

GENERAL EXPLANATORY NOTE:

[] Words that are between square brackets and in bold typeface, indicate deletions from the existing rules

_____ Words that are underlined with a solid line, indicate insertions in the existing rules

**DRAFT AMENDMENT OF RULES
in terms of the Customs and Excise Act, 1964**

The following amendments are proposed in terms of sections 110 and 120:

(a) By the insertion after rule 106.02 of the following heading and rules:

RULES FOR SECTION 110 OF THE ACT

Product counters on tobacco manufacturing machines

110.01 The licensee of a customs and excise manufacturing warehouse for the manufacture of tobacco products shall determine the quantities of all tobacco products manufactured in the warehouse by means of a functional product counter on each tobacco manufacturing machine.

110.02 For the purposes of rule 110.01, the licensee shall -

(a) install and maintain a product counter on each manufacturing machine used in the production, packaging and labelling of all tobacco products on all production lines in the warehouse;

(b) install and maintain a device for the recording of data for each product counter on the quantities of tobacco products manufactured;

(c) seal the product counter with a tamper-proof security seal under the supervision of an officer;

- (d) seal the data recording device for each product counter with a tamper-proof security seal under the supervision of an officer;
- (e) seal any inoperative manufacturing machine or production line with a tamper-proof security seal under the supervision of an officer;
- (f) conserve any security seal and only allow the seal to be removed and replaced under the supervision of an officer; and
- (g) bear the cost of installing and maintaining any product counter and of installing and conserving any security seal.

110.03 The Commissioner shall notify the licensee in writing of the requirements for each product counter at least 30 days before the installation date, which shall include information in respect of the -

- (a) type of product counter that would be compatible with the make or model of each tobacco manufacturing machine;
- (b) device for the recording of data for each product counter on the quantities of tobacco products manufactured; and
- (c) adaptive and connectivity features required on each production line for the installation and operation of each product counter and its data recording device.

110.04 The licensee shall record and report to the Commissioner –

- (a) annually the layout in the warehouse of each product counter and its data recording device per manufacturing machine per production line;
- (b) daily the readings of each product counter and its data recording device per manufacturing machine per production line and per production run;
- (c) within 24 hours of occurrence the –
 - (i) breach of any security seal;
 - (ii) resetting of any product counter;
 - (iii) deactivation of any operative manufacturing machine or production line;
 - (iv) reactivation of any inoperative manufacturing machine or production line;
 - (v) alteration of any manufacturing machine or production line that impacts on any product counter or its data recording device;
 - (vi) acquisition or sale of any manufacturing machine; or
 - (vii) installation or removal of any production line; and
- (d) retain the records available for inspection by the Commissioner for a period of five years calculated from the end of the calendar year in which any such record was created.

110.05 If for any reason the licensee cannot determine the quantities of all tobacco products manufactured as prescribed in rule 110.01, an alternative methodology approved by the Commissioner may be used.

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