

DEPARTMENT OF TRADE AND INDUSTRY
NOTICE 775 OF 2016

**INTERNATIONAL TRADE ADMINISTRATION COMMISSION OF SOUTH AFRICA
GUIDELINES, RULES AND CONDITIONS PERTAINING TO FABRICS IMPORTED
IN TERMS OF REBATE ITEMS 320.01/5407.61/01.06, 320.01/5903.20.90/02.08
AND 320.01/5907.00.90/02.08 FOR THE MANUFACTURE OF UPHOLSTERED
FURNITURE**

Interested parties are hereby invited to comment on the proposed amendments to the guidelines, rules and conditions pertaining to rebate items 320.01/5407.61/01.06, 320.01/5903.20.90/02.08 and 320.01/5907.00.90/02.08. For the convenience of all interested parties, the following guidelines in respect of the above proposed mentioned rebate items subject to publication are attached to this notice. The amendments to the guidelines, rules and conditions are highlighted in bold.

[Enquiries: Ms. Khosi Mzinjana, Tel: (012) 394 3664, Fax: (012) 394 4664, E-mail: kmzinjana@itac.org.za .]

Representation should be submitted to the above address within **four (4) weeks** of the date of this notice.

**INTERNATIONAL TRADE ADMINISTRATION COMMISSION
OF SOUTH AFRICA**

**GUIDELINES, RULES AND CONDITIONS PERTAINING TO FABRICS IMPORTED
IN TERMS OF REBATE ITEMS 320.01/5407.61/01.06, 320.01/5903.20.90/02.08
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FURNITURE**

Note: In terms of section 26 (4) of the International Trade Administration Act, 71 of 2002, the Commission may, inter alia, require an applicant to provide additional information in respect of the application. The conditions attached to and the information requested below reflects the minimum requirements, which ITAC would apply to evaluate an application under this rebate provision.

1. Applicants must register with South African Revenue Service (SARS) as users of rebate provision 320.01/5407.61/01.06;320.01/5903.20.90/02.08 and 320.01/5907.00.90/02.08 used for the manufacture of upholstered furniture, and they must acquaint themselves with the requirements of SARS.
2. Applications for permits must be addressed to the International Trade Administration Commission (ITAC), Private Bag X 753, Pretoria or delivered by hand to the DTI Campus, (Block E), 77 Meintjies Street, Sunnyside, Pretoria, 0002.
3. Applications for permits must be submitted according to the requirements as set out in the attached application form. If the space provided in the application form is insufficient, please use the format of the application form to submit the requested information.
4. Qualifying fabrics under rebate item 320.01 are as follows:
 - 320.01/5407.61/01.06: Woven fabrics containing 85 per cent or more by mass of non-textured polyester filaments, in such quantities, at such times and subject to such conditions as the International Trade Administration Commission may allow by specific permit, for use in the manufacture of upholstered furniture classifiable in tariff heading 94.0.

- 320.01/5903.20.90/02.08: Other textile fabrics commonly known as imitation leather laminated with polyurethane, in such quantities, at such times and subject to such conditions as the International Trade Administration Commission may allow by specific permit, for use in the manufacture of upholstered furniture classifiable in tariff heading 94.01.
 - 320.01/5907.00.90/02.08: Textile fabrics commonly known as imitation leather backed with bonded leather, in such quantities, at such times and subject to such conditions as the International Trade Administration Commission may allow by specific permit, for use in the manufacture of upholstered furniture classifiable in tariff heading 94.01.
5. If all the information requested in the application form is not submitted, the application will be deemed to be deficient and the application will not be considered, and it will be returned to the applicant.
 6. At least fourteen (14) working days should be allowed for the processing of applications and the issue of permits, provided that all necessary information which renders the application duly completed has been submitted to ITAC.
 7. Each rebate permit issued defines the period during which the goods concerned can be cleared under the rebate. The period shall be for a calendar year, and commences on the date on which the permit was issued. The permit may be issued for a shorter period as requested by the applicant, or as decided upon by ITAC.
 8. If an applicant intends to apply for a subsequent permit for which the period of validity should commence on the day after the expiry date of the permit issued in terms of paragraph 6, this must be clearly indicated in a new application. The application must be submitted to ITAC at least one month prior to the expiry date of the previous permit as permits cannot be issued with retrospective effect.

