

EXCISE

EXTERNAL POLICY

BUNKERING OF FOREIGN GOING SHIPS

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1 SUMMARY OF MAIN POINTS

- a) This policy applies to all **foreign going** vessels, which receive bunker fuel from fuel suppliers.
- b) Supplies of bunker fuel to foreign going ships are regarded as exports, which must be accounted for by way of a consolidated monthly Customs Clearance Declaration (CCD), per port, per client, per product with a supporting monthly schedule of bunker receipts issued.
- c) Oil majors (Manufacturing warehouse (VM) / Special Storage Warehouse (SOS)) may reflect such exports as a deduction on their DA 159 or DA 160 Excise accounts respectively, where appropriate, provided copies of the relevant supporting documents are attached (single CCD and supporting monthly schedule of bunker receipts issued).
- d) Licensed Distributors of Fuel (LDF) who wish to claim a refund of duties and levies on these exports must use the DA 66. The relevant supporting documents (single CCD and supporting monthly schedule of bunker receipts) must accompany the refund claim.
- e) The monthly CCD must be acquitted within seven (7) days after the end of the month.

1.1 Keeping of records

- a) Every client must keep for record purposes for a period of five (5) years:
 - i) Books, accounts and documents in respect of all transactions relating to the Rules for the purpose of any acquittal procedure; and
 - ii) Any data related to such documents created by means of a computer.
- b) The five (5) year period is calculated from the end of the calendar year in which the document was created, lodged or required (Sections 101 and 101A).
- c) Every client must produce such books, accounts and documents on demand.

1.2 Penalties

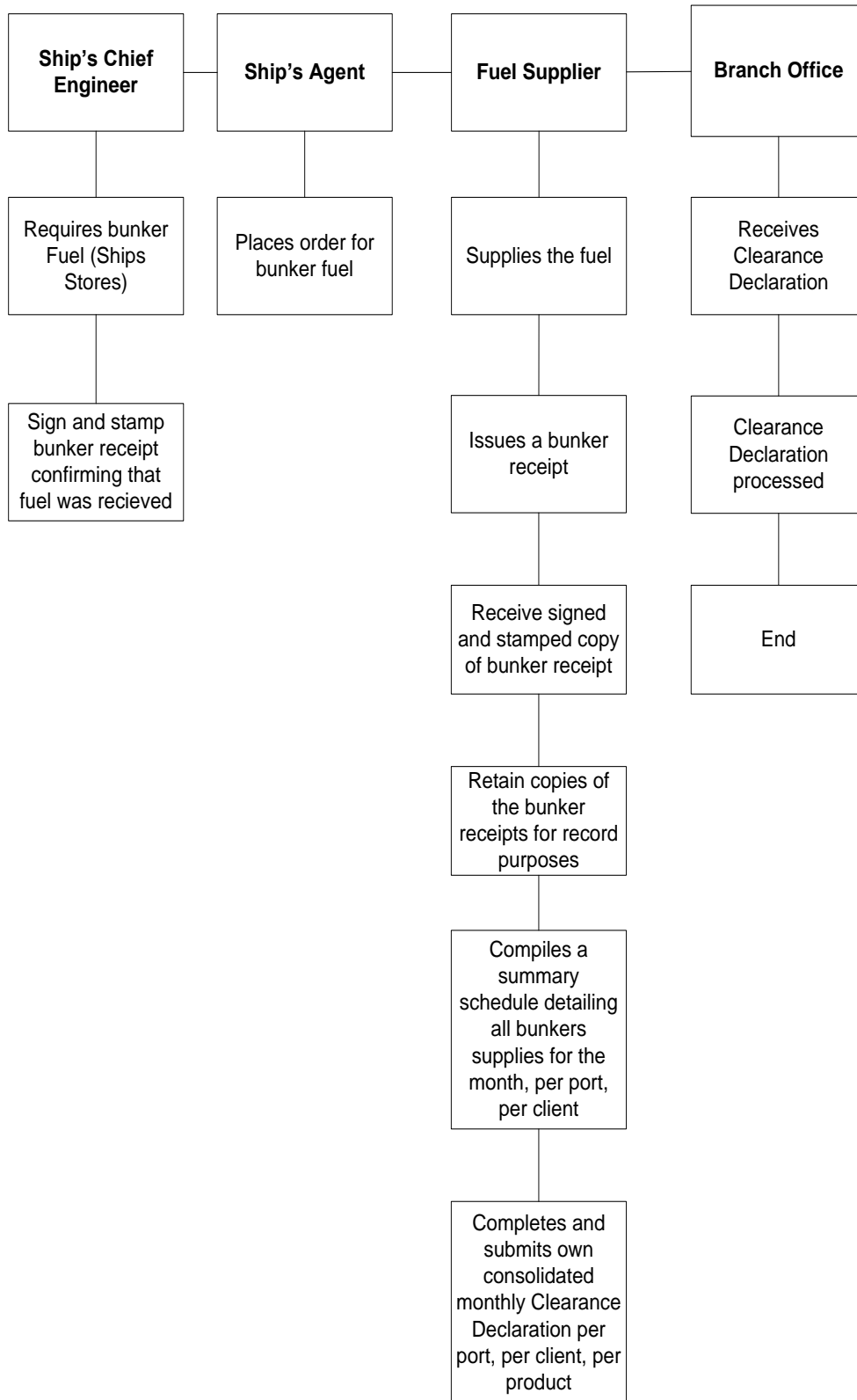
- a) Failure to adhere to the provisions of the Act, as set out in this document, is considered an offence.
- b) Offences may render the client liable to, as provided for in the Act:
 - i) Monetary penalties;
 - ii) Criminal prosecution; and / or
 - iii) Cancellation / suspension of a license / registration.

