



Duty Exemption on Ships' Stores Consumed in the Republic

Customs & Excise



South African Revenue Service

Duty Exemption on Ships' Stores Consumed in the Republic

Preface

This guide has been prepared to clarify the circumstances in which duty relief is granted on ships' stores consumed in the Republic. It does not go into comprehensive technical and legal detail and should therefore not be used as a legal reference.

This guide has no binding legal effect.

Should you require more information you may –

- visit the SARS website at **www.sars.gov.za**;
- visit your nearest SARS branch office;
- contact your own tax advisor or tax practitioner; or
- contact the SARS National Contact Centre –
 - if calling locally, on 0800 00 7277; or
 - if calling from abroad, on +27 11 602 2093 (only between 8am and 4pm South African time).

Comments on this guide may be sent to **policycomments@sars.gov.za**.

Prepared by

Customs and Excise: Legislative Policy
SOUTH AFRICAN REVENUE SERVICE

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1. Introduction

Prior to the COVID-19 pandemic, the cruise liner business was one of the fastest growing industries in the world and South Africa was no exception. A significant number of cruise ships called at multiple ports in the Republic. This has led to a renewed focus by both the South African Revenue Service and ship operators to clarify the duty treatment of ships' stores consumed in the Republic. Consequently, Schedule 4 to the Customs and Excise Act, No. 91 of 1964 was recently amended to clarify the duty treatment of such stores and to ease the administrative burden on both the customs authority and ship operators.

2. Purpose

The purpose of this guide is to clarify the duty treatment of ships' stores consumed in the Republic for effective risk management of, and monitoring and control over, ships' stores.

3. Legislative Framework

Section 24 of the Customs and Excise Act, 1964, provides that duty must be brought to account on ships' stores consumed in the Republic unless the Commissioner exempts by rule any class or kind of stores on foreign-going ships. Rebate items 413.01; 413.02; 413.03 and 413.04 provide for such exemptions in respect of certain kinds of stores on "foreign-going ships" as defined in rule 38A.01. Ships' "stores" and "bonded goods" are also defined in rule 38A.01.

- "foreign-going ship" means—
 - (a) a ship at a seaport, harbour or other place in the Republic if that ship—
 - (i) has arrived at that place in the course of a voyage from outside the common customs area to a destination or destinations inside the Republic, whether that place is that destination or one of those destinations or a stopover on its way to that or any of those destinations and is scheduled to depart from the Republic to a final destination outside the common customs area; or
 - (ii) is scheduled to depart from that place in the course of a voyage to a final destination outside the common customs area, whether that place is its place of departure to that final destination or a stopover or one of several stopovers in the Republic or the common customs area from where it departs in the course of that voyage;
 - (b) a ship in the territorial waters of the Republic on a voyage referred to in paragraph (a)(i) or (ii); or
 - (c) a ship on a voyage from a place outside the Republic or from any other country in the common customs area to a final destination outside the common customs area—
 - (i) passing through the territorial waters of the Republic; or
 - (ii) making a stopover at any place in the Republic; and
 - (d) a ship contemplated in paragraph (a), (b) or (c) that is used in the transport of persons for remuneration or the industrial or commercial transport of goods, whether or not for remuneration.

- “**stores**” means any bonded goods and goods in free circulation taken on board a foreign-going ship or foreign-going aircraft intended to be used—
 - (a) by travellers and crew on board the ship, or aircraft during that voyage;
 - (b) as duty and tax-free items for sale on board the ship, or aircraft; or
 - (c) for the operation and maintenance of the ship, or aircraft on or during that voyage but excluding spares and equipment and fuel levy goods.
- “**bonded goods**” means any—
 - (a) imported goods, whether liable to duty or free of duty; or
 - (b) dutiable locally-produced goods.

4. Ships’ stores consumed in the Republic that are exempted from duty

Description of ship/voyage	Description of Stores	Legal Provision
Naval ships	Naval ships on a visit to any port or place in the Republic shall be exempt from the payment of duty on stores consumed on such ship in any port in the Republic.	Rebate item 413.02
Foreign going-ship (includes foreign going cargo carriers and cruise liners that have one or multiple stopovers in the Republic)	Any goods shipped as stores irrespective of where such stores are taken aboard shall not be liable for duty if such stores have been consumed in the Republic for the operation of the ship during a stopover.	Rebate item 413.01
Foreign going-ship (includes foreign going cargo carriers and cruise liners that have one or multiple stopovers in the Republic)	Any goods shipped as stores irrespective of where such stores are taken aboard shall not be liable for duty if such stores have been consumed in the Republic during a stopover by the master or any member of the crew as part of the service included in the service contract of such master or crew member.	Rebate item 413.01
Foreign going – ship (cruise liner that has one or multiple stopovers in the Republic)	Any goods shipped as stores irrespective of where such stores are taken aboard shall not be liable for duty if such stores have been consumed during a stopover in the Republic by any passenger as part of the service included in the fare of such passenger without extra payment therefor (no sale).	Rebate item 413.01

<p>Foreign going – ship (cruise liner that has one or multiple stopovers in the Republic)</p>	<p>The following goods shipped as stores irrespective of where such stores are taken aboard shall not be liable for duty if such stores have been sold for on-board consumption to any passenger (own use) during a stopover in the Republic:</p> <ul style="list-style-type: none"> • Wine supplied in glasses or served in opened bottles or other containers for table use; • beer served in glasses or opened bottles or other containers; • spirituous beverages served in glasses for table use; • cigarettes and tobacco products sold per individual packet or tin; and • aerated water, mineral water and other non-alcoholic beverages served in opened bottles or other containers. <p>The above exemption does not apply in circumstances where –</p> <ul style="list-style-type: none"> • any passengers embark at one port in the Republic for disembarkation at another port in the Republic; or • functions held on board such ships are attended by persons who are not passengers or members of the crew of such ships. 	<p>Rebate item 413.04</p>
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5. Ships’ stores on ships other than foreign-going ships, liable to the payment of duty

The exemptions from payment of duties referred to in rules 24.01 and 24.04 do not apply to –

- ships that exclusively voyage between ports in the Republic whether ferrying cargo or travellers (coasting trade), as they are not foreign-going ships as defined in rule 38A.01. Therefore, such vessels should not be supplied with bonded goods.

These exemptions also do not apply to ships that exclusively voyage between ports in the Republic and Namibia (common customs area) whether ferrying cargo or travellers, as they are not foreign-going ships as defined in rule 38A.01.