

**EXCISE
EXTERNAL
GUIDE**

**INTRODUCTION TO EXCISE DUTIES,
LEVIES AND AIR PASSENGER TAX**

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1 SCOPE

- a) This document serves as a guide informing Excise clients of the basic requirements and responsibilities pertaining to Excisable / Levy goods [which includes the International Oil Pollution Compensation Fund Levy (IOPCF)], **Health Promotion Levy on sugary beverages**, **Carbon Tax** and Air Passenger Tax (APT) in South Africa (SA) and the broader Southern African Customs Union (SACU).
- b) It further ensures that legislation relating to all Excise duty, Levy and APT industries is adhered to and that all specific provisions of the Act are complied with.
- c) This guide applies to –
- i) Ad Valorem Excise duties;
 - ii) Air Passenger Tax;
 - iii) **Carbon Tax**;
 - iv) Diamond Export levy;
 - v) Environmental levies;
 - vi) Fuel levy;
 - vii) **Health Promotion Levy on sugary beverages**;
 - viii) International Oil Pollution Compensation Fund Levy (IOPCF);
 - ix) Road Accident Fund (RAF) levy; and
 - x) Specific Excise duties.
- d) **Any reference to the Kingdom of Swaziland and BLNS shall, with effect from 19 April 2018 be deemed a reference to the Kingdom of eSwatini and BELN, respectively, in terms of the provisions, which existed before 19 April 2018.**

2 REFERENCES

2.1 Legislation

TYPE OF REFERENCE	REFERENCE
Legislation and Rules administered by SARS:	<p>Customs and Excise Act No. 91 of 1964: Sections 1, 1(1), 4, 18, 18A, 19, 19A, 20, 21, 27, 28, 29, 30, 32, 33, 34, 35, 35A, 36, 36A, 37, 37A, 37B, 38, 41, 44, 44A, 45, 47, 47A, 47B(3), 48, 49(5), 52, 54, 54A-54F, 58, 59A, 60, 61, 62, 63, 64, 64B, 64D, 64F, 69, 75, 76, 76A, 77, 85, 98, 99(1), 101, 101A, 102, 105, 106, 107, 107A, 114 and 116</p> <p>Customs and Excise Rules: 18A.01 to 18A.10, 19.01 to 19.07, 19A.02, 19A.04 to 19A.07, 19A.09, 19A.10, 19A1.01 to 19A1.04, 19A2.01 and 19A2.02, 19A3.01 to 19A3.06, 19A4.01 to 19A4.09, 20.14 and 20.17, 27.01 to 27.31, 28.01, 34.01 to 34.06, 35.01 to 35.05, 35A.01 to 35A.05, 36.01 to 36.06, 36A.01 to 36A.04, 37A.01 to 37A.15, 37B.01 to 37B.22, 38.01 to 38.07, 44.01 to 44.04, 47B.01 to 47B.11, 54.01 and 54.02, 54F.01 to 54F.07 and 54F.09 to 54F.14, 54FA.03, 54FB.05, 54FC.01, 54FA.03, 59A, 59A.01(a), 60.01(1) to 60.10(2), 61.01, 62.01, 63.01 to 63.07, 64.01, 64D.01 to 64D.19, 64F.01 to 64F.07, 69.01, 75.01 to 75.24, 76.01 to 76.03, 101.01, 106.01 and 106.02, 119A.R101A(10)(b), (d), (e) and (f) and 120.08 to 120.11</p> <p>Customs and Excise Schedule 1 Parts 2, 3 and 5 and Schedules 2, 3, 4, 5, 6, 8 and 10</p> <p>Diamond Export Levy (Administration) Act No. 14 of 2007: Rules 1.01 – 15.01</p> <p>Diamond Export Levy Act No. 15 of 2007: Rules 1.01 – 11.01</p> <p>Tax Administration Act No. 28 of 2011: Part A of Chapter 4</p>
Other Legislation:	<p>Aviation Act No. 74 of 1962: Section 22</p> <p>Carbon Tax Act, No. 15 of 2019: Sections 1 to 21 and Schedules 1, 2 and 3</p> <p>Constitution of the Republic of South Africa No. 108 of 1996: Section 24</p> <p>Diamond Export Levy (Administration) Act No. 14 of 2007: Sections 2(1), 5(1) and 7</p> <p>Diamond Export Levy Act No. 15 of 2007: Sections 1 to 15</p> <p>Diamonds Act No. 56 of 1986: Sections 26(e) and (h)</p> <p>Merchant Shipping Contributions Act, No. 36 of 2013 (MSCA): Section 2</p>

TYPE OF REFERENCE	REFERENCE
	Merchant Shipping Administration Act, No. 35 of 2013 (MSAA) Mineral and Petroleum Resources Development Act No. 28 of 2002: Sections 19, 25 and 27 Public Finance Management Act No 1 of 1999
International Instruments:	International Oil Pollution Compensation Fund Convention of 1992 (Fund Convention)

2.2 Cross References

DOCUMENT #	DOCUMENT TITLE
APT-02	Air Passenger Tax – External Policy
EA-01-M01	eAccount on eFiling – External Manual
ECS-LER-03	Legal Entity – External Policy
GEN-PAYM-01-G01	SARS Payment Rules – External Guide
IOPCF-02	International Oil Pollution Compensation Fund – External Policy
SC-CC-26	Alternative Dispute Resolution – External Policy
SE-ACC-02-M01	eFiling Registration – External Manual
SE-ACC-02-M02	Declaration and Return submission via eFiling – External manual
SE-ACC-05	Submission of accounts / returns – External Policy
SE-ADV-02	Ad Valorem Excise Duty – External Policy
SE-AHS-02	The storage and / or use of unmarked specified Aliphatic Hydrocarbon Solvents – External Policy
SE-AK-02	The storage, use and disposal of Aviation Kerosene – External Policy
SE-APL-02	Internal Administrative Appeal – External Policy
SE-BFS-02	Bunkering of Foreign Going Ships – External Policy
SE-BIO-02	Biodiesel – External Policy
SE-BON-02	Bonds – External Policy
SE-CBT-02	Carbon Tax – External Policy
SE-CD-02	Environmental Levy on Carbon Dioxide Emissions on New Motor Vehicles Manufactured in South Africa – External Policy
SE-CON-02	Control and Clearance of bonded / inter-warehouse movements – External Policy
SE-DEL-02	Diamond Export Levy – External Policy
SE-ELC-02	Environmental Levy on Electricity Generated in South Africa – External Policy
SE-GEN-02	Accounting for Duty / Levy – External Policy
SE-GEN-08	Special or Extra Attendance – External Policy
SE-LR-02	Licensing – External Policy
SE-MB-02	Malt Beer – External Policy
SE-OFB-02	Other Fermented Beverages – External Policy
SE-OIL-02	Oil Industry – External Policy
SE-PAY-02	Prescribed Payment Rules – External Policy
SE-PB-02	Environmental Levy on Plastic Bags Manufactured in South Africa – External Policy
SE-REF-02	Refunds – External Policy
SE-SB-02	Health Promotion Levy on Sugary Beverages – External Policy
SE-SP-02	Spirits – External Policy
SE-TAB-02	Traditional African Beer – External Policy
SE-TL-02	Environmental Levy on Tyres – External Policy
SE-TOB-02	Tobacco – External Policy
SE-WV-02	Wine and Vermouth – External Policy

2.3 Quality Records

NUMBER	TITLE
APT 101	Agent's application for registration/cancellation or changing registered particulars
APT 102	Operator's application for registration/cancellation or changing registered particulars
APT 201	Return for Air Passengers Tax
CEB 01	Customs and Excise Billing
DA 75	Ad Valorem Excise Duty Account
DA 103	Customs and Excise license

