

	EXTERNAL POLICY CLEARANCE OF CONTINUOUS TRANSMISSION COMMODITIES	Document # SC-IM-01-06	Revision # 1	Effective 07.03.2007
	<i>PRINTED DOCUMENTS ARE NOT CONTROLLED DOCUMENTS</i>			

REVISION HISTORY				
REV	DESCRIPTION OF CHANGE	AUTHOR	APPROVAL	OWNER
0	Initial Release	A.J. Joubert	GM: Operational Services	Head: Operations Support
1	Changes made according to new published Rule amendment	A.J. Joubert	Head: Policy and Procedure	Head: Customs Operations Unit
2				
3				
4				

REFERENCE TO LEGISLATION & OTHER REFERENCES	
This procedure must be read with the following:	
TYPE OF REFERENCE	REFERENCE
Legislation and Rules Administered by SARS:	Customs and Excise Act No. 91 of 1964: Sections 10, 38, 39, 40, 41, 59A, 60, 65, 66 and 72. Customs and Excise Rules: Rule 38.02, 38.04, 38.05, 38.06, 38.16 , 39.04, 39.05, 39.06 to 39.14, 41.01, 41.04, 41.05, 60.08, 65.01 to 65.03 and 66.02 to 66.05.
Other Legislation:	None
International Instruments:	None

REFERENCE TO QUALITY DOCUMENTS		
This procedure must be read with the following quality documents:		
DOCUMENT #	DOCUMENT TITLE	QUALITY REQUIREMENTS
SC-CF-08	Manual for the Completion and Presentation of Declarations	All
SC-CF-05	Branch Office – Registration User Manual	All
SC-CF-06	Accreditation, Verification and de-accreditation	All
SC-IM-01-05-F1	Flowchart for the Clearance of Continuous Transmission Commodities	All

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1 PURPOSE

- This document describes the process for the clearance of the importation or exportation of continuous transmission commodities (CTCs).

2 SCOPE

- This document applies to all clients importing or exporting CTCs.

3 DEFINITIONS AND ACRONYMS

Accounting period	From the time on any day in any month of first commencement of importation into or exportation from the Republic until 24:00 on the last day of that month and thereafter from 00:00 of the first day of every month until 24:00 of the last day of such month
Act	Customs and Excise Act No. 91 of 1964
BLNS	The Republic of Botswana; The Republic of Lesotho; The Republic of Namibia; and The Kingdom of Swaziland
Client	Any person or enterprise conducting business with SARS
Continuous transmission	The un-interrupted flow of products such as electricity, gas, etc. by method of pipeline, cables, etc.
Continuous transmission commodity	Crude oil, natural gas and their derivatives and other liquids and gases transported through a pipeline and electricity transported over an electricity transmission line
CTC	Continuous Transmission Commodity
EDI	Electronic Data Interchange
EFT	Electronic Funds Transfer
PCI	Post Clearance Inspection
QMS	Quality Management System
Republic	Republic of South Africa
SACU	Southern African Customs Union consisting of – <ul style="list-style-type: none"> The Republic of Botswana; The Republic of Lesotho; The Republic of Namibia; The Kingdom of Swaziland; and The Republic of South Africa
SAD	Single Administrative Document
SARS	South African Revenue Service
STEM	Short Term Electricity Market
VAT	Value-Added Tax

4 POLICY

- Section 38 of the Act states that every **importer** of goods shall declare them to Customs within seven days of the date on which such goods are in terms of Section 10 deemed to have been imported, except in respect of goods in a container depot as provided for in Section 43(1)(a) **or within such time as the Commissioner may prescribe by Rule in respect of any means of carriage.**
- Section 38 further specifies that every **exporter** of any goods shall, before such goods are exported from the Republic, deliver a bill of entry to the Controller / Branch Manager, but the Commissioner may allow such a bill of entry to be delivered **at such time as he / she deems reasonable.**

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- Rule 38.02 of the said Act determines that the person entering such goods shall produce to the Controller / Branch Manager such evidence as the Controller / Branch Manager may require in each case to substantiate any particulars shown on such entry.
- **In terms of Rule 38.16(iv) of the Act every** importer or exporter of continuous transmission commodities, shall within a period of 25 days after the end of the accounting period make due entry of the total quantity so imported or exported.

5 PROCEDURE

5.1 REGISTRATION

- Any person who wishes to import, export or remove within SACU any CTC is required to register with SARS.
- Such registration will follow the procedure as prescribed in Section 59A of the Act and its Rules. Application for such registration is done on form DA 185.

