

CUSTOMS AND BORDER MANAGEMENT

EXTERNAL POLICY

INBOUND AND OUTBOUND

DUTY AND TAX FREE SHOPS

TABLE OF CONTENTS

1	SCOPE	3
2	POLICY	3
3	REFERENCES	4
3.1	LEGISLATION	4
3.2	CROSS REFERENCES	4
4	DEFINITIONS AND ACRONYMS	4
5	DOCUMENT MANAGEMENT	5

1 SCOPE

- a) This document addresses:
- i) The distinction between inbound and outbound duty free and tax free shops;
 - ii) The location of duty and tax free shops;
 - iii) The initial import clearance placing the goods under the warehousing regime;
 - iv) The warehouse accounting principles required for all goods taken on hand in the warehouse facility, including the picking phase and documents relating to the removal from the storage area to the retail outlet;
 - v) The movement of the goods to the retail outlet;
 - vi) Traveller sales transactions, including minimum information required;
 - vii) Delivery of the forms SAD 500; and
 - viii) The transitional arrangement for inbound duty and tax free shops.
- b) Excluded from this document:
- i) Application for and refusal, suspension or cancelation of a license with the exception of the transitional arrangement for existing licensees with respect to amending their current licenses;
 - ii) Warehouse inspections and audits including record keeping;
 - iii) Imposition of schedules for non compliance; and
 - iv) Goods in free circulation sold in conjunction with bonded goods.
- c) **All references in this document to specific purpose codes must be cross referenced with the Manual for the Completion of Declarations (SC-CF-04), CPC Combination Matrix (SC-CF-04-A14), Purpose Code to CPC Matrix (SC-CF-04-A15) and Procedure Measure Matrix (SC-CF-04-A16).**

2 POLICY

- d) Goods may be imported and placed under a Customs warehouse regime, in terms of Section 38(1)(a), for purposes of being sold in a facility known as a duty free shop licensed in terms of Section 21(1).
- e) The basic requirements to operate a duty and tax free shop are:
- i) May only be at one of the international airports as designated in Rule 21.04.04;
 - ii) The operator must be licensed;
 - iii) The necessary security as determined by the Branch Office must be furnished;
 - iv) Inbound duty and tax free shops may only sell to inbound travellers; and
 - v) Outbound duty and tax free shops may only sell to outbound travellers.
- f) Travellers arriving from or who embark to the BLNS countries may not purchase bonded duty free goods but only goods in free circulation. Travellers from destinations outside the Common Customs Area en route to a BLNS country may purchase bonded goods.
- g) Outbound duty free shops must be situated in the area after Immigration, also called airside. Inbound duty free shops must be situated after Immigration in the luggage terminal but before the Customs control point.
- h) All licensees who wish to open inbound duty free shops must first obtain approval and a retail outlet facility from the authority managing the international airport where after application is made to the Controller / Branch Manager on the prescribed forms.
- i) No monetary restriction will be placed on the duty and tax free shops with regards to sales made to any specific traveller.
- j) Transitional arrangement:
- i) All current licensees operating a duty free shop will be regarded as an outbound duty free shop, i.e. selling goods duty and tax free to travellers leaving the Republic to destinations outside the Common Customs Area. An endorsement to this effect will be made on all such licenses.

- ii) Any licensee of a duty and tax free store at any of the international airports as referred to in Rule 21.04.04(a) who wishes to extend its license to include a inbound duty and tax free shop must apply on form DA 185 and DA 185.4B4 to the Controller / Branch Manager.
- iii) The application must be accompanied by the plans of the new inbound facility as well as proof from the authority in charge of the airport that the facility is available to the licensee for the purpose of carrying out sales to international travellers in that area of the airport.
- iv) An endorsement will be made by Customs on the current license if the application is approved.
- v) Bonded goods stored currently in the warehouse facility cleared using the purpose code "WE" must be substituted with a fresh clearance using the purpose code "WH" before being placed on display in the inbound duty and tax free shop.
- vi) After the initial substitution phase all other forms SAD 500 "WE" must be substituted to purpose code "WH".
- vii) The licensee will also have to obtain all certificates, permits or other documents as required if any of the goods are subject to import restrictions.

3 REFERENCES

3.1 Legislation

TYPE OF REFERENCE	REFERENCE
Legislation and Rules administered by SARS:	Customs and Excise Act No. 91 of 1964: Sections 19(9), 21(1), 38(1)(a) Customs and Excise Rules: Rules 21.04.01 to 21.04.12, Value-Added Tax Act No. 89 of 1991: Sections 7(1)(b), 13(3)
Other Legislation:	Promotion of Administrative Justice Act No. 3 of 2000: Section 3 and 5 Promotion Of Access To Information Act No. 2 of 2000: All
International Instruments:	Kyoto Convention General Annex Chapter Standard 4.4 Kyoto Convention Specific Annex D Chapter 1 – Customs Warehouses, Standards: 1, 3, 4, 10 and 11 and Recommended practice: 5 WCO Framework of Standards: None

3.2 Cross References

DOCUMENT #	DOCUMENT TITLE	APPLICABILITY
SC-CF-04	Manual For The Completion Of Declarations	All
SC-CF-04-A14	CPC Combination Matrix	All
SC-CF-04-A15	Purpose Code To CPC Matrix	All
SC-CF-04-A16	Procedure Measure Matrix	All
SC-SE-05	External Policy: Securities	All

4 DEFINITIONS AND ACRONYMS

Act	Customs and Excise Act No. 91 of 1964
BLNS	The Republic of Botswana; The Kingdom of Lesotho; The Republic of Namibia; and The Kingdom of Swaziland
Common Customs Union	The combined area of the Member States of SACU
CPC	Customs Procedure Code
Customs Officer	Any Officer of SARS that is responsible for collecting duties on imported and exported goods, facilitating trade and protecting the local economy and country. In certain circumstances an Officer may perform multiple roles; e.g. a PCI Officer may perform the role of an Enquiry Officer.
SACU	The Southern African Customs Union between a) The Republic of Botswana; b) The Kingdom of Lesotho; c) The Republic of Namibia; d) The Republic of South Africa; and e) The Kingdom of Swaziland
SAD	Single Administrative Document
SOS	Special storage warehouse

VAT	Value-Added Tax
WE	Warehousing for export only
WH	Warehousing

5 DOCUMENT MANAGEMENT

Designation	Name / Division
Business Owner:	Chief Officer: Customs and Border Management
Policy Owner:	Group Executive: Customs Strategy and Policy
Author:	E. Steenkamp
Detail of change from previous revision:	Insert cross reference of purpose codes to CPC combinations and template update.
Template number and revision	SC-POL-TM-02 - Rev No 10