NUMBER	TITLE
DA 159	Petroleum Excise Account (Special Storage warehouse)
DA 160	Petroleum Excise Account (Manufacturing warehouse)
DA 161A	Environmental Levy Account for Plastic Bags levy
DA 162	Biodiesel Account (Category 1 manufacturer)
DA 176	Environmental Levy Account for Electricity levy
DA 177	Environmental Levy Account for Carbon Dioxide Emission Levy
DA 178	Environmental Levy Return for Tyres
DA 178.01	Environmental Levy: Production sheet (VM)
DA 178.02	Environmental Levy: Removal of tyres (VM)
DA 178.03	Environmental Levy: Receipt of tyres (VS)
DA 178.04	Environmental Levy: Tyres returned to VM (VS)
DA 179	Health Promotion Levy return for sugary beverages
DA 179.01	Schedule of Health Promotion Levy Items in respect of manufactured products removed from the licensed premises (CSV-file)
DA 180	Environmental Levy Account for Carbon tax
DA 180.01A.1	Fuel Combustion (Stationary)
DA 180.01A.2	Fuel Combustion (Non-Stationary)
DA 180.01B.1	Fugitive (Oil and Natural Gasses)
DA 180.01B.2	Fugitive (Coal Mining and Handling)
DA 180.01C	Industrial Process
DA 180.02	Carbon Tax Allowances
DA 185	Application: Licensing / Registration of Customs and Excise clients
DA 260	Excise Account: Excisable Products
DL 163	Diamond Export Levy Return
DL 185	Registration for Diamond Export Levy
EXD 01	Excise Duty and Levy return

3 DEFINITIONS AND ACRONYMS

1992 Fund Convention	International Oil Pollution Compensation Fund Convention of 1992
Act	Customs and Excise Act, No. 91 of 1964
Actual weight	The weight in respect of any tyre that has been verified and specified in writing by the tyre manufacturer.
Ad Valorem	Latin term meaning: "on the value"
APT	Air Passenger Tax
Beneficiator	A person who holds a license to polish diamonds for the purpose of business or trade and to set unpolished diamond in tools, implements or other articles or to crush or to alter those diamonds for the purpose of such setting or for the purpose of trade.
Biodiesel	Biodiesel is normally produced from vegetable or animal fats and oil sourced from a variety of vegetable or animal products.
BELN	a) Consists of: <ul style="list-style-type: none"> i) The Republic of Botswana; ii) The Kingdom of eSwatini (Swaziland); iii) The Kingdom of Lesotho; and iv) The Republic of Namibia.
Carriage	Carriage by air.
Carrier bag	Bags constructed with handles and with or without gussets.
Chargeable Passenger	Every passenger on a chargeable aircraft departing from an airport in SA to a destination in a territory outside SA with the exception of the provisions of section 47B(3).
Co-generation	The generation of electricity contemplated in Note 2(c), subject to Note 5(a), (b) or (c) electricity generated from co-generation by using waste heat or energy form waste co-generation, combined heat and power co-generation or renewable co-generation of item 148.01.

Combined heat and power co-generation	Generation which produces as part of the core design other useable forms of energy in addition to electricity utilising coal or natural gas with a minimum co-production of steam or thermal energy other than electricity over a calendar year of at least 10% of total combined process energy.
Commercial Manufacture of Biodiesel	The manufacture of more than 25 000 litres per calendar month AND 300 000 litres per calendar year.
Commercial Manufacture of Biodiesel Category 1	The manufacture of biodiesel exclusively for consumption in SA.
Commercial Manufacture of Biodiesel Category 2	The manufacture of biodiesel for consumption in SA, for removal to BLNS countries or for export.
Commissioner	Commissioner for SARS
Contributing oil	Crude oil or Fuel oil
Controller / Branch Manager	The officer designated by the Commissioner to be the Controller/Branch Manager of Customs and Excise in respect of that area or matter and includes officers acting under the control or direction of any officer so designated by the Commissioner.
DAS	"Duty at Source" Assessment of Excise duties and levies at the time when fuel and other excisable products except wine is removed from the manufacturing warehouse.
Dealer	The holder of a diamond dealer's license entitling the holder to carry on business as a buyer, seller, importer or exporter of unpolished diamond(s).
DEFF	Department of Environment, Forestry and Fisheries.
Design weight	The weight in respect of a certain size, type or class of tyres that forms part of the manufacturer's design specifications for that particular category of tyre.
Diamond Export Levy	The levy payable when a Customs declaration has been delivered for export in respect of unpolished diamond(s).
Diamond Industry	Includes any person involved in the buying of, selling of, dealing in, importation of, export of or production of diamonds, on beneficiation involving diamonds.
Direct levy payer	A person who does not qualify for registration under Section 2(1) of the Diamond Export Levy (Administration) Act No. 14 of 2007 or a person contemplated in Section 5(1) of that Act.
Distillation	The process of extracting alcohol from a base product (wine, sugar cane, grain, etc.) by heating such base product in a still.
Duty Free Shops	<p>a) These shops or stores are retail outlets that are exempt from the payment of certain local or national taxes and duties on the following requirements i.e.:</p> <p>i) That the goods sold will be sold to travellers who will take them out of the country; or</p> <p>ii) Only persons who are accredited by the Department of International Relations and Co-Operations (DIRCO) that are in possession of a valid Diplomatic or Consular identity card may enter and purchase goods duty free.</p>
Environment	The aggregate of surrounding objects, conditions and influences that influence the life and habits of man or any other organism or collection of organisms.
Environmental levy	<p>a) A levy imposed in terms of Part 3 of Schedule 1 and the Notes thereto, which includes levies on:</p> <p>i) Carbon Tax imposed in terms of the Carbon Tax Act;</p> <p>ii) Plastic bags;</p> <p>iii) Filament lamps;</p> <p>iv) Electricity;</p> <p>v) Carbon dioxide; and</p> <p>vi) Tyres.</p>
EO	Excise Officer
Excisable goods	Any goods specified in Part 2 of Schedule 1, imported into or manufactured in SA.

Explanatory Notes	The Explanatory Notes are the official classification guidelines of the trade community, and are essential to the correct classification of goods. Text covers the General Rules of Interpretation, Section Notes, Chapter and Subheading.
Export	In relation to unpolished diamonds, removing any unpolished diamonds from SA.
Flat bag	Bag constructed without handles and with or without gussets.
Flight	In relation to any chargeable passenger, means the carriage of such passenger from an airport in SA on a chargeable aircraft to any destination in a territory outside SA.
Fuel Levy goods	Any goods specified in Part 5A of Schedule 1.
IOPCF	International Oil Pollution Compensation Fund
Licensees	Any person licensed under any provision of the Act.
Licensing / Registration	A formal permission from a government or any constituted authority to perform a specified business or profession that also contains rules and regulations on how such business or profession must be conducted.
Manufacturing	<p>a) In the discretion of the Commissioner, any process –</p> <ul style="list-style-type: none"> i) in the manufacture or assembly of any Excisable goods, environmental levy goods, fuel levy goods or Road Accident Fund levy goods; ii) in the conversion of any goods into excisable goods, environmental levy goods, fuel levy goods or Road Accident Fund levy goods; iii) whereby the dutiable quantity or value of any imported goods specified in Section B of Part 2 of Schedule 1, Excisable goods, environmental levy goods, fuel levy goods or Road Accident Fund levy goods is increased in any manner; iv) in the recovery of excisable goods, environmental levy goods, fuel levy goods or Road Accident Fund levy goods from Excisable goods or any other goods; v) in the packing or measuring off of any imported goods specified in Section B of Part 2 of Schedule 1, excisable goods, environmental levy goods or Road Accident Fund levy goods; or vi) in the generation of electricity liable to environmental levy; or <p>b) Any process as may be prescribed in any Part of Schedule 1 wherein such duty or levy is specified; or</p> <p>c) Any other process in respect of goods contemplated in paragraph (a) that the Commissioner may prescribe by rule.</p>
MCAA	Merchant Shipping (International Oil Pollution Compensation Fund) Administration Act
MCSA	Merchant Shipping (International Oil Pollution Compensation Fund) Contributions Act
MW	Megawatts
New motor vehicle	A motor vehicle to which the environmental levy applies.
Non-commercial manufacturer of biodiesel	A person manufacturing biodiesel and who is below the threshold of 25 000 litres per calendar month AND 300 000 litres per calendar year.
Non-renewable sources	Includes coal, petroleum based liquid fuels, natural gas or nuclear.
NT	National Treasury
Operator	In relation to a chargeable aircraft, means the person having the management of the aircraft for the time being and includes any airline or any person who owns or hires such aircraft or in whose name the aircraft is registered in terms of the regulations made under the Aviation Act No. 74 of 1962.
Petroleum products	Petroleum products refer to those products contained in Schedule 1 Part 2A (Excise Duty) under the heading Mineral Products.
PRN	Payment Reference Number
Producer	Any person entitled to win or recover diamonds in terms of Sections 19, 25 and 27 of the Mineral and Petroleum Resources Development Act.
Received contributing oil	Received as set out in section 2 of the MCSA, and substantiated by the supporting documents.