1.3 Appeal against decisions

- a) In cases where clients are not satisfied with any decision taken in terms of the Act, they have a right of appeal to the relevant appeal committee. The policy in this regard, as well as the process to be followed, is contained in document SC-CC-24.
- b) Should clients not be satisfied with a decision of any appeal committee, their recourse will be to lodge an application for ADR (Alternative Dispute Resolution) with the relevant appeal committee. The committee will add its comments thereto and forward the application to the ADR Unit for consideration. The policy in this regard, as well as the process to be followed, is contained in document SC-CC-26.

2 POLICY

2.1 Supply of bunker fuel



2.1.1 Requirements to obtain bunker fuel

- a) The criteria for obtaining bunker fuel which the duties / levies may be set-off is contained in Parts 1F and 3 of Schedule 6:
- i) Supply as stores for foreign-going ships (excluding fishing vessels provided for in Rebate Item 670.08; and
 - ii) Supply as stores for any fishing vessel not recognised as a ship of South African nationality in Terms of the Merchant Shipping Act.

2.1.2 Supply of bunker fuel

- a) When a ship is intended for foreign destination, the ship's Chief Engineer contacts the ship's agent who in turn contacts the relevant Oil Company or Licensed Distributor of Fuel (LDF) to make arrangements for the vessel to be supplied with bunker fuel (ship stores.)
- b) The relevant supplier of the fuel issues a bunker receipt which must be signed and stamped (ship's stamp) by the Chief Engineer (in the event of his absence it can be signed by the captain or designated person) of the ship confirming that the fuel has indeed been received on board the vessel. A signed and stamped copy of the bunker receipt is returned to the fuel supplier who in turn must either compile a summary schedule or forward a copy of the bunker receipt to its relevant clearing agent in order to compile a summary schedule.
- c) Suppliers of the bunker fuel must ensure that they retain a copy of the DA 1 and DA 3 for record purposes.
- d) The summary schedule should at least reflect the following headings:

| Date | Name of Vessel | Order No. | Volume | Value |
|------|----------------|-----------|--------|-------|
|------|----------------|-----------|--------|-------|

- e) The summary schedule must contain a statement to the effect that each of the bunker receipts detailed has, to the best of the knowledge and belief of the signatory, been signed and stamped by the Chief Engineer of the ship concerned.
- f) The relevant fuel supplier must complete a single prescribed export CCD per port, per client, per product which must be submitted to the Controller / Branch Manager within seven (7) days of the month end, 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.
- g) The supplier of the fuel must retain copies of all signed and stamped bunker receipts for a period of five (5) years, for record purposes. These bunker receipts must be kept available for inspection by a Customs or Excise Officer.

