



The South African Revenue Service
Per E-mail

12th January 2022

The Commissioner for SARS
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PRETORIA
0001

By email: SKlaas@sars.gov.za

Proposed Solution to amend Processes for CPC: H67.40 Transactions and Digitization / Removal of Manual Processes

This document contains an overview of the current challenges that our trade community is currently faced with and the accompanying proposed solutions to address these challenges with immediate effect.

The content of the document is as follows: **(1) Problem Overview, (2) Information and Discussion Topics, (3) Proposal, and (4) Conclusion.**

1. PROBLEM OVERVIEW

There is a serious concern regarding the lack of capacity (availability of skilled human resources) to support inspections of CUSRES Code 2 shipments and the delays are further exacerbated by the absence of digital streamlined procedures e.g., the manual signing of a CEB01 and returning a signed a copy thereof to an inspector when he returns to the office. The challenge (manual process) contributes an additional 24 hours to the delivery lead time in all instances and this is not coherent with supporting trade facilitation. The client in reference conducts legitimate business and has not been found in contravention of the Customs Act since trading commenced over 23 years ago.

2. INFORMATION AND DISCUSSION TOPICS

In December 2021, we engaged with the Sea Modality Cluster Lead and Senior Manager at SARS KZN to assist with the intervention of the inspection processes and subsequent release of H67.40 shipments that were the subject of a CUSRES Code 2 and were disappointed at the “manual and unnecessary processes” employed that reversed all the progress and efforts of Customs Modernization and the strategic objective of a “digitized environment – making it easier to comply”.

In bond goods that are exported from the Republic should be sealed under customs supervision and the seal number verified at the border and not subject to the inspection process each and every shipment which adds between 3 to 5 days to the supply chain and exorbitant additional costs that otherwise could have been avoided, furthermore the inspection process in Durban does not prove compliance nor does it address the issue of ghost exports. The process thus needs to be revised with immediate effect and not follow “manual signing of a document, e-mail a copy thereof, complete a CEB01 – arrange payment to SARS etc. There is no value added, we do not want a mix of campaign, embargo & officers that don’t do their work) - with PP while a road bond & bonded warehouse are in tact.



The other issue we are aware of with the container depots, is that they are licensed in terms of section 6 for the unpack and repacking of goods imported, exported, and in transit. I copy for ease of reference the terms of section 6 below in relevant part.

Notwithstanding paragraph a above, the current SARS customs position is ostensibly that goods in transit through the Republic may not be repacked in licensed container depots without customs supervision.

Practice: An FCL container will be entered at a customs district office, specifically the port of entry, for removal in transit. The FCL container is then delivered to a licensed container depot in bond on importation, where it is repacked by the depot operator on one or more trucks belonging to licensed ROG's, and are then removed in transit through the Republic on such conveyance(s). As noted, customs demands, incorrectly in my view, that such repacks must occur under customs supervision, in the absence of a letter from the SARS customs district office providing permission for such repacks to be without supervision.

6. Appointment of places of entry, authorized roads and routes, etc.

(1) The Commissioner may, subject to such conditions as he may specify, by rule appoint or prescribe-

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(hB) places where container depots may be established for the storage, detention, unpacking or examination of containers or the contents of containers, for the delivery to importers of the contents of containers after such contents have been duly entered or for the packing of containers for export;

[Para. (hB) inserted by s. 2 of Act 71/75]¹

3. REQUEST AND PROPOSED SOLUTIONS

- a) Our request therefore is for SARS to deliberate the matter internally and provide a written response to SAAFF and trade by the end of January 2022, advising all stakeholders (internal at SARS) and external that the proposed process is instituted and policy in support thereof so amended.

4. CONCLUSION

This document contained an overview of the challenges re customs processes regarding H67.40 transactions and manual inspection processes, its accompanying constraints as well as the suggested solutions thereto. The need for industry to receive a written response from SARS as a matter of urgency is essential to supporting legitimate trade facilitation, confirming acceptance and adoption thereof is appreciated. We trust that the above meets with your approval and we remain at your disposal for further engagement as may so be required. We remain committed to working with SARS in our collaborative efforts to improve compliance and support trade facilitation.

Best Regards

Devlyn Naidoo
Executive: SARS & OGA
SAAFF

¹ Customs and Excise Act 91 of 1964