5.2 IMPORT / MOVEMENT OF CTCs

- Due to the location of the various modes of transport (e.g. pipeline, electric transmission lines, etc.) clearance will be made at the office of the Controller / Branch Manager in whose area of control the head office of the importer / remover is situated.
- Clearance will be made on a:
 - **SAD 500** for imports from outside the Common Customs Area; **or**
 - Form CCA1 for movements from a BLNS country.
- The duty and tax (VAT) due on CTCs will be collected on the applicable form **SAD 500** or CCA1.
- The duly completed form **SAD 500** or CCA1 and an invoice together with the duty (if applicable) and VAT payable must be submitted to the Controller / Branch Manager regarding the previous month's imports either as a hard copy or via EDI. In the case of EDI, accredited clients do not need to follow this up with a hard copy whereas non accredited clients must still submit a hard copy.
- The invoice which is serially or transaction numbered and dated must at least reflect the following:
 - Name of supplier;
 - Period applicable (month concerned);
 - Quantity;
 - Where applicable, the price charged for each unit; and
 - Total price of the invoice (value).
- If payment of duty / tax is made electronically (EFT) the necessary proof must be forwarded to the Controller / Branch Manager.
- The price actually paid or payable is the total payment made or to be made by the buyer to or for the benefit of the seller for the imported goods. The payment need not necessarily take the form of a transfer of money. Payment may be made by way of letters of credit or negotiable instruments. Payment may be made directly or indirectly. An example of an indirect payment would be the settlement by the buyer, whether in whole or in part, of a debt owed by the seller.

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5.3 EXPORT / MOVEMENT OF CTCs

- Due to the location of the various modes of transport (e.g. pipeline, electric transmission lines, etc.) clearance will be made at the office of the Controller / Branch Manager in whose area of control the head office of the exporter / remover is situated.
- Clearance will be made on a:
 - **SAD 500** for exports to a destination outside the Common Customs Area; **or**
 - Form CCA1 for movements to a BLNS country.
- The duly completed form **SAD 500** or CCA1 and an **invoice** must be presented to the Controller / Branch Manager regarding the previous month's exports either as a hard copy or via EDI. In the case of EDI, accredited clients do not need to follow this up with a hard copy whereas non accredited clients must still submit a hard copy.
- The invoice which is serially or transactional numbered and dated must at least reflect the following:
 - Name of exporter;
 - Period applicable (month concerned);
 - Quantity;
 - Where applicable, the price charged for each unit; and
 - Total price of the invoice (value).
- The value of any goods exported / moved from the Republic shall be the price of those goods free on board at the place of despatch from the Republic, which value shall be declared on the **SAD 500** or CCA1. If there is no such free on board price, the export value shall be the value as if the goods would have been sold at a free on board price.

5.4 QUANTITY AND CODE

- The quantities required in terms of the relative tariff heading / item for statistical, duty calculation or classification purposes must be entered on the **SAD 500** or CCA1. In the case of CTCs, it can happen that the tariff indicates, for example, the statistical unit as kg, whereas the product, e.g. fuel, in question indicates that a more appropriate statistical unit should be used e.g. litre. In this regard the client must convert the litre into kg by using a formula which must be reflected in the endorsements field on the **SAD 500** or CCA1. Both statistical units (kg and litre) must then be reflected on the said forms.

5.5 CLEARANCE PERIOD

- Every importer, exporter or mover shall make due entry within a period of 25 days after the end of the accounting period. Importers, exporters or movers are required to submit the date on which they intend to effect clearance to the local Controller / Branch Manager for **approval**. This means that an importer or exporter cannot deviate from the clearance date without making prior arrangement with the Controller / Branch Manager.
- Where the clearance date and payment of duty and tax, if applicable, falls on a Saturday, Sunday or public holiday then the clearance and payment, if applicable, must be effected on or before the penultimate working day.

5.6 ZERO RATE (VAT)

- Where movable goods are **exported / removed** by means of a pipeline or electrical transmission line and the vendor supplying such movable goods is the owner of such line or is contractually liable for the full cost relating to the use of such line, the supply must be zero-rated.

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5.7 RECORD KEEPING

- For purposes of this Act, the retention period for all Customs related documents (prescribed Customs and excise documents as well as relevant trader's commercial and financial records) is 5 years, subject to the provisions of Rule 60.08(2)(a)(i) of the Act.

6 QUALITY RECORDS

- Completed forms as listed below:

Number	Title
CCA1	Declaration of goods removed within the Southern African Common Customs Area
DA 185	Application Form: Licensing / Registration of Customs and Excise clients
SAD 500	Customs Declaration Form