

Excise

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Reference
2020/03/EXC3

Date
31 March 2020



Dear Valued Trader

COMMUNICATION REGARDING THE USE OF ETHYL ALCOHOL IN MANUFACTURING HAND SANITISERS

SARS would like to provide clarity regarding the use of ethyl alcohol for the manufacture of hand sanitisers classifiable in heading 38.08 of Part 1 of Schedule No.1. This has been necessitated by many enquiries received from traders.

TARIFF CLASSIFICATION – HAND SANITISERS

Following the publication of Tariff Amendment Notice R411 which was gazetted and published in the Government Gazette R43156 on 26 March 2020, SARS has received numerous requests from Traders and their Advisors regarding the tariff classification of “hand sanitisers” and whether these items are subject to the imposition of ad valorem excise duty under Section B of Part 2 of Schedule 1 (Sch1P2B) of the Customs and Excise Act 91 of 1964 (hereafter referred to as “the Act”).

SARS would like to advise that “sanitisers” are grouped under the heading “**Disinfectants**” as per the Harmonised Commodity and Coding System (Harmonised System), under the World Customs Organisation (WCO) Harmonised System Convention to which South Africa is a contracting party. As per the Explanatory Notes to the Harmonised System (HSEN), “disinfectants” are classified under **Chapter 38** of the Harmonised System, specifically tariff heading **3808.94**. Various subheadings are detailed under this heading specific to the articles described under “disinfectants”. The tariff heading 3808.94 **does not fall** within the tariff headings as detailed under Sch1P2B. Based on the above classification, it is clear that sanitisers are not liable to ad valorem excise duty under Sch1P2B. Where any product of this nature cannot be readily classified or there is uncertainty of its nature and hence tariff classification, it is recommended that a formal application for a tariff determination is submitted to SARS HO: Tariff Division. Any tariff classification requests related to the COVID-19 pandemic can be sent to AMboweni@sars.gov.za.

REGISTRATION AS A REBATE USER TO MANUFACTURE HAND SANITISERS

SARS has published a streamlined temporary registration process for traders who intend to manufacture disinfectant classifiable in heading 38.08 of Part 1 of Schedule No. 1 for the duration of the national state of disaster. The process is aimed at expediting the registration of rebate users in terms of rebate item 621.08 to allow these manufacturers to receive ethyl alcohol under rebate for the use in the manufacture of disinfectants.

Schedule No. 6 Part 1D has been amended by insertion after Note 4(d) of Note 4A in the Notes with the following:

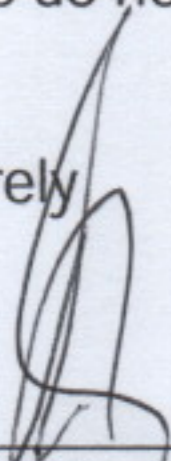
For the purposes of item 621.08, the following special conditions shall apply to recipients and users of partially denatured or undenatured ethyl alcohol for the manufacture of disinfectant classifiable in heading 38.08 of Part 1 of Schedule No. 1 for the duration of the national state of disaster. Notwithstanding the provisions of the Notes to this Schedule, the Act and its rules:

- A)** Manufacturers of disinfectant classifiable in heading 38.08 must apply for temporary registration in the form of a letter on the official business letterhead to one of the following email addresses:
- Bmvubu@sars.gov.za,
 - Nmotete@sars.gov.za, or
 - Avandermescht@sars.gov.za;
- B)** The application for temporary registration must include the following information:
- (i) trade name
 - (ii) physical address
 - (iii) description, tariff heading of the goods to be manufactured
 - (iv) specific rebate item applicable to the ethyl alcohol and
 - (v) details of the licensed supplier/s.
- C)** The temporary registration may be approved and the Excise client code number be issued once the responsible SARS officer is satisfied that the applicant is a *bona fide* manufacturer of disinfectant entitled to receive ethyl alcohol under the provisions of the Note.
- D)** The temporary registration issued in terms of the provisions of the Note will only be valid from the date on which the letter of approval is issued until the state of national disaster comes to an end.

It remains the responsibility of traders to familiarise themselves with all the details of this new amendment in Schedule No. 6 of the Customs and Excise Act, as this communication is not exhaustive of what has been drafted in the Note.

Please do not hesitate to contact us should you have further queries in this regard.

Sincerely



**Executive: Excise
Anand Khelawon**