2.1.3 Excise account (DA 159 / DA 160) or refund claim (DA 66)

- a) Upon submission of the relevant Excise account DA 159 / DA 160 or form DA 66 refund claim, as the case may be, a copy of the single CCD plus summary of all such bunker receipts issued during the given month must be attached to the form DA 160.55.
- b) The supporting summary schedule, submitted with the account, must contain a statement to the effect that, to the best of the knowledge and belief of the signatory, each of the bunker receipts detailed has been signed and stamped by the Chief Engineer (in the event of his / her absence it can be signed by the captain or designated person) of the ship concerned.
- c) Hard copies of the bunker receipts need not accompany the relevant Excise account, but must be available on request or in the event of an audit.

3 RELATED INFORMATION

3.1 Legislation

| TYPE OF REFERENCE | REFERENCE |
|---|---|
| Legislation and Rules administered by SARS: | Customs and Excise Act No. 91 of 1964: Sections 18A, 39, 40 and 41 Customs and Excise Rules: 18A.03 , to 18A.07, 39.06, 39.08, 39.09 and 41.02 |
| Other Legislation: | Merchant Shipping Act, No.57 of 1951. Promotion of Administrative Justice Act No. 3 of 2000: Section 3 |
| International Instruments: | None |

3.2 Cross References

| DOCUMENT # | DOCUMENT TITLE |
|------------|--|
| QMS-01 | Quality Management System Manual |
| SC-CC-24 | Internal Administrative Appeal – External Policy |
| SC-CC-26 | Alternative Dispute Resolution – External Policy |
| SC-CF-04 | Completion of Declarations – External Manual |
| SC-CF-55 | Clearance Declaration – External Policy |
| SE-BIO-02 | Biodiesel – External Policy |
| SE-OIL-02 | Oil Industry – External Policy |

3.3 Quality Records

| Number | Title |
|-----------|---|
| DA 1 | Report Inwards / Outwards for Ships |
| DA 3 | Certificate of Clearance for Ships for Destination Outside the Republic |
| DA 66 | General application for drawback / refund |
| DA 159 | Petroleum Products: Account for Special Storage Warehouse |
| DA 160 | Petroleum Products: Account for Manufacturing Warehouse |
| DA 160.55 | Petroleum Products: Acquitted Exports / Ships Stores (Foreign) |

4 DEFINITIONS AND ACRONYMS

| | |
|---|---|
| Bunker fuel | Distillate fuel (diesel) and heavy fuel oil supplied to a ship for own use |
| Bunkering | Supplying bunker fuel to a ship for own use (Propulsion of the vessel or the operation of any equipment on the vessel) |
| CCD | Customs Clearance Declaration |
| Customs Clearance Declaration | Applicable SAD form (e.g. SAD 500, 501, 502, 503, 504, 506, etc.) or CD 1 (Customs Declaration) |
| EDI | Electronic Data Interchange |
| Foreign going | Vessels on voyage to destinations outside of SACU |
| Fuel suppliers | Oil companies (VM / SOS) or licensed distributors of Fuel (LDF) |
| LDF | Licensed Distributors of Fuel |
| ROLE (RACI) Responsible Accountable Consulted Informed | This role conducts the actual work or owns the problem. This role approves the completed work and is held fully accountable for it. This role may be consulted during the process. This role is to be informed of the progress and or results. |
| SACU | South African Customs Union |
| SARS | South African Revenue Service |
| SOS | Customs and Excise Special Storage Warehouse |
| VM | Customs and Excise Manufacturing Warehouse |
| ZNC | Country of Destination unknown |

5 DOCUMENT MANAGEMENT

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