Renewable generation	co-	Generation where the renewable fuels source is both a primary source of energy used for generation and a co-product of an industrial process with a minimum of 50% of the total energy input over a calendar year to come from such renewable fuel sources being sugar bagasse, woody biomass, black liquor or mill wastes such as organic soaps and methanol.
Return levy payers		A registered person who makes payment of the levy based on a periodic return as contemplated in Section 5(1) of the Diamond Export Levy (Administration) Act.
Road Accident Fund (RAF)		A state insurer established by statute. It provides insurance cover to all drivers of motor vehicles in SA in respect of liability incurred or damage caused because of a traffic collision. Liability incurred in relation to property damage (such as damage to vehicles, buildings, vehicle contents) is excluded from cover. The Road Accident Fund operates a system whereby the claimant is assigned a percentage of responsibility for the accident, and the RAF pays the claimant a percentage of a full settlement based on a percentage that was not deemed their responsibility. Insurance premiums are collected by the Road Accident Fund through a levy on motor vehicle fuel.
SA		South Africa
SACU		a) The Southern African Customs Union, consisting of: <ul style="list-style-type: none"> i) The Republic of South Africa; ii) The Republic of Botswana; iii) The Kingdom of Eswatini (Swaziland); iv) The Kingdom of Lesotho; and v) The Republic of Namibia.
SARS		South African Revenue Service
Schedule 1 Part 2A		Specific Excise duties on locally manufactured or on imported goods of the same class or kind.
Schedule 1 Part 2B		Ad valorem Excise duties on locally manufactured or on imported goods of the same class or kind.
Schedule 1 Part 3A		Environmental levy on plastic bags.
Schedule 1 Part 3B		Environmental levy on electricity generated in South Africa.
Schedule 1 Part 3C		Environmental levy on electric filament lamps.
Schedule 1 Part 3D		Environmental levy on carbon dioxide (CO ₂) emission of motor vehicles.
Schedule 1 Part 3E		Environmental levy on tyres.
Schedule 1 Part 3F		Environmental levy on Carbon Emissions
Schedule 1 Part 5A		Fuel levy
Schedule 1 Part 5B		Road Accident Fund levy
Schedule 1 Part 7A		Health Promotion levy on Sugary Beverages
Schedule 5		Specific Drawbacks and Refunds of Customs Duties, Fuel Levy and Environmental Levy.
Schedule 6		Rebates and refunds of excise duties, fuel levy, and road accident fund levy and environmental levy.
Schedule 8		Licences
Section 26(e)		A temporary diamond buyer's permit entitling a person who does not hold a license in terms of section 26 of the Diamonds Act to buy an unpolished diamond from a Diamond Export and Exchange Centre (DEEC).
Section 26(h)		A permit entitling a person to sell, export or import an unpolished diamond on prescribed conditions in terms of the Diamonds Act No. 56 of 1986.
Specific rates		Cent per litre, cent per bag, cent per litre of absolute alcohol, cent per cigarette etc.
Surety		A guarantee, in the form of a bond obtained from an approved financial institution, to cover any possible risk to / loss of Excise revenue to client behaviour.

Tax payer	a) Includes: <ul style="list-style-type: none"> i) The licensee of a customs and excise warehouse; ii) A registered aircraft operator or an aircraft operator who is liable to register; iii) Except for the purpose of Rule 119A.R101A(10)(b), a person who must effect payments by using e-filing as contemplated in Rule 119A.R101A(10)(f); or iv) A registered person who is required to submit a return in terms of the Diamond Export Levy (Administration) Act.
Tax practitioner	Any agent provided for in the Act for any person referred to in the definition of Taxpayer in subparagraphs (i) to (iii).
Tax year	Calendar year
Unpolished diamonds	a) Applies regardless of whether such diamonds are won or recovered within SA i.e.: <ul style="list-style-type: none"> i) Diamonds in their natural state, as they occur in deposits or extracts from the parent rock; ii) Diamond simply sawn, cleaved, bruted, tumbled or which have only a small number of polished facets (windows which allow expert examination of the internal characteristics), and includes diamonds that are provisionally shaped but clearly require further working; iii) Tumbled diamonds of which the surface has been rendered glossy or shiny by chemical treatment or chemical polishing; iv) Broken or crushed diamonds; v) Diamond dust; or vi) Diamond powder.
Vermouth	Vermouth is made from wine of fresh grapes and flavoured with infusions of plant substances (leaves, roots, fruits, etc.) or aromatic substances.
Waste heat or energy from waste co-generation	Generation utilising waste or underutilised energy in the form of waste heat or process furnace off-gas from an industrial process with a minimum of 60% of the total energy input over a calendar year for such generation to come from such waste or underutilised energy.
Wine	Wine is an alcoholic beverage obtained from the fermentation of fresh grapes.

4 BACKGROUND

- a) The main function of Excise is to protect and collect revenue due to the State on certain specified products, locally manufactured or imported. In principle, such revenue is collected only if the product is actually consumed locally; i.e. within the borders of the SACU.
- b) Excise revenue is collected throughout the SACU by means of duties and levies -
- i) **Excise duties** are imposed, at the same rate of duty and on the same specified products, throughout the SACU. These duties include:
- A) Specific Excise duties on petroleum products, tobacco products and alcohol (e.g. beer, spirits, wine and vermouth and other fermented beverages); and
 - B) Ad valorem Excise duties on certain less essential items (e.g. television and recording equipment, cosmetics).
- ii) **Excise levies** are unique to each member state of the SACU and such levies currently imposed by SA are:
- A) Fuel levy on petroleum products.
 - B) RAF levy on petroleum products.
 - C) Environmental levy on certain products and activities, such as –
 - I) Carbon dioxide equivalent of greenhouse gas (GHG) emissions;
 - II) Certain plastic carrier and flat bags;
 - III) Generation of electricity from certain sources;
 - IV) Electric filament lamps;
 - V) Carbon dioxide (CO₂) emissions of new motor vehicles; and
 - VI) Tyres.
 - D) Health Promotion levy on sugary beverages;

- E) Diamond export levy on unpolished diamonds exported from SA.
- c) APT is charged in accordance with Section 47B on the carriage of any chargeable passenger departing on a flight from SA to a destination outside SA.
- d) The Merchant Shipping (Civil Liability Convention) Act, No. 25 of 2013 gives effect to the International Oil Pollution Compensation Fund (IOPCF) conventions of which SA is a signatory.
- e) The contributions to the IOPCF are raised and administered in terms of the Merchant Shipping (International Oil Pollution Compensation Fund) Contributions Act, No. 36 of 2013 (MSCA) and the Merchant Shipping (International Oil Pollution Compensation Fund) Administration Act, No.35 of 2013 (MSAA), both of which came into operation on 1 May 2014.

4.1 Excise duties, levies and APT

- a) Duties and levies due on all Excise duty and levy products, whether imported or locally manufactured, are payable at the rates shown in Schedule 1 Parts 2, 3, 5 and 7 of the Tariff Harmonised Nomenclature.
- b) Certain products attract “specific rates” (e.g. cent per litre), other products attract duty calculated as a percentage of the value, while APT attracts “tax” at a (Rand rate) for a passenger departing on a flight from SA to a destination outside SA.
- c) Insofar as the MSAA or MSCA does not regulate any aspect in relation to the IOPCF, it is regulated by the Tax Administration Act (TAA), No. 28 of 2011.
- d) The South African Revenue Service (SARS) publishes changes to the rates in Budget Notices, which may also be adjusted temporarily by a special rebate introduced by National Treasury (NT).
- e) This guide is not exhaustive and the schedules in question as well as the explanatory notes must always be consulted, as the schedules are subject to amendment.
- f) For more information that is detailed on the various Excise duty / levy products and APT, refer to the relevant external documents as indicated under paragraph 2.2 (Cross References).
- g) The external documents can be accessed by using the:
 - i) **Internet:**
 - A) Enter the SARS website - www.sars.gov.za;
 - B) SARS Home;
 - C) Customs and Excise;
 - D) For Excise scroll down to the applicable Excise / Levy product type or system i.e. Diesel Refund systems; or
 - E) Businesses and Employers and select:
 - l) Embassies - Diplomatic Fuel Refunds.