9. Rebate permits issued will be subject to the following conditions **and reciprocities**:
- 9.1 There should be an intention by the applicant (**s**) to “manufacture end products as described in the rebate provision” to such an extent that there is a visible permanent change in the fabrics, and a change in tariff heading;
- 9.2 ***The applicant (s) must be able to prove that they have sufficient manufacturing capacity to process the volume of fabric internally for which it has applied for*** .ITAC will, if it deems this necessary, physically inspect the equipment and manufacturing process prior to the issue of a rebate permit, and at least 70 per cent of manufacturing must be done by the applicant and may not be outsourced;
- 9.3 The applicant must provide a formal letter on the applicant's business letter head confirming that the applicant complies with labour laws, regulations and agreements gazetted by the Minister of Labour;
- 9.4 An applicant must, together with his application submit proof of registration and a Certificate of Compliance obtainable from the relevant Bargaining Council;
- 9.5 The applicant must submit a Tax Clearance Certificate;/ The applicant must provide ITAC with its current SARS electronic access PIN, in order to enable ITAC to verify full tax compliance status.

9.6 ***The applicant must submit a letter of consent agreeing to transparency of information in that the following information may be shared with industry stakeholders [Texfed, Sustainable Cotton Cluster, etc]:***

9.6.1 Name of applicant;

9.6.2 Contact details of applicant

9.6.3 Technical description of fabric (i.e. weave type, width, weight, thread count; finish);

9.6.4 Volume applied for;

9.6.5 Units of end product to be manufactured from imported subject fabrics

9.7 The applicant(s) need to consult with the local manufactures of upholstery furniture fabric and industry associations to confirm if the domestic industry is able to supply a reasonable quantity of fabrics as required.

9.8 ***Applications must be accompanied by proof of engagements with local furniture fabric manufacturers with a view of developing and sourcing the fabrics locally.***

9.9 The applications must be accompanied by a sample of fabrics to be imported which will then be sent to the Textile Federation (Texfed), Southern African Sustainable Textile and Apparel Cluster (SASTAC) and known local manufacturers, for confirmation of the local availability of the fabrics to be imported under rebate.

9.10 ITAC can request the local manufacturers and/or any relevant institution /the industry association to respond within 14 working days of their request. Should the local manufacturers of upholstered furniture fabrics not be able to supply the quantity requested, the applicant(s) need to obtain a confirmation letter stating that the domestic industry is not able to supply. The original letter needs to be submitted with the application form.

9.11 If the local manufacture refuses to provide such a confirmation letter, ITAC will write a letter to it informing it of the application and requesting it to confirm the

domestic industry's production and production capacity. The manufacturer will then be allowed seven (7) working days to respond to this letter. Should the manufacturer respond within the seven (7) working days period, the information provided will be taken into account during the decision making process; and

- 9.12 Should, after receipt of the manufacturer's response, or in the absence of such, information be available that reflects that the manufacturer is reasonably unable to supply the quality and quantity of fabrics required, ***ITAC will be able to issue a permit without , or despite, the required letter of confirmation by the manufacturer.***
- 9.13 ***As a rebate provision is considered for the purpose of providing relief to domestic producers that may experience injurious import pressures, support will be tied to conditions related to economic performance over time and may be reviewed after a specific period.***
- 9.14 ***The applicant must commit, inter alia, to the creation of employment and provide in each permit the number of jobs it expects to create annually as a result of the rebate permit granted to it. The applicant must submit to ITAC an annual report on its job creation performance.***
- 9.15 ***Applicants are required to keep verifiable records of end product manufactured under rebate and sold by, size and volume for each category.***
- 9.16 ***ITAC reserves the right to conduct an audit on the usage (meters/kg of fabric imported under rebate against unit of end products produced) of the rebate facility by rebate holders.***
10. Applicants making use of Cut Make and Trim (CMT) should attach the following information:
- a) Name of the CMT;
 - b) Tax Clearance Certificate;
 - c) Certificate of Compliance obtainable for the Bargaining Council;

- d) Job profile of the CMT;
- e) Provide ITAC with production volumes to be carried out by the CMT

The applicant should note that manufacturing by the CMT should not exceed 30 per cent of its own manufacturing volume as indicated in a permit issued by ITAC.

