

**EXPLANATORY MEMORANDUM-TECHNICAL AMENDMENTS**

**TECHNICAL AMENDMENTS FOR SCHEDULE NOS. 1, 2 AND 6 TO THE CUSTOMS AND EXCISE ACT, 1964**

The draft amendments in Parts 1, 2A and 3E of Schedule No. 1, Part 1 of Schedule No. 2 as well as Part 1C of Schedule No. 6 to the Customs and Excise Act, 1964 (the Act), are technical in nature and **will have no effect on the duty structure.** The amendments are mostly due to requests received from industry or other government agencies but there are also some consequential amendments to the HS 2017 that were omitted from the Publication for 1 January 2017 that is now rectified.

**1. AMENDMENT OF PART 1 OF SCHEDULE NO. 1**

**1.1 INSERTION OF SEPARATE 8-DIGIT TARIFF SUBHEADING FOR FOWLS OF THE SPECIES *GALLUS DOMESTICUS* (CHICKEN), CLASSIFIABLE IN TARIFF SUBHEADING 0207.14.9**

SARS received a query from ITAC with regard to the classification of mixed portions of bone in cuts of chicken and a need was identified to make separate provision for mixed portion in order to facilitate trade and at the same time ensure that trade statistics are recorded more accurately.

It is acknowledged that it would be difficult to determine the correct category under 0207.14.9 since all the portions contained in “mixed portions” are separately provided for and the imports of mixed portions could potentially distort the true statistical position with regard to lines providing for specific cuts of chicken.



## South African Revenue Service

As a result, an 8-digit tariff subheading has been created for mixed portions under tariff subheading 0207.14.9 in order to facilitate trade and to collect more accurate trade data.

The following new 8-digit tariff subheading is inserted:

0207.14.92	Mixed portions
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### **1.2 REQUEST FROM PLASTICS SOUTH AFRICA FOR THE DELETION OF ADDITIONAL 8-DIGIT SUBHEADINGS FOR PLASTICS CLASSIFIABLE IN CHAPTER 39**

In 2014, Plastics South Africa made a request for additional 8-digit tariff subheadings to make provision for a distinction between primary products that are made from virgin material as opposed to recycled material for plastics classifiable in Chapter 39.

The industry motivated that the splitting of the subheadings would allow the plastic industry to monitor and evaluate imports/exports of plastic products.

The amendment to include “virgin” and “other” was published through Notice No. 927, in *Government Gazette* No. 38240 dated 28 November 2014, and was implemented with effect from 1 January 2015.

The industry has now approached SARS with a request to remove the 8-digit tariff subheadings inserted on 1 January 2015. The 8-digit subheadings have unintentional consequences of causing some confusion in the industry and disruption of the statistical data collected on plastic products in primary forms.

It has, therefore, been decided that it is in the industry’s best interest to remove the subheadings for “virgin” in relation to products in primary forms and reconsider the approach to more refined statistical data.

The following new 8-digit tariff subheadings are deleted:

3901.10.10	Virgin
3901.10.90	Other
3901.20.10	Virgin
3901.20.90	Other
<b>3902.10.9</b>	<b>Other:</b>
3902.10.91	Virgin
3902.10.99	Other
3903.19.10	Virgin
3903.19.90	Other
3903.30.10	Virgin
3903.30.90	Other
3904.21.10	Virgin
3904.21.90	Other
3904.22.10	Virgin
3904.22.90	Other

The following new 8-digit tariff subheadings are inserted:

3901.10	Polyethylene having a specific gravity of less than 0,94
3901.20	Polyethylene having a specific gravity of 0,94 or more
3902.10.90	Other
3903.19	Other
3903.30	Acrylonitrile-butadiene-styrene (ABS) copolymers
3904.21	Non-plasticised
3904.22	Plasticised



*South African Revenue Service*

### **1.3 REQUEST FROM THE ALUMINIUM ASSOCIATION FOR THE CREATION OF SEPARATE TARIFF SUBHEADINGS FOR ALUMINIUM WASTE AND SCRAP**

The Aluminium Association made a request for the creation of additional tariff subheadings under the heading for aluminium waste and scrap which is 7602.00.

The rationale behind the request is to distinguish between the seven most popular grades of Aluminium scrap for local use and export. These grades make up more than 75% of the scrap exports.

The 8-digit tariff subheadings will enable industry to monitor the export of any of the aluminium products both primary and secondary wrought or unwrought.

Additional Note 1 in Chapter 76 in Part 1 of Schedule No. 1 has been inserted to provide for the definitions to the description for the various grades of aluminium scrap.