4.2 Ad Valorem Excise duty

- a) The calculation of Ad Valorem Excise duty is based on the **value** of the products.
- b) Schedule 1 Part 2B of the tariff specifies the products on which duty is levied, each with its own applicable rate of duty. These products include, amongst others, TV and Hi-Fi equipment, motor vehicles, cell phones and cosmetics.
- c) A local manufacturer of cosmetics, must pay the duty specified under the “Excise” column of Schedule 1 Part 2B whilst an importer of the same product has to pay the duty specified in Schedule 1 Part 1 (ordinary Customs duty normally levied on imported products), as well as the Schedule 1 Part 2B rate of ad valorem Excise duty.

4.3 Air passenger tax (APT)

- a) Airport and air travel taxes are widely used as general revenue sources. As is common international practice, the tax will be payable by the airline carriers, who will recover the cost from travellers as an integral element of ticket prices.
- b) Section 47B provides that the tax must be charged at the determined rate on the carriage of each chargeable passenger departing from SA.
- c) Complimentary or free tickets issued do not fall within the exemptions from APT. Therefore, where complimentary or free tickets are issued, the applicable rate must apply.
- d) In the case of chartered flights where no tickets are issued, each passenger on the chartered flight shall be liable for APT at the applicable rate. It is the responsibility of the operator or agent to collect and pay the tax.

4.4 Diamond export levy

- a) The SARS is responsible for collecting the export levy as provided for in the rules of the Diamond Export Levy Act No. 15 of 2007 and the Diamond Export Levy (Administration) Act No. 14 of 2007, thus aiming to:
 - i) Promote the development of the local economy by encouraging the local diamond industry to process (cut, polish etc.) diamond(s) locally;
 - ii) Develop skills; and
 - iii) Creating employment.
- b) Return levy payers will pay the levy in accordance with the stipulations of Section 5(1) of the Diamond Export Levy (Administration) Act No. 14 of 2007. A holder of a Section 26(e) permit, is regarded as a direct levy payer and will make payment of the levy, before exporting the unpolished diamond(s) from SA.

4.5 Environmental levy

- a) In terms of Section 24 of Chapter 2 of the Bill of Rights everyone has the right –
 - i) To an environment that is not harmful to their health or wellbeing; and
 - ii) To have the environment protected, for the benefit of present and future generations, through reasonable legislative and other measures that –
 - A) Prevent pollution and ecological degradation;
 - B) Promote conservation; and
 - C) Secure ecologically sustainable development and use of natural resources while promoting justifiable economic and social development.
- b) The Department of Environment, Forestry and Fisheries (DEFF) is, inter alia, responsible for –
 - i) Promoting the sustainable development and conservation of our natural resources; and
 - ii) Protecting and improving the quality and safety of the environment.
- c) Government therefore has decided to introduce environmental levies with the purpose of protecting and conserving the local and global environment.
- d) Schedule 1 Part 3 specifies the item on which environmental levy is paid, each with its own applicable rate. Any rate of environmental levy specified in Part 3 in respect of any products shall apply to any such products which are manufactured in or imported into SA.
- e) **Carbon Tax -**
 - i) This is a new tax imposed, in terms of the Carbon Tax Act, 2019, in response to climate change, which is aimed at reducing greenhouse gas (GHG) emissions in a sustainable, cost effective and affordable manner;

- ii) Carbon tax is imposed on the carbon dioxide (CO₂) equivalent of greenhouse gas emissions where certain thresholds, as per Schedule 2 of the Carbon Tax Act, are exceeded, and is intended to encourage the reduction of greenhouse gas (GHG) emissions in SA;
 - iii) The levy is assessed and collected on the principles of DAS; and
 - iv) Entities in SA that operate emissions generation facilities at a combined installed capacity equal to or above the carbon tax threshold must pay the environmental levy in addition to any Customs and Excise duty payable in terms of Part 1 or 2 of Schedule 1.
- f) **CO₂ emissions of new motor vehicles manufactured in SA -**
- i) An environmental levy is payable on CO₂ emissions of the local manufacturing of new motor vehicles;
 - ii) The levy is assessed and collected on the principles of DAS; and
 - iii) The levy payable is assessed on the level of **CO₂ emissions above allowable specified level** of the specific new motor vehicle.
- g) **Electrical filament lamps manufactured in SA -**
- i) An environmental levy is payable on the local manufacturing of certain filament lamps;
 - ii) The levy is assessed and collected on the principles of DAS; and
 - iii) The levy payable is assessed on the **quantity of lamps** consumed locally.
- h) **Electricity generated in SA -**
- i) An environmental levy is payable on locally generated electricity from certain sources;
 - ii) The levy is assessed and collected on the principles of DAS; and
 - iii) The levy payable on electricity is assessed on the **quantity generated locally**; as opposed to the quantity consumed locally.
- i) **Plastic bags manufactured in SA -**
- i) An environmental levy is payable on certain locally manufactured plastic bags;
 - ii) The levy is assessed and collected on the principles of "Duty at Source" (DAS); and
 - iii) The amount of levy payable is calculated on the **quantity of bags** consumed locally.
- j) **Tyres manufactured in SA -**
- i) An environmental levy is payable on locally manufactured tyres;
 - ii) The levy is assessed and collected on the principles of DAS; and
 - iii) The levy payable is assessed on the **nett mass of the tyres**.

4.6 Fuel levy and Road Accident Fund levy

- a) The SARS is responsible for collecting fuel levy on certain locally manufactured hydrocarbon fuels as well as bio-diesel, with a corresponding fuel levy (at the same rate) on such imported fuels of the same class or kind consumed locally.
- b) Apart from these fiscal levies, the SARS is currently also responsible for collecting the Road Accident Fund (RAF) levy on behalf of the RAF.
- c) Schedule 1 Part 5A and 5B specifies the items on which the fuel levy and RAF levy is paid, each with its own applicable rate. Any rate of fuel levy and RAF levy specified in Part 5A and 5B in respect of any products should apply to any such products, which are manufactured in or imported into SA.
- d) These levies are assessed and collected on the principles of DAS.
- e) The amount of levy payable is calculated on the **quantity of litres** disposed of for local consumption.

4.7 Health Promotion Levy on sugary beverages

- a) The Health Promotion Levy (HPL) on sugary beverages was introduced to help reduce excessive sugar intake.
- b) The calculation of HPL on sugary beverages is based **on the sugar content that exceeds 4 grams per 100ml**. The first 4 grams per 100ml are levy free.
- c) The levy is assessed and collected on the principles of DAS.
- d) Schedule 1 Part 7A specifies the products on which levy is payable, each with its own applicable rate of HPL levy. These products include cocoa powder, malt extract, syrups, drinking straws and waters.
- e) A local manufacturer of sugary beverages must pay the HPL on sugary beverages in addition to any Customs and Excise duty payable in terms of any other Part of Schedule 1.

4.8 International Oil Pollution Compensation Fund (IOPCF) Levy

- a) In terms of the MSCA a levy is payable to the Commissioner by any person who, during the tax period, has received contributing oil in total quantities exceeding 150 000 metric tons i.e.:
 - i) In the ports or terminal installations of SA, contributing oil which has been carried by sea to such ports or terminal installations; and
 - ii) In any installations situated in SA, contributing oil which has been carried by sea and discharged in a port or terminal installation of a non-Contracting State of the 1992 Fund Convention, provided that contributing oil shall only be taken into account in terms of this paragraph on first receipt in SA.
- b) For the purposes of paragraph (a) above, where the quantity of contributing oil received in SA by any person in the tax period when aggregated with the quantity of contributing oil received in SA by any associated person exceeds 150 000 metric tons, each person must pay contributions in respect of the actual quantity of oil received, by that person, despite the fact that the quantity did not exceed 150 000 metric tons.

4.9 Specific Excise duty

- a) The calculation of specific Excise duty is based on the **quantity / volume** of the products.
- b) These Excise duties are assessed and collected on the principles of DAS.
- c) Schedule 1 Part 2A specifies the products on which duty is levied, each with its own applicable rate of duty. These products include fuel products, beer (whether malt or traditional African Beer), wine and vermouth and other fermented beverages, spirits and tobacco products.
- d) A local manufacturer of liquor must pay the duty specified under the "Excise" column of Schedule 1 Part 2A whilst an importer of the same product has to pay the duty specified in Schedule 1 Part 1 (ordinary Customs duty normally levied on imported products), as well as the Schedule 1 Part 2A rate of Excise duty.