11. The applicant should take responsibility of all compliance issues, as non-compliance will result in appropriate steps being taken.
12. Rebate permits may not be transferred in any manner by the holder thereof to any other person, or be used to the benefit of any person, not named in the permits.
13. Any request for an amendment to a rebate permit must be forwarded to ITAC for consideration. Amendments will only be considered in the following instances:
 - a) Error by ITAC on permit;
 - b) Error by applicant regarding the product description or tariff subheading. This will only be processed if the request is accompanied by a confirmation from SARS in this regard.
14. Should any party misplace a permit, the applicant should submit an affidavit on a company letterhead endorsed by a Commissioner of Oaths, stating that the permit was lost and the circumstances surrounding loss of such permit. ITAC may, on the facts furnished, exercise its discretion to issue a new permit that replaces the lost permit. Should the lost permit be found the applicant must return such permit to ITAC.

15. Extension of the one year period from which the permit is valid may be granted. Extensions will only be granted where the relevant permit has not expired, and in the view of ITAC, good cause warrants extension of such permit. Such discretion shall lie solely with ITAC. Extensions will only be permitted for a period up to 3 months and the party applying for the extension must submit a letter and supporting documents to ITAC, furnishing reasons and good cause for the extension.

16. Non-compliance to the conditions of permits:

If a prima facie case is established that any condition of a permit issued, in terms of this rebate provision is not complied with, the consignment in terms of which the rebate was used can be seized by ITAC and the rebate permit will be temporarily suspended while ITAC conducts an investigation. If it is established that non-compliance took place, appropriate steps will be taken. These steps will be taken in terms of the International Trade Administration Act and the Customs and Excise Act will be taken and that can include, criminal charges, withdrawal of the permit or permits concerned and/or the rejection of future applications for permits.

INTERNATIONAL TRADE ADMINISTRATION COMMISSION OF SOUTH AFRICA

APPLICATION FOR A PERMIT IN TERMS OF REBATE ITEMS

320.01/5407.61/01.06; 320.01/5903.20.90/02.08; 320.01/5907.00.90/02.08

FOR REBATE OF DUTY ON QUALIFYING FABRICS USED IN THE MANUFACTURE OF UPHOLSERED FURNITURE.

APPLICATION FORM

BEFORE COMPLETING THIS FORM, PLEASE ACQUIANT YOURSELF WITH THE GUIDELINES AND CONDITIONS PERTAINING TO THIS REBATE ITEMS

320.01/5407.61/01.06; 320.01/5903.20.90/02.08; 320.01/5907.00.90/02.08

FOR REBATE OF THE DUTY ON FABRICS USED IN THE MANUFACTURE OF UPHOLSTERED FURNITURE.

NB: ALL INFORMATION REQUESTED SHOULD BE FURNISHED

<p>1 (a). Applicant's name and postal address:</p> <p>Contact Person:.....</p> <p>Position:.....</p> <p>Address:.....</p> <p>Tel No.:.....</p> <p>Fax No:.....</p> <p>Date completed:.....</p> <p>Email add:.....</p> <p>VAT Registration No:.....</p> <p>SARS Importer Registration No:.....</p> <p>(No application for this rebate provision will be considered for applicants utilising the "unallocated importers reference number i.e, 70707070)</p>	<p>1(b). Physical address where manufacturing will take place:</p>
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2 (a) In the event that the applicant will make use of services of the CMT, provide the details of the CMT as indicated in paragraph 1

2 (b) List the products that will be manufactured by the CMT and volumes to be produced.

3 (a). Technical description of the FABRICS that will be imported:

1.
2.
3.
4.

3 (b). Furnish the following information in respect of each of the FABRICS mentioned in 3 (a)

Product	1 HS Tariff code (8-digits)	2 Duty payable	3 Estimated quantity	4 Customs (f.o.b) Value	5 Country of origin	6 Planned date of importation
1.						
2.						
3.						
4.						

4 (a). Description of the products that will be manufactured from the fabrics described in 3(a)

- 1
1
2
3

4 (b) Furnish the following information in respect of each of the products mentioned in 4(a):

Product	1 HS Tariff code 8- digits	2 Quantity to be processed	3 Estimated sales value (ex-factory)
1.			
2.			
3.			
4.			

5. Describe the method of manufacturing of products mentioned in 4(a)

6. Furnish the following information in respect of the value of total sales in the Southern African Customs Union (SACU) as well as exports for the past three years in respect of the products mentioned in 3(a):

Year	Product	HS Tariff code (8 – digits)	Total Sales (in SACU)	Total export sales

- 6(a) Are the goods/materials/components to be imported (as mentioned in 3(a) manufactured locally?

