List 19) will be introduced -

1. Additional info Code field “**SMD**” (Scrap Metal Duty), followed by the Duty Amount in the ‘Additional Info field.’
  - The duty amount will be declared in cents.
    - *Example: R10,00 will be declared as 1000*
2. Additional info Code “**CEB**” (CEB01 Payment), followed by the payment LRN of the CEB01
  - Payment LRN format is as follows:
    - *Customs Code [N8]* – (A valid Customs code. Not necessarily the agent or exporter code declared on the export declaration. To verify if valid a check digit verification will be sufficient)
    - *Office code [AN3]* – (any valid Office code - Not necessarily the office code on the applicable export declaration.)
    - *Date of the CEB01 was captured/registered [YYMMDD] (AN 6)* – (Valid six digit date YYMMDD)
    - *A unique Serial Number [N6]*
3. Rules which will apply to the new ‘Additional Information’ Codes :
  - The code “**SMD**” must always be declared, even if the export duty is =0
  - The code “**CEB**” must be declared only if an export duty payment was done.
  - Schedule 1 part 6 indicates that the export to specific agreement countries are “Free” of Export SMD.
  - However if the Exporter is not in possession of a Rules of Origin Certificate for that specific agreement, then Export SMD is still applicable.

# Additional Information Codes - Examples [Carl]

## EDI Representation of new ADD INFO Codes

CST+0001+**720449001**:108:ZZZ'  
 FTX+AAA+++OTHER WASTE AND SCRAP'  
 FTX+ACB+++EPCEXP2021/64965:**SMD100000**:**CEB12345678CTN210505000001**'  
 FTX+CCI+++60:00:::1'  
 LOC+27+ZA'  
 MEA+AAR++KG:1000.00'  
 MOA+40:5000'

## SAD500 Representation of new ADD INFO Codes

				41. SUPP. UNITS	Code 1 Code 2 Code 3	42. CUSTOMS VALUE	43. VM
				18.7 Quantity 1		18.15 Customs Value	15.12 & 15.13
				18.9 Quantity 2			Valuation Codes 1/2
				18.11 Quantity 3			
44. ADD. INFORMATION	LICENCE NUMBER	DEDUCTED VALUE	DEDUCTED QUANTITY	EX WAREHOUSE CODE			45. OTHER QTY
	18.6 Trade Agreement			15.44 Ex Warehouse Code			18.13 Quantity 4 (Countable Qty)
	18.18 Additional Information Code 18.19 Additional Information Value						18.14 Code 4
	Example 1 18.18 SMD	18.19 100000					
	Example 2 18.18 CEB	18.19 12345678CTN2105050000					
	REMOVAL IN BOND (RIB) NO. DATE & OFFICE		REBATE CODE			46. STATISTICAL VALUE	
	15.11 Previous Procedure MRN		18.24 Procedure Measure			18.16 Actual Price	

# Declaration Process Change [Cobus]

## EDI Representation of new ADD INFO Codes

- If Export Duty (SMD) is payable, then the duty *must be paid before the export declaration is submitted*.
- Customs Documentary Inspection process will verify that payment of export duty has been made.

# Payment of Duty [Cobus]

- CEB01 to be requested and completed at the SARS Branch
- Billing to be performed on DA 490 and CEB01

# Project Timelines & Testing [Mandla / Carl]

## Project Timeline

- Phase I - [Use of Additional Info codes]
- Go Live - **1 August 2021**
- Phase II - [Export Duty aligned to Import Duty declaration process]
- Go Live – TBD

## External Testing dates

- Test environment planned to be ready for testing from **12 July 2021**
- Test PRODAT will be provided
- CEB01 payments – reference to be used will be communicated / provided on request by testing team
- Export permit values will be provided on request by testing team

*Thank you*  
*Re a leboha*  
*Re a leboga*  
*Ndza Khensa*  
*Dankie*  
*Ndi a livhuwa*  
*Ngiyabonga*  
*Enkosi*  
*Ngiyathokoza*