5 GOVERNING LEGISLATION

5.1 Sections of the Act pertaining to Excise duties and levies

- a) The following is a summary of the key Sections of the Act affecting Excise duty / levy products.
- b) The list is not exhaustive and the Act, its Schedules and Rules must always be consulted for full details:

Section	Summary
Section 1(1)	Definition of terms such as common Customs area, Excise duty, Excisable products, manufacture and owner.
Section 4	This section covers the general duties and powers of officers such as examining of books or documents and making extracts thereof.
Section 18	This section stipulates that a licensee of any Customs and Excise manufacturing or storage warehouse in which Excisable or fuel levy products are manufactured or stored may remove such products in bond.
Section 18A	This section relates to the export of products from a Customs and Excise warehouse to any place outside the common Customs area.
Section 19	This section deals with the provisions under which the Commissioner may approve the licensing of Customs and Excise warehouses.
Section 19A	This section deals with the special provision in respect of Customs and Excise warehouses in which excisable or fuel levy products are manufactured or stored.
Section 20	This section deals with excisable products being entered for storage in a Customs and Excise warehouse.
Section 21	This section deals with the provisions under which the Commissioner may approve the licensing of special Customs and Excise warehouses.
Section 27	This section deals with the special provisions in respect of Customs and Excise manufacturing warehouses.
Section 28	This section stipulates that the quantity of spirits in any container may be calculated by measuring the mass or volume.
Section 29	This section deals with the classification of spirits.
Section 30	This section stipulates that only spirits, which have been certified, by the Wine and Spirit Board may be used in the manufacture of alcoholic beverages.
Section 32	This section stipulates that the strength of any spirits or spirituous preparations shall, for duty purposes be ascertained in the manner prescribed by the Commissioner.
Section 33	This section deals with the requirements in respect of stills.
Section 34	This section deals with the special provisions regarding spirits manufactured by agricultural distillers.
Section 35	This section deals with the special provisions regarding wine.
Section 35A	This section deals with the special provisions regarding cigarettes and cigarette tobacco.
Section 36	This section deals with the specific provisions regarding beer.
Section 36A	This section deals with the special provisions in respect of the manufacture of products and collection of Excise duty on such products specified in Section B of Part 2 of Schedule 1.
Section 37	This section stipulates the duties, which are applicable to products manufactured in a Customs and Excise warehouse.
Section 37A	This section deals with the special provisions in respect of petroleum products (marked products and certain products that are free of duty).
Section 37B	This section deals with the provisions relating to the manufacture, storage, disposal and use of bio-fuel, bio-diesel and bio-ethanol.
Section 38	This section makes provision for the entry of products and time of entry (38(4) for removal documents).
Section 41	Prescribes particulars on invoices and relates to the production of correct documents for the purpose of valid entry, the duty to inform Customs of any change in invoiced particulars and the powers of the Commissioner if any particulars are incorrect or not disclosed.
Section 44	Liability for Duty – provides for the circumstances wherein and the time when liability for duty on imported products and excisable and fuel levy products manufactured in the Republic commences, who is liable and when liability of certain persons ceases and the procedures by means of which this is affected.
Section 44A	Joint and several liabilities for duty or certain amounts.
Section 45	This section makes provision for the determination of duty applicable under specific circumstances.
Section 47	Relates to the payment of duty and rate of duty applicable.
Section 47A	This section relates to the prohibition of certain acts in respect of products not duly entered.

Section	Summary
Section 47B	Air passenger Tax.
Section 48	The Minister is empowered to amend Schedule 1.
Section 52	This section deals with the imposition of a fuel levy by any party to a Customs union agreement.
Section 54	This section deals with the special provisions regarding the importation of cigarettes.
Section 54A to 54F	These sections deal with the imposition, rate, rebates, refunds, drawbacks, licensing of Customs and Excise warehouses and rules for environmental levy. This includes the provisions relating to Carbon Tax.
Section 54G to 54H	These sections deal with the imposition and rate for Health Promotion Levy on sugary beverages.
Section 54J	Application of environmental levy provision of the Act.
Section 58	Time when new or increased duties become payable - the Minister may table at any time, in the National Assembly, a taxation proposal imposing a new duty or increasing the rate of duty upon any products specified in the proposal.
Section 59A	This section relates to the registration of persons participating in activities regulated by this Act.
Section 60	Licence Fees according to Schedule 8. - provides that no person may perform any act or be in possession of or use anything in respect of which a licence is required, matters relating to the provision of security, confers discretion on the Commissioner to refuse any application for a new licence or refuse any application for a renewal of a licence.
Section 61	This section deals with the issuing of Customs and Excise warehouse licences.
Section 62	This section deals with the issuing of licences to agricultural distillers.
Section 63	This section deals with the licensing of stills.
Section 64	This section deals with special warehouses for the manufacture of wine.
Section 64D	This section deals with the licensing of remover of products in bond.
Section 64F	This section deals with the licensing of distributors of fuels obtained from the licensee.
Section 69	This section deals with the value for Excise duty purposes.
Section 75	This section provides for specific rebates, drawbacks and refunds of duty.
Section 76	This section deals with general refunds in respect of imported products and/or excisable products.
Section 76A	This section stipulates that any amount paid to a person by way of a refund or drawback, which was not duly payable to that person, shall repay the amount to the Commissioner upon demand.
Section 77	Set-off of certain amounts. - provides that a licensee of a Customs and Excise warehouse who pays duty monthly or quarterly may set-off duty for which he was not liable, was granted any provisional refund in terms of Section 75 (1A); or became entitled to a refund in terms of item 534 of Schedule 5 or any item of Schedule 6.
Section 77H	This section deals with Internal Administrative Appeals.
Section 77I	This section deals with Alternative Dispute Resolutions.
Section 85	Any manufacturer of beer of whom or which any container of beer not marked for export is found to contain beer of an alcoholic strength by volume higher than the strength registered, after deduction of any tolerance provided, shall be guilty of an offence.
Section 98	Liability of principal for acts of agent.
Section 99	Liability of agent for obligations imposed on principal.
Section 101	Provides that business accounts, documents, etc. be made available for inspection.
Section 101A	This section relates to electronic communication for the purpose of Customs and Excise procedures.
Section 102	Any person selling, offering for sale or dealing in imported or excisable products or fuel levy products or any person removing the same, or any person having such products entered in his books or mentioned in any documents, shall, when requested by an officer, produce proof as to the person from whom the products were obtained.
Section 105	Provides for interest on outstanding amounts payable in terms of the Customs and Excise Act.

Section	Summary
Section 106	An officer may take samples during the manufacture process or any time after such manufacture, without payment, from any person in possession of any manufactured or partly manufactured excisable products.
Section 107	All handling of and dealing with products shall be performed by or at the expense and risk of the manufacturer or owner of the products or whoever has control of such products.
Section 107A	This section deals with the control in respect of manufacturers of certain products or materials and persons who carry out processes in connection with such products or materials.
Section 110	This section deals with instruments and tables.
Section 114	Duty constitutes a debt to the State.
Section 116	Manufacture of excisable products solely for the use by the manufacturer thereof.