YES	NO
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- 6(b) Why do you have to import the goods/materials/components? (This information is for record purposes only). *(Please submit letters from manufacturers as proof of efforts made to obtain the fabrics locally)*
7. Provide information pertaining to the number of jobs the firm will create annually as a result of the rebate. *(Submit with the application a letter signed by the Chief Executive Officer to provide a quarterly report on job creation performance)*
8. State the increased economic benefits that can be realised subsequent to being granted tariff relief, by completing the table below:

Reciprocity commitments

No. items	Should the support be given		
	year 1	year 2	year 3
1 Expected total production volume (Kg/li/unit)			
2 Expected ex-factory selling price/per (Kg/li/unit)			
3 Expected total investment (Rm)			
Plant & Machinery			
Buildings			
4 Supply side measures (Rm)			
Research and development			
Skills development and training			
Upgrading machinery & equipment.			
Other (list)			
5 Expected total export			
Volume (Kg/li/units)			
Value (R)			
6 Expected total Employment			
Skilled			
• Youth (18-35)			
Semiskilled			
• Youth (18-35)			
Unskilled			
• Youth (18-35)			
Total direct factory workers			
• Youth (18-35)			
7 Expected total wage (R)			
Skilled			
• Youth (18-35)			
Semiskilled			
• Youth (18-35)			
Unskilled			
• Youth (18-35)			
Total direct factory workers			
• Youth (18-35)			

9. Give an assessment (consumer benefit or downstream benefit to a specific industry) of how your cost and price structure would be affected should the permit application succeed. To what extent will your firm's selling price for the product be influenced should the permit application be successful?
10. How do you support or plan to support the participation in manufacturing and related activities by small businesses, black-owned or black-managed enterprises and Common Customs Area supply chains?
11. Submit with the application a letter signed by the Chief Executive Officer to provide an annual report on reciprocity commitments made in paragraph 8.
12. Name of Chief Executive Officer:.....
Tel No:.....Fax No:.....

DECLARATION IN RESPECT OF AN APPLICATION FOR A PERMIT FOR REBATE OF DUTY ON TEXTILE FABRIC USED IN THE MANUFACTURE OF UPHOLSERED FURNITURE IN TERMS OF REBATE PROVISIONS 320.01/5407.61/01.06; 320.01/5903.20.90/02.08 AND 5907.00.90/02.08 OF SCHEDULE 3 TO THE CUSTOMS AND EXCISE ACT, 1964,

NB: The obligation to complete and submit this declaration cannot be transferred to an external authorized representative, auditor or any other third party acting on behalf of the claimant

I, (full names) with identity number , in my capacity as – managing director/chief executive (in respect of a company) or senior member/ person with management responsibility (close corporation, partnership or individual)

(Delete whichever is not applicable)

of..... (hereinafter referred to as the applicant) hereby declare that –

- a) the applicant complies with prescribed requirements in order to qualify for rebate in terms of the above-mentioned rebate provision;
- b) I have satisfied myself that the preparation of the application has been done in conformity with the guidelines and requirements in respect of the above-mentioned rebate provision, with which I have fully acquainted myself and to which I unconditionally agree to;
- c) I accept that the decision by the Chief Commissioner: International Trade Administration will be final and conclusive and that the said Chief Commissioner may at any time conduct or order that an investigation to verify information furnished in the application form, be conducted;
- d) The information furnished in this application is true and correct;
- e) The applicant or any one of its associates, or related party is not subject of an investigation by either the South African Police, the Office for Serious Economic Offences, International Trade Administration, or the Commissioner for South African Revenue Services (SARS) into previous claims or other related matters.

NAME: DESIGNATION:

SIGNATURE: DATE AND YEAR:

I CERTIFY THAT THE DEPONENT HAS ACKNOWLEDGED THAT HE KNOWS AND UNDERSTANDS THE CONTENTS OF THIS AFFIDAVIT, AND THAT HE HAS NO OBJECTION TO TAKING THE PRESCRIBED OATH, AND THAT HE CONSIDERS THIS OATH TO BE BINDING ON HIS CONSCIENCE.

SIGNED and SWORN to before me at on this Day of Year.

.....

COMMISSIONER OF OATHS

FULL NAMES:.....

CAPACITY :.....