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Navigation Bar



[TradeSmart Highlights](#)



[Tariff Amendments](#)



[Deloitte Contacts](#)

Highlights

This edition of TradeSmart highlights:

- Reduction in the rate of customs duty on wheat and wheaten flours
- Implementation and phase down of safeguard duty on frozen bone-in portions of fowls of the species *Gallus domesticus* (chickens)
- Exemption of hot-rolled steel products imported under Rebate item 470.00 or exported under Drawback item 521.00 from safeguard customs duties
- Creation of a temporary rebate facility on digital "smart cards" of tariff subheading 8523.52.10

Issue 8/2018
October 2018

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Tariff Amendments

Reduction in the rate of customs duty on wheat and wheaten flours

The rate of customs duty on wheat and meslin classifiable under tariff subheadings 1001.90 and 1101.00 are reduced from 64.06c/kg and 96.09c/kg to 29.85c/kg and 44.77 c/kg, respectively.

Implementation and phase down of safeguard duty on frozen bone-in portions of fowls of the species *Gallus domesticus* (chickens)

Part 3 of Schedule No. 2 (Safeguard Duties on Imported Goods) has been amended by the insertion of the safeguard item 250.02/0207.14.9/01.07 to implement a gradual phase down of safeguard duties on frozen bone-in portions of chickens imported from or originating from the European Union (EU).

Effective from 28 September 2018, the following safeguard duty rates will apply:

- 35.3% effective for the period 28 September 2018 up to and including 11 March 2019
- 30% effective for the period 12 March 2019 up to and including 11 March 2020
- 25% effective for the period 12 March 2020 up to and including 11 March 2021
- 15% effective for the period 12 March 2021 up to and including 11 March 2022

Frozen bone-in portions of chickens of tariff subheading 0207.14.9 attract a 37% "general" and "free" EU rate of customs duty under Part 1 of Schedule No.1 (Ordinary Customs Duty). The safeguard duty on frozen bone-in portions of chickens imported or originating from the EU under tariff subheading 0207.14.9 is payable in addition to the ordinary customs duty due at the time of importation into South Africa.

Chickens imported or originating from the EU, without a valid EU proof of origin, will be liable to 37% in ordinary customs duty plus, **for the period 28 September 2018 to 11 March 2019, 35.3% in safeguard customs duty.** This will also increase, although refundable, the amount of import Value-Added Tax (VAT) paid at the time of importation into South Africa.

Exemption of hot-rolled steel products imported under Rebate item 470.00 or exported under Drawback item 521.00 from safeguard customs duties

Part 3 to Schedule No. 2 (Safeguard Duties on Imported Goods) has been amended by the substitution of various safeguard items in order to allow:

- a drawback of safeguard customs duty on certain hot-rolled steel products, subject to safeguard customs duty, exported under drawback item 521.00/00.00/01.00
- a rebate of safeguard customs duty on certain hot-rolled steel products, subject to safeguard customs duty, imported under rebate items 470.03/00.00/01.00 to 470.03/00.00/03.00.

Note 3 under Part1 to Schedule No.5 (Specific Drawbacks of Customs Duties) has also been amended to include the applicable rate of safeguard customs duty to certain hot-rolled steel products in the "extent of drawback" that can be claimed.

The "**general**" rate of ordinary customs duty on hot-rolled steel products of tariff subheading 72.08, 7211.14, 7211.19, 7225.30, 7225.40, 7225.99, 7226.91 and 7226.99 is **10%**. Safeguard items 260.03/72.08/01.04, 260.03/7211.14/ 01.06, 260.03/7211.19/01.06, 260.03/ 7225.30/01.06, 260.03/7225.40/01.06, 260.03/7225.99/01.06, 260.03/7226.91/01.06 are, in addition to the ordinary customs duty due, **for the period 21 September 2018 up to and including 10 August 2019, subject to a 10% rate of safeguard customs duty.** The rate of safeguard customs duty for the above steel products will be liberalised to **8% for the period 11 August 2019 to 10 August 2020.**

Any claims or exemptions under drawback item 521.00/00.00/01.00 and rebate items 470.03/00.00/01.00 to 470.03/00.00/03.00 respectively are subject to a valid International Trade Administration Commission (ITAC) permit. Such exporters and importers must also be registered as drawback or rebate users with SARS.

A drawback claim under drawback item 521.00/00.00/01.00, other than in specific instances, will not include a claim for the amount of import VAT already paid. Customs clearances under rebate items 470.03/00.00/01.00 to 470.03/00.00/03.00 are, subject to compliance with the conditions of the applicable rebate item, exempt from import VAT.

Creation of a temporary rebate facility on digital "smart cards" of tariff subheading 8523.52.10

Amendment to Part 2 of Schedule No. 4 (Temporary Rebates of Customs Duties) by the insertion of rebate item 460.16/8523.52.10/01.08 in order to create a temporary rebate facility for digital "smart cards" (excluding proximity cards or tags) of tariff subheading 8523.52.10, subject to an ITAC permit.

Digital "smart cards" of tariff subheading 8523.52.10 attract 5% in the "general" rate of ordinary customs duty. Importers of the digital "smart cards" of a kind classifiable under tariff subheading 8523.52.10 may, subject to a valid ITAC permit, enter such articles "free" of ordinary customs duty under rebate item 460.16/8523.52.10/01.08.

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