5.2 Rules to the Act pertaining to Excise duties / levies and APT

- a) The following is a summary of the key Rules to the Act affecting Excise duty / levy products and APT.
- b) The list is not exhaustive and the Act, its Schedules and Rules must always be consulted for full details:

Rule	Summary
Rules 18A.01 to 18A.10	Relates to the clearance and removal of products from a Customs and Excise warehouse for export, including supply as stores to foreign-going ships or aircraft.
Rules 19.01 to 19.07	Relates to the approval of Customs and Excise warehouses (specific Excise duties and fuel levy).
Rule 19A.02	Relates to the application for and refusal, suspension or cancellation of a license (specific Excise duties and fuel levy).
Rule 19A.04	Relates to the issuing of invoices or dispatch delivery notes in respect of products removed from a Customs and Excise warehouse (specific Excise duties and fuel levy).
Rule 19A.05	Relates to the keeping of books, accounts and documents (specific Excise duties and fuel levy).
Rule 19A.06	Relates to the closing and submission of accounts in respect of products manufactured and received into, and removed from a Customs and Excise warehouse (specific Excise duty and fuel levy).
Rule 19A.07	Relates to the removal of products in bond to a BLNS country (specific Excise duty and fuel levy).
Rule 19A.09	Relates to the liability for duty (specific Excise duty and fuel levy).
Rule 19A.10	Relates to spirits or fuel levy products reprocessed, removed or returned to a Customs and Excise manufacturing warehouse on which a percentage deduction contemplated in Section 75(18) has been claimed and granted.
Rules 19A1	Relates to rules in respect of tobacco products only.
Rules 19A2	Relates to rules in respect of beer only.
Rules 19A3	Relates to rules in respect of spirits only.
Rules 19A4	Relates to rules in respect of fuel levy products.
Rules 20.14 and 20.17	Relates to the period in which stocktaking or closing of accounts and payment of duties or levies must take place.
Rules 27.01 to 27.31	Relates to general rules regarding the manufacture of products in a Customs and Excise warehouse.
Rules 28.01	Relates to the ascertaining of the strength and quantity of spirits for duty purposes.
Rules 34.01 to 34.06	Relates to the additional provisions regarding spirits manufactured by agricultural distillers.
Rules 35.01 to 35.05	Relates to the additional rules regarding the manufacture of wine.
Rules 35A.01 to 35A.05	Relates to the additional rules regarding the manufacture of cigarettes and cigarette tobacco.
Rules 36.01 to 36.06	Relates to the additional provisions regarding the manufacture of beer.
Rules 36A.01 to 36A.04	Relates to the additional rules regarding the manufacture of products subject to Excise duty specified in Section B of Part 2 of Schedule 1.
Rules 37A.01 to	Relates to the special provisions in respect of petroleum products (marked products

Rule	Summary
37A.15	and certain products that are free of duty).
Rules 37B.01 to 37B.22	Relates to the manufacture, storage, disposal and use of biodiesel.
Rules 38.01 to 38.07	Relates to the entry of products and time of entry.
Rules 44.01 to 44.04	Relates to the liability for duty.
Rules 47B.01 to 47B.11	Relates to Air passenger Tax
Rules 54.01 and 54.02	Relates to rules in respect of the importation of cigarettes.
Rules 54F.01 to 54F.07 and 54F.09 to 54F.14	Relates to rules in respect of environmental levy products.
Rules 54FA.03	Relates to the licensing and furnishing of security of persons who generates electricity liable to environmental levy.
Rules 54FB.05	Relates to the implementation provisions of locally manufactured or imported new vehicles cleared for home consumption.
Rules 54FC.01	Relates to tyres manufactured in or imported into SA.
Rules 54FD.01 to 54FD.05	Relates to Environmental levy in respect of carbon tax imposed in terms of the Carbon Tax Act, 2019
Rules 54I.01 to 54I.09	Relates to Health promotion levy imposed on sugary beverages
Rule 59A	Relates to the registration of persons participating in activities regulated by the Act.
Rule 59A.01	Definitions and application for registration.
Rules 60.01 (1) to 60.08(2) and 60.10(2)	Relates to the issuing and renewal of licenses.
Rule 61.01	Relates to the allocation of numbers to Customs and Excise warehouses.
Rule 62.01	Relates to the issuing and renewal of licenses to agricultural distillers.
Rules 63.01 to 63.07	Relates to special provisions regarding stills and still makers.
Rule 64.01	Relates to special warehouses for the manufacture of wine.
Rules 64D.01 to 64D.19	Relates to the licensing of a remover of products in bond.
Rules 64F.01 to 64F.07	Relates to the licensing of a distributor of fuel obtained from the licensee of a Customs and Excise manufacturing warehouse.
Rules 69.01	Relates to the invoice price.
Rules 75.01 to 75.24	Relates to rebates, refunds and drawbacks of duty.
Rules 76.01 to 76.04	Relates to general refunds in respect of imported or excisable products.
Rules 77H.01 to 77H.14	Relates to the Internal Administrative Appeal process.
Rules 77I.01 to 77I.23	Relates to the Alternative Dispute Resolution process.
Rule 101.01	Relates to books, accounts and documents to be kept by a person carrying on business in South Africa.
Rules 101A.01 to 101A.12	Relates to the electronic communication for the purpose of Customs and Excise procedures. Numbering of rules, meanings of expressions, delegation and application for registering as a registered user.
Rule 106.01 and 106.02	Relates to the taking of a sample(s) by a SARS officer.
Rule 107A.01	Relates to the requirements in respect of tobacco growers and tobacco leaf dealers.
Rules 110.01 to 110.06	Relates to the product counters on cigarette production lines.
Rules 116.01 to 116.02	Relates to the manufacture of Excisable goods solely for use by the manufacturer.
119A.R101A(10)(d) and (e)	Relates to the submission and payment of returns for a person referred to as a taxpayer or tax practitioner.
Rules 120.03 to 120.07	Relates to Special or Extra Attendance.
Rules 120.08 to 120.11	Relates to surety bonds.

6 THE EXCISE VALUE CHAIN

- a) The system by which Excise manages its clients and ensures compliance to all relevant provisions of the Act entails the processes and activities indicated below.
- b) All these processes have to be adhered to by clients, all the indicated activities performed by Excise in order to provide reasonable assurance that all the provisions of the Act have been complied with, and that all Excise revenue due to the State has been paid.

CLIENT	SARS / EXCISE
i) Request for Information.	i) Pre-Engagement - Basic Information.
ii) Licensing, Registration and Surety.	ii) Service - A) Assist and co-ordinate applicant vetting processing and approval of Licensing, Registration and Security applications. B) Investigate and report transgressions, non-payments, terminations leading to report to Trader Registration Division (TRD) to suspend or cancel registration / licence.
iii) In-Warehouse Activities - A) Manufacturing; B) Storage; C) Rebated use of product; and D) Ex- and Inter-Warehouse movement declaration; i.e. completion and submission of movement declarations and acquittal documentation.	iii) Service and physical control - A) Post-Registration visit; B) Assessing and processing of movement declaration and acquittal documentation; C) Supervision; and D) Enforcement action.
iv) Accounting for Excisable / Levy products, APT, and payment of duty / levy and APT.	iv) Account / return management and payment – A) Account / return submission verification; B) Verification of declaration and payments; and C) Enforcement action.
v) Keeping and retention of records - A) Excise declarations, including movement declarations, acquittal documentation and Excise accounts / returns; B) Commercial documentation; and C) Financial records.	v) Account and revenue assurance – A) Excise compliance audit; and B) Enforcement action

6.1 Registration and Licensing

6.1.1 Application for registration and licensing

- a) A duly completed DA 185 together with supporting documents must be submitted prior to dealing in Excisable / Levy goods. However, any license already issued for a Special Ad Valorem Manufacturing Warehouse (VS) for the manufacture of motor vehicles will include licensing for the CO₂ emission levy.

- b) In the case of registration for the export of unpolished diamonds, a duly completed DL 185 together with supporting documents must be submitted.
- c) For APT purposes, a duly APT 101 (Agent) / APT 102 (Operator) together with supporting documents must be submitted prior to carrying chargeable passengers to destinations outside of SA.
- d) The relevant application form plus annexures is obtainable from the local Controller / Branch Manager of Customs and Excise or from the SARS website www.sars.gov.za.
- e) For more information that is detailed regarding licensing and registration, refer to SE-LR-02.