“Additional Notes:

1. The following definitions apply to the goods mentioned in tariff subheadings 7602.00.10, 7602.00.20, 7602.00.30 and 7602.00.40-

(a) TAIN/TABOR - Clean mixed old alloy sheet aluminium:

(i) Shall consist of clean old alloy aluminium sheet of two or more alloys, free of foil, venetian blinds, castings, hair wire, screen wire, food or beverage containers, radiator shells, airplane, sheet, bottle caps, plastic, dirt, and other non-metallic items.

(ii) Oil and grease not to total more than 1%.

(iii) Up to 10% Tale permitted.

(b) TALK - Aluminium copper radiators:

(i) Shall consist of clean aluminium and copper radiators, and/or aluminium fins on copper tubing, free of brass tubing, iron and other foreign contamination.



South African Revenue Service

- (c) TENSE - Mixed aluminium castings:
  - (i) Shall consist of all clean aluminium castings which may contain auto and airplane castings but no ingots, and to be free of iron, brass, dirt and other non-metallic items.
  - (ii) Oil and grease not to total more than 2%.
- (d) TRUMP - Aluminium auto castings:
  - (i) Shall consist of all clean automobile aluminium castings of sufficient size to be readily identified and to be free from iron, dirt, brass, bushings, and non-metallic items.
  - (ii) Oil and grease not to total more than 2%.”

The following new 8-digit tariff subheadings are inserted:

7602.00.10	Taint/Tabor
7602.00.20	Talk
7602.00.30	Tense
7602.00.40	Trump

The following 6-digit tariff subheading was substituted:

7602.00	Aluminium waste and scrap:
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**1.4 REQUEST FROM THE DEPARTMENT OF ENVIRONMENTAL AFFAIRS FOR THE CREATION OF SEPARATE TARIFF SUBHEADINGS FOR SUBSTANCES THAT CONTRIBUTE TO THE DEPLETION OF THE OZONE LAYER AND GLOBAL WARMING**

The Department of Environmental Affairs (DEA) made a request for the creation of 8-digit tariff subheadings as the current structure does not provide for specific tariff subheadings for substances such as hydrofluorocarbons (HFCs) and mixtures or blends of these substances that contribute to the depletion of the ozone layer and global warming.

The current tariff structure poses DEA with challenges in relation to the processing of permit applications, and collating and reporting consumption figures for the country for submission to the Montreal Protocol Ozone Secretariat and Multilateral Fund Secretariat.

The creation of 8-digit tariff subheadings in Part 1 of Schedule No. 1 will enable DEA and government at large to monitor and control the consumption of ozone depleting substances and HFCs more effectively.

8-digit tariff subheadings have been created under tariff heading 2903.39 as well as under 3824.71 which provides for mixtures containing halogenated derivatives of methane, ethane or propane.

The following subheadings are deleted:

3824.71.20	Containing dichlorodifluoromethane or trichlorofluoromethane
3824.71.30	Other, containing perhalogenated derivatives of acyclic hydrocarbons containing two or more different halogens
3824.72.20	Containing dichlorodifluoromethane or trichlorofluoromethane
3824.72.30	Other, containing perhalogenated derivatives of acyclic hydrocarbons containing two or more different halogens
3824.73.20	Containing dichlorodifluoromethane or trichlorofluoromethane
3824.73.30	Other, containing perhalogenated derivatives of acyclic hydrocarbons containing two or more different halogens
3824.74.20	Containing dichlorodifluoromethane or trichlorofluoromethane
3824.74.30	Other, containing perhalogenated derivatives of acyclic hydrocarbons containing two or more different halogens
3824.77.20	Containing dichlorodifluoromethane or trichlorofluoromethane
3824.77.30	Other, containing perhalogenated derivatives of acyclic hydrocarbons containing two or more different halogens
3824.79.20	Containing dichlorodifluoromethane or trichlorofluoromethane

3824.79.30	Other, containing perhalogenated derivatives of acyclic hydrocarbons containing two or more different halogens
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The following subheadings are inserted:

