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Excise *Smart*

Indirect Tax | Customs & Global Trade

Indirect Tax

Perspective ⇒ everything



This edition of **Excise *Smart*** informs local manufacturers of alcoholic beverages, and of spirits, of -

- proposed rebate items to cater for the production and movement of alcohol extracted from fermented beverages; and
- a proposed rule amendment to cater for the storage, for supply to registered rebate users, of such extracted alcohol.

August 2017

Volume 7
No. 5

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Production and Movement of Extracted Alcohol

Background

Specific Rebate Items, such as those below, are currently required by industry, and necessary, for the production and subsequent movement of alcohol extracted from fermented beverages, as well as for the manufacture of low alcohol / non-alcoholic beverages, in and from (fermented product) Malt Beer, Wine and OFB warehouses to (distilled product) Spirits warehouses.

Extracted alcohol / spirits is a product of a different class or kind to the product(s) which such removing warehouses are licensed for. Such movements are thus not regarded as 'in bond' / 'bonded' movements.

Specific Rules, governing such movements, should still be published for comment by SARS.

Proposed Amendment

Proposed additions to the rebate items of Schedule No. 6 to the Customs and Excise Act, 1964 ("the Act"), to cater for the production and movement of extracted alcohol, as well as for the manufacture of low alcohol / non-alcoholic beverages, have thus been published; i.e.

- [Rebate Items](#) for Malt Beer (excluding Traditional African Beer) -
 - used in the production of extracted alcohol; and
 - used in the manufacture of non-alcoholic beer.
- [Rebate Items](#) for Wine and Other Fermented Beverages ("OFB") -
 - used in the production of extracted alcohol; and
 - used in the manufacture of non-alcoholic wine and OFB.
- [Rebate Items](#) for Extracted Alcohol -
 - used in the manufacture of spirits and spirituous beverages; and
 - entered for export or for removal to registered rebate users.

Storage of Extracted Alcohol

Background

Rule 19A3.01(b) to the Act currently allows for the following types of Excise special storage ("SOS") warehouses to be licensed in the alcoholic beverage and spirits industries; i.e.

SOS warehouses licensed for -

- ❖ export;
- ❖ supply to another SOS warehouse licensed as a duty free shop or for the supply of dutiable goods to foreign-going ships and aircraft;
- ❖ full or partial denaturing of spirits; and
- ❖ packing and / or repacking of un-denatured and partially denatured spirits.

Proposed Amendment

Existing rules already cater for the *application* of extracted alcohol in primary and secondary spirits manufacturing. A recently published [draft rule amendment](#) now seek to provide for the *storage* of such un-denatured alcohol, in an Excise SOS warehouse, for subsequent removal to registered rebate users.

Note that denaturing of such extracted alcohol will, presumably, still have to take place in a SOS warehouse licensed for the full or partial denaturing of spirits (see bullet 3 above).



Deloitte Contacts

Should you require further clarification or assistance regarding:
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- the above, please contact Pieter Marais at pmarais@deloitte.co.za; and
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