

## **EXPLANATORY MEMORANDUM**

### **AMENDMENT 2014**

Draft amendments of Schedules Nos. 1, 2, 3, 4, and 5 to the Customs and Excise Act, 1964 (the Act), in respect of the phase-down of duties for 2014 in terms of the EFTA Trade Agreement, reports made by the International Administration Commission (the Commission), as well as some technical amendments.

The amendments in Part 1 of Schedule No. 1 include -

Deletions:	0
Substitutions:	1003
Insertions:	3

The amendments in Part 1 and 2 of Schedule No. 2 include –

Deletions:	35
Substitutions:	0
Insertions:	48

The proposed amendments for 1 January 2014 are in respect of -

- the phase-down of the rates of duties for 2014 in terms of the EFTA Trade Agreement with Iceland, Norway, Switzerland and Liechtenstein;
- the reduction in the general rate of duty on paper and paperboard in terms of the recommendation made by the Commission in Report No. 151; and
- various technical amendments to Schedules Nos. 1, 2, 3, 4, and 5 to the Act.

## **1. The phase-down of duties in terms of the EFTA Trade Agreement**

In terms of the EFTA Trade Agreement, which entered into force on 1 May 2008, South Africa has an obligation to amend the rates of duties on certain products listed in Part 1 of Schedule No. 1 to the Act, on an annual basis, with effect from 1 January of a particular year.

The phase-down of duties in terms of the EFTA Trade Agreement for 2013 relates to the following –

- fish and other marine products in Annex IV, table 3 categorised as List 4;
- industrial products in Annex VII, table 1 categorised as List 3, List 4 and List 5;
- agricultural products in Annex VII, table 2 categorised as List 4 and List 5; and
- agricultural products in Annex I of the Agricultural agreement between the SACU States and Switzerland, table 1 categorised as List 3.

## **2. Reduction in the rate of duty on paper and paperboard of tariff subheading 4811.41.90**

The general rate of duty on paper and paperboard of tariff subheading 4811.41.90 is reduced to 2% in terms of the recommendation made by the Commission in Report No. 151 dated 8 February 2006.

## **3. Technical amendments to the Schedules of the Act**

The technical amendments mentioned in the following paragraphs are in respect of–

### **3.1 Additional tariff subheadings in Part 1 of Schedule No. 1**

Additional tariff subheadings have been added in Chapters 25 and 29 of Part 1 of Schedule No. 1 for the reasons indicated in the following subparagraphs:

### **3.1.1 Request for separate 8-digit tariff subheadings to differentiate between salt subject to export control classifiable in tariff subheadings 2501.00**

SARS has identified the need to create separate 8-digit tariff subheadings to aid with the administration of the export control requirements applicable to salt classifiable in tariff subheading 2501.00.

A permit issued by ITAC is required, but not all the goods covered by the current 6-digit subheading structure are subject to the export control requirements.

The creation of separate 8-digit subheadings will assist SARS in reducing the administrative burden and improve trade facilitation.

The following new 8-digit tariff subheadings are created:

2501.00.10	Not for human consumption
2501.00.90	Other

### **3.1.2 Separate 8-digit tariff subheading to provide for bromomethane (methyl bromide) as listed in the Montreal Protocol and ITAC Import Regulations**

Bromomethane (methyl bromide) classifiable in tariff subheading 2903.39.20 is inserted as it is currently not included in the Schedules to the Act as provided for in the Montreal Protocol.

## **3.2 Amendment of Schedule No. 2**

To optimise the effectiveness of the Tariff Management System (TMS), SARS has embarked on an 8-digit level alignment in Schedule No. 2.

Many items as they appear in Schedule No. 2 to the Act already existed prior to the implementation of the TMS on 15 September 2012. The anti-dumping items in this Schedule have been structured on a 6-digit level that placed an additional administrative burden on SARS and trade in general.

A structure on an 8-digit level will assist SARS and trade to narrow down the scope of goods subject to anti-dumping duties in Schedule No. 2.

### **3.3 Amendment of Schedule No. 3, 4 and 5**

Note 8 in Schedule No. 3; Note 5 in Schedule No. 4 and Note 14 in Schedule No. 5 are being deleted as they have become redundant. These Notes were included with effect from 1 June 2003 to clarify the dispensation of the International Trade Administration Act, 2002, implemented on 1 June 2003.