



national treasury

Department:
National Treasury
REPUBLIC OF SOUTH AFRICA

Media Advisory: Accreditation Process Publication of the proposal on export taxes on scrap metal for public comment

Following the announcement made by the Minister of Finance in the 2020 Budget Review regarding the introduction of export taxes on scrap metal, the National Treasury today publishes for consultation the basic approach for such tax. This proposal is related to the phasing out of the current price preference system for scrap steel, and follows the recommendations from a feasibility study conducted by the International Trade Administration Commission (ITAC).

Given the need to consult all stakeholders, including possible winners and losers, the consultation will take place in two phases. The first phase will be a shorter and broader public comment process on the objective, implementation, functioning and economic and financial impact of such an export tax, including the level of rates and base for such a tax. Comments on the impact to current firms and industries, and the implications for the tax and trade system will also be welcome, as well as comments on strengthening the administrative capacity of SARS to implement such export taxes.

The first phase will be followed by a more intensive second phase of public comment, on the proposed legislative provisions to give effect to specific export taxes on scrap metal, to be included in the 2020 draft Taxation Laws Amendment Bill (TLAB). The first phase will commence immediately and run up to the end of April 2020, while the second phase will commence with the publication of the Taxation Laws Amendment Bill in mid-July and run up to the end of August/September 2020.





To facilitate the first phase of consultation, National Treasury will hold an initial briefing on 25 March 2020 with all interested stakeholders on the proposal to introduce export taxes on scrap metal. The Department of Trade, Industry and Competition and other key governmental stakeholders will also attend this meeting.

Date: 25 March 2020

Time: 11h00 to 13h00

Venue: Development Bank of Southern Africa, Midrand

As recommended by ITAC, the proposed export taxes to apply to scrap metal are as follows:

Scrap metal category	Equivalent specific tax (Rand per tonne)
Ferrous metals (including stainless steel)	R1000.00 per tonne
Aluminium	R3000.00 per tonne
Red Metals	R8426.00 per tonne
Other (waste and scrap metals)	R1000.00 per tonne

Written comments on the proposal on export taxes on scrap metal must be submitted by no later than **9 April 2020**.

Upon receipt of the comments and submissions on the proposal on export taxes on scrap metal, the National Treasury (working with the Department of Trade, Industry and Competition and other governmental stakeholders) will engage directly with stakeholders until the end of April through technical workshops to discuss the comments received. Thereafter, the proposed provisions on the export taxes on scrap metal will be developed for inclusion in the TLAB, which will be published in mid-July 2020 for public comment.



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Further, as part of the TLAB consultation process, National Treasury will also engage with stakeholders through the usual workshops held after the receipt of written comments on the draft Bill. The Standing and Select Committees on Finance in Parliament are expected to make a similar call for public comment, and convene public hearings on the TLAB before the formal introduction of the Bill in Parliament. Thereafter, a response document on the comments received will be presented at the parliamentary committee hearings, after which the 2020 draft Taxation Laws Amendment Bill will then be revised, taking into account public comments and recommendations made during committee hearings, before the Bill is tabled formally in Parliament for consideration.

The proposal on export taxes on scrap metal is included in Chapter 4 of the 2020 Budget Review, which can be found on the National Treasury (www.treasury.gov.za) website.

Due date for written comments: 9 APRIL 2020

Please forward written comments to the Treasury's tax policy depository at 2020AnnexCProp@treasury.gov.za by close of business on **9 APRIL 2020**

Issued by: Department of National Treasury

Date: 10 March 2020