2903.19.13	Short-chained chlorinated paraffins
2903.29.10	Hexachlorobutadiene
2903.29.90	Other
2906.29.10	2,2,2-Trichloro-1,1-bis(4-chlorophenyl)ethanol (Dicofol)
2906.29.90	Other
2909.30.05	Decabromodiphnyl ether
2903.39.30	Pentafluoroethane (R-125)
2903.39.40	1,1-Difluoroethane (R-152a)
2903.39.50	1,1,1-trifluoroethane (R-143a)
2903.39.55	1,1,1,3,3-Pentafluoropropane (R-245fa)
2903.39.60	2,3,3,3-Tetrafluoropropene (R-1234yf)
2903.39.65	1,1,1,2-Tetrafluoroethane (R134a)
2903.39.67	Trifluoromethane (23)
2903.39.70	Difluoromethane (32)
3824.71.11	Containing dichlorodifluoromethane and 1,1-difluoroethane (R-500)
3824.71.13	Containing chlorodifluoromethane and chloropentafluoroethane (R-502)
3824.71.15	Containing chlorodifluoromethane, 1,1-difluoroethane and chlorotetrafluoroethanes (R-401A)
3824.71.17	Containing chlorodifluoromethane, Iso-Butane and 1-chloro-1,1-difluoroethane (R-406A)
3824.71.19	Containing chlorodifluoromethane, 1,1,1-trifluoroethane and pentafluoroethane (R-408 A)
3824.71.21	Containing chlorodifluoromethane, chlorotetrafluoroethanes and 1-chloro-1,1-difluoroethane (R-409A)



3824.71.21	Containing chlorodifluoromethane, chlorotetrafluoroethanes and 1-chloro-1,1-difluoroethane (R-409A)
3824.71.23	Containing chlorodifluoromethane and 1,1-difluoroethane (R-415B)
3824.71.25	Containing propane, chlorodifluoromethane and 1,1-difluoroethane (R418 A)
3824.71.27	Containing chlorodifluoromethane and 1-chloro-1,1-difluoroethane (R22/R142B)
3824.71.29	Containing 1,1-dichloro-1-fluoroethane mixtures/polyols (R141B)
3824.71.80	Other, containing dichlorodifluoromethane or trichlorofluoromethane
3824.71.85	Other, containing perhalogenated derivatives of acyclic hydrocarbons containing two or more different halogens
3824.72.11	Containing dichlorodifluoromethane and 1,1-difluoroethane (R-500)
3824.72.13	Containing chlorodifluoromethane and Chloropentafluoroethane (R-502)
3824.72.15	Containing chlorodifluoromethane, 1,1-difluoroethane and chlorotetrafluoroethanes (R-401A)
3824.72.17	Containing chlorodifluoromethane, Iso-Butane and 1-chloro-1,1-difluoroethane (R-406A)
3824.72.19	Containing chlorodifluoromethane, 1,1,1-trifluoroethane and Pentafluoroethane (R-408 A)
3824.72.21	Containing chlorodifluoromethane, chlorotetrafluoroethanes and 1-chloro-1,1-difluoroethane (R-409A)
3824.72.23	Containing chlorodifluoromethane and 1,1-difluoroethane (R-415B)
3824.72.25	Containing propane, chlorodifluoromethane and 1,1-



	difluoroethane (R418 A)
3824.72.27	Containing chlorodifluoromethane and 1-chloro-1,1-difluoroethane (R22/R142B)
3824.72.29	Containing 1,1-dichloro-1-fluoroethane mixtures/polyols (R141B)
3824.72.80	Other, containing dichlorodifluoromethane or trichlorofluoromethane
3824.72.85	Other, containing perhalogenated derivatives of acyclic hydrocarbons containing two or more different halogens
3824.73.11	Containing dichlorodifluoromethane and 1,1-difluoroethane (R-500)
3824.73.13	Containing chlorodifluoromethane and chloropentafluoroethane (R-502)
3824.73.15	Containing chlorodifluoromethane, 1,1-difluoroethane and chlorotetrafluoroethanes (R-401A)
3824.73.17	Containing Chlorodifluoromethane/ Iso-Butane/ 1-chloro-1,1-difluoroethane (R-406A)
3824.73.19	Containing chlorodifluoromethane, 1,1,1-trifluoroethane and pentafluoroethane (R-408 A)
3824.73.21	Containing chlorodifluoromethane, Chlorotetrafluoroethanes and 1-chloro-1,1-difluoroethane (R-409A)
3824.73.23	Containing chlorodifluoromethane and 1,1-difluoroethane (R-415B)
3824.73.25	Containing propane, chlorodifluoromethane and 1,1-difluoroethane (R418 A)
3824.73.27	Containing chlorodifluoromethane and 1-chloro-1,1-difluoroethane (R22/R142B)
3824.73.29	Containing 1,1-dichloro-1-fluoroethane mixtures/polyols (R141B)
3824.73.80	Other, containing dichlorodifluoromethane or

	trichlorofluoromethane
3824.73.85	Other, containing perhalogenated derivatives of acyclic hydrocarbons containing two or more different halogens
3824.74.11	Containing dichlorodifluoromethane and 1,1-difluoroethane (R-500)
3