6.1.2 Registration

- a) All entities in SA, receiving Excise duty / Levy products for industrial use or for use in the manufacture of non-Excisable products; e.g. spirits for use in the manufacture of medicines and cosmetics, and who are not obliged to submit periodic Excise duty and levy returns (EXD 01), must register as rebate users with Excise.
- b) Such registered entities / rebate users usually do not pay Excise duty / levy to Excise as the Excisable / Levy products they receive are obtained under full rebate of duty and the products they manufacture are not Excisable.
- c) Rebate users must be registered at the Controller / Branch Manager's office in which area of control the premises are located.
- d) Every operator and agent (APT) must be registered with the Controller / Branch Manager at Oliver Reginald Tambo International Airport (O.R. Tambo)
- e) Producers, Dealers, Beneficiators, and 26(h) Permit Holders, who trade in unpolished diamonds, must register its business with the SARS.
- f) A person who qualifies for registration in more than one (1) category, (e.g. both a producer and dealer) must submit separate application forms for registration in respect of each such category.
- g) **Any person**, (commercial or non-commercial) who wishes to manufacture biodiesel, irrespective of the quantity, must **register** as a biodiesel manufacturer under Section 59A. Persons manufacturing, or who expects to manufacture more than **300 000 litres** per calendar year shall be regarded as a **commercial** manufacturer who also needs to **license** his / her manufacturing premises as a manufacturing warehouse with the SARS.
- h) Every person who generates electricity and is not required to license his/her generation plant as contemplated in rule 54FA.03 must register if electricity is generated from:
 - i) Non-renewable sources in an electricity plant with an installed capacity exceeding three (3) megawatts (MW), but not exceeding five (5) MW; or
 - ii) In an electricity generation plant with an installed capacity exceeding three (3) MW from:
 - A) Co-generation as specified in Note 2 (c) to item 148.01.01 of Section B of Part 3 or Schedule 1; or
 - B) Sources as specified in Note 2 (d) to the said item 148.01.
- i) In the case of IOPCF, any person who meets the criteria set out in section 2 of the Contributions Act for the payment of the levy must, within, **21 business days**, after meeting the criteria, apply to the Commissioner to be registered for the levy.

6.1.3 Licensing

- a) All entities in SA, dealing in bonded Excise duty / levy products; i.e. such products on which the duty / levy liability has not yet been acquitted, and who are obliged to submit periodic EXD 01's, must license as a Customs and Excise warehouse with the SARS.
- b) Such licensed entities / licensees usually pay Excise duty / levy on a periodic basis, per EXD 01, to the SARS.

- c) Warehouses must be licensed at the Controller / Branch Manager's office in which area of control the premises are located.
- d) License Fees:
- i) The following is a summary of the license fee when licensing a warehouse; and
 - ii) These are provided merely for quick reference purposes. Schedule 8 must always be consulted for the current licence fees.

ITEM	LICENCE	LICENCE FEE	PERIOD OF VALIDITY
801.10	For the storage of goods specified in environmental levy item 147.01.	Free	From the effective date until 31 December of the year in which it was issued.
801.20	For other purposes.	Free	Indefinite, subject to the conditions the Commissioner may impose.
805.05	Approved for the incidental manufacture of Excisable goods as a by-product in the manufacture of other goods or the reprocessing, for use by the reprocessor, of Excisable goods after use thereof by him or for such other purpose as the Commissioner regards as incidental manufacturing.	Free	Indefinite, subject to the conditions the Commissioner may impose.
805.10	Approved for other purposes.	Free	Indefinite, subject to the conditions the Commissioner may impose.
805.15	For the manufacture of goods specified in environmental levy item 147.01.	Free	From the effective date until 31 December of the year in which it was issued.
805.20	For the generation of electricity specified in environmental levy item 148.01.	Free	From the effective date until 31 December of the year in which it was issued.
805.25	For the manufacture of goods specified in Section E to Part 3 of Schedule 1.	Free	From the effective date until 31 December of the year in which it was issued.
805.30	For the manufacture of goods specified in Section A of part 7 of Schedule 1	Free	From the effective date until 31 December of the year in which it was issued.
810.05	Approved for the manufacture of wine by a winegrower or a winegrower's co-operative agricultural society.	Free	Indefinite, subject to the conditions the Commissioner may impose.
810.10	Approved for the manufacture of wine by a person who holds a licence under any law to deal in wine in wholesale quantities.	Free	Indefinite, subject to the conditions the Commissioner may impose.
810.20.05	For storage purposes.	Free	Indefinite, subject to the conditions the Commissioner may impose.
810.20.10	For manufacturing purposes.	Free	Indefinite, subject to the conditions the Commissioner may impose.
810.20.20	For ad valorem Excise duty purposes.	Free	Indefinite, subject to the conditions the Commissioner may impose.
815.00	Distillation of spirits by an agricultural distiller.	Free	1 January to 31 December
820.05	To own, possess or keep a still.	Free	Three (3) years subject to conditions or such lesser period as the Commissioner may impose in each case.

ITEM	LICENCE	LICENCE FEE	PERIOD OF VALIDITY
820.10	To manufacture or import stills, for sale or to repair, for reward.	Free	Three (3) years subject to conditions or such lesser period as the Commissioner may impose in each case.
845.00	Licensed Distributor of Fuel	Free	From the effective date until 31 December of the year in which it was issued.

6.1.4 Bonds

- a) In terms of Sections 54A-54F, 59A(2)(a), 60(1)(c), 61(1) and (2), 64B(3) and (4) and 64D(5), the Commissioner **may** require that surety be lodged by any client in the form, nature and amount determined by him / her, in order to protect the State from any possible loss of revenue incurred as a result of any relevant activity carried out by that client.
- b) For more information that is detailed regarding **Bonds**, refer to SE-BON-02.

6.1.5 Change in legal identity, name or address

- a) If a change in legal identity, name or address occurs after a registration / license was issued, the registrant / licensee must in advance or immediately thereafter, inform the local Controller / Branch Manager in writing of such change.
- b) Whenever any of the particulars furnished in an application for registration for export of diamond levy changes, the registered person concerned must, within **seven (7) days** from the date of which such a change occurred, complete and submit a new application (DL 185), suitably endorsed to the effect that the purpose of the form is to amend existing information and accompanied by such supporting documents in support of the amendment as the Commissioner may require.

6.2 Accounting for Excisable / Levy products and APT

6.2.1 Recording of production of product for Excise duty / Levy purposes

- a) All Excisable / Levy products manufactured / exported (in the case of diamond levy) must be recorded per monthly / quarterly or bi-annually, EXD 01's in order to establish duty / levy accountability as this will have an effect on the Excise duty / levy payable.
- b) For Excise purposes, an Excisable product is considered, to have been produced and must be accounted for when it attains its essential character and is capable of use as such excisable or levy goods.
- c) All licensees are required to maintain and keep records of all production of Excisable / Levy products and of all raw materials intended for use in the production of such products received into the warehouse. Such records must afford SARS traceability from the final production back to the input raw materials and such records must be made available on request (refer to **SE-CON-02**).
- d) For IOPCF purposes, once the Minister of Finance has announced the annual rate and payment due date in the Gazette, a notice of assessment must be issued by the relevant Excise Branch Office (B/O) to the client. Upon receipt of the rate and date announced by the Minister of Finance, SARS will update the rate and date on the system (CEB 01).

6.2.2 Recording of chargeable passengers for APT purposes

- a) All operators carrying chargeable passengers must be recorded per monthly APT 201 in order to establish APT accountability.
- b) All APT registrants are required to maintain and keep records of all chargeable passengers. Such records must afford SARS traceability of passengers carried and such records must be made available on request (refer to APT-02).

6.2.3 Storage

- a) Licensees must maintain an up to date record of all stock of finished product stored in the warehouse.
- b) Excisable / Levy products stored in a Customs and Excise warehouse may only be retained in such a warehouse for a maximum period of two (2) years in terms of Section 19(9).

6.2.4 Receipts into warehouse

- a) All licensees must maintain records of all raw materials intended for use in the production of Excisable / Levy products and of all finished products, received into the warehouse.
- b) All licensees, except Duty Free Shops and Ships / Aircraft Chandlers, must declare all finished products received into the warehouse on the applicable schedule to the Excise / Levy account / return.

6.2.5 Removals ex warehouse

- a) Registrants / licensees must maintain records of all finished products and of all raw materials initially received for use in the production of Excisable / Levy products, removed from the warehouse.
- b) Such finished products removed must be declared on the applicable schedules to the Excise / Levy account / return, as one (1) of the following:
 - i) Duty paid removals;
 - ii) Bonded removals;
 - iii) Rebated removals, or
 - iv) Exports.

6.3 Submission of accounts / returns

- a) All licensees of Excise warehouses (excluding Ad Valorem licensees, Biodiesel licensees and Air Passenger tax registrants) as well as Diamond Export Levy (DEL) registrants must submit periodic EXD 01's **within thirty (30) days** after the closing date of the accounting period but not later than the penultimate working day of the month following the month in which the accounting period has ended.
- b) All licensees of Ad Valorem Excise warehouses (including CO₂ emission levy and Tyre levy) must submit periodic EXD 01's via eFiling **within 25 days** after the closing date of the accounting period. This includes the licensees of Biodiesel.
- c) Registrants for Air Passenger tax must submit their returns (APT 201) **within 21 days** after the closing of the account.
- d) The date of submission will be the date that a registrant / licensee submits a fully and properly completed EXD 01 as described to the SARS via e-Filing (excluding registrants for Air Passenger tax).
- e) Paper copies of the relevant Excise account / return and schedules, the format of which is prescribed in the Rules, must be kept by each registrant / licensee for record purposes.
- f) A client who is liable for payment of the levy must submit a return by the date specified by the Minister of Finance [(which will be published in the Government Gazette) (refer to the IOPCF form)].
- g) A licensee who, for technical and / or system issues, cannot submit via eFiling the periodic relevant Excise account EXD 01, must take the applicable original account / return by hand to his / her nearest Excise B/O for an Excise Officer's (EO's) assistance to capture such account / return on the system. The "by hand" delivery / submission must be done prior to the due date and time (15:00pm) by the registrant / licensee.

6.4 Prescribed payment rules

- a) The relevant Excise duty / levy or APT, assessed on a monthly / quarterly or bi-annual basis must be paid to the Controller / Branch Manager within the prescribed payment rules (refer to SE-PAY-02).

- b) In the case of IOPCF, the Minister must determine the rate of the levy for the particular tax period, as well as specify the date on which the levy is due and payable, taking into account the following:
 - i) The contributions calculated and invoiced by the Director of the Fund in terms of Article 12 of the 1992 Fund Convention in respect of the tax period; and
 - ii) The volume of contributing oil imported in the tax period.
- c) Once the figures have been consolidated and verified for each client, an assessment will be raised on the CEB 01 and sent to each client. The assessment will have the amount due and the Payment Reference Number (PRN); the client can then follow the normal payment procedure using the PRN.
- d) Rule 119A.R101A(10)(e) defines that payment for a person referred to in Rule 119A.R101A(10)(d) of the definition of “taxpayer” or a tax practitioner, as applicable, must make payment in respect of returns or any other amounts required to be paid in terms of the Act, submit such payments to the SARS only in terms of the e-filing service.
- e) For the acceptable payment, methods refer to GEN-PAYM-01-G01.

6.5 Rebates

- a) Excise duties are payable on the same specified products consumed throughout the SACU, whereas Excise levies are payable only on products specified by each individual member state.
- b) However, Schedule 6 provides for certain rebated uses of such products. This means that, if such products are used in terms of the prescribed provisions of this schedule, such products may be used under full and or partial rebate of duty / levy.
- c) In such instances, the client must register with the SARS as a Rebate User and will be accountable for all such products received and will remain liable for payment of the relevant Excise duty/levy until proof is provided that the products were applied in full accordance with all the provisions of the specific rebate item under which the client is registered.

6.6 Post license visits

- a) Excise will on a regular basis visit clients’ registered / licensed premises to conduct assurance inspections and audits.
- b) During such visits, EO’s will test and verify compliance to all the provisions of the Act, rules, policies and procedures pertaining to the specific product under the client’s control.

6.7 Powers of officers

- a) An officer may, for the purposes of this Act enter any premises subject to the other provisions of this section.
- b) An officer may enter premises in terms of paragraph (a) only on authority of a warrant issued by a magistrate or judge, provided that in the case of the following categories of premises an officer may enter the premises without a warrant:
 - i) Premises managed or operated by the State or a public entity within the meaning of the Public Finance Management Act No 1 of 1999 as part of a port, airport, railway station or land border post and on which an activity to which this Act applies is carried out or allowed;
 - ii) Premises licensed or registered in terms of this Act;
 - iii) Premises occupied by a person licensed or registered in terms of this Act and used for purposes of the business for which that person is licensed or registered; and
 - iv) Premises entered by an officer with the consent of the owner or person in physical control of the premises after that owner or person was informed that there is no obligation to admit the officer in the absence of a warrant.
- c) For more information that is detailed refer to Section 4 of the Act.

6.8 Keeping of records

- a) Every registrant / licensee must keep and maintain proper records (i.e. prescribed official documents as well as commercial documentation) of all activities performed with the Excise duty / Levy product he / she deals in. The following are examples of activities for which such record must be kept:
- i) Raw materials received and used in the production process;
 - ii) Yield from raw materials;
 - iii) Production;
 - iv) Stock on hand;
 - v) Receipts of bonded product;
 - vi) Removal of bonded product;
 - vii) Removal of rebated product;
 - viii) Removal for home consumption; and
 - ix) Removal for export.
- b) The APT registrant must keep the following records:
- i) Books;
 - ii) Accounts;
 - iii) Passenger manifests;
 - iv) Other documentation in connection with the carriage of passengers on every flight;
 - v) Amount of tax collected and paid; and
 - vi) Accounts / returns rendered.
- c) A CO₂ emission levy licensee must keep test reports, which must be made available for inspection purposes. The licensee must produce or submit, at the request of an EO, such test report within a five (5) year period starting from the date of manufacture of such environmental levy goods. If it is not possible to keep the original report, the manufacturer must keep an original certified copy of such report for inspection purposes.
- d) A DEL registrant and any other person engaged in the importation or exportation of unpolished diamond(s) shall keep, in one (1) of the official languages, the records contemplated in Section 7 of the Diamond Export Levy (Administration) Act No. 14 of 2007 on his / her premises in SA or such other places as may be approved by the Commissioner.
- e) An electricity licensee or registrant must keep and maintain proper registers, electronic or manually to record the daily readings of the electricity generated.
- f) In addition to the records required under Part A of Chapter 4 of the TAA, every person receiving contributing oil must keep the following records and documents:
- i) Complete annual traded volumes on SARS (IOPCF) form.
 - ii) Import declarations (required for customs purposes for contributing oil in respect of which the levy may be payable); and
 - iii) Records and books of account that set out the type and quantity of the contributing oil in respect of which the levy may be payable.
- g) For purposes of rule 54F.06, every licensee and importer must keep supporting data and documents to confirm the actual weight, as well as the design weight, of all tyres manufactured in or imported into SA by such licensees and importers.
- h) A licensee may keep electronic records if they can be readily converted into paper copies and made available to Excise when required/requested.
- a) For purposes of this Act, the retention period for all Excise related documents (prescribed Customs and Excise documents as well as relevant trader's commercial and financial records) is five (5) years, subject to the provisions of Rule 60.08(2)(a)(i).

6.9 Dealing with SARS Excise

- a) The SARS clients are entitled to expect Excise:
- i) To help clients:
 - A) By being courteous at all times;
 - B) To understand clients' rights and obligations;
 - C) By continuously upgrading the quality of service; and
 - D) By being accessible.
 - ii) To be fair:
 - A) By expecting clients to pay only what is due in terms of the law;
 - B) By treating everyone equally; and
 - C) By ensuring, everyone pays his / her fair share.
 - iii) To protect clients' Constitutional rights:
 - A) By keeping their private affairs strictly confidential;
 - B) By furnishing clients with reasons for decisions taken; and
 - C) By applying the law consistently and impartially.
- b) Excise officers will endeavour to:
- i) Deal with clients courteously; and
 - ii) To give clients any assistance that they may require to meet their obligations to the SARS.
- c) In return Excise expects clients to:
- i) Be honest;
 - ii) Submit full and accurate information in a timely fashion;
 - iii) Pay taxes on time and in full; and
 - iv) Encourage others to pay their taxes.

7 DOCUMENT MANAGEMENT

Business Owner	Executive: Excise
Document Owner	Head: Business Design and Engineering
Author	Justin Rossouw
Detail of change from previous revision	<p>Paragraph 1 has been updated;</p> <p>'Legislation', 'Cross References' and 'Quality Records' under paragraphs 2.1, 2.2 and 2.3, respectively, have been updated;</p> <p>Definitions and Acronyms under paragraph 3 have been updated;</p> <p>Background under paragraph 4 has been updated;</p> <p>The path to access internal policies under paragraph 4.1 has been amended;</p> <p>Provision has been made for Carbon Tax under paragraph 4.5;</p> <p>Provision has been made for Health Promotion Levy on sugary beverages under paragraph 4.7;</p> <p>The sections of the Act under paragraph 5.1 have been updated;</p> <p>The rules to the Act under paragraph 5.2 have been updated;</p> <p>The license fees under paragraph 6.1.3(d) have been updated; and</p> <p>Business and Document owner changed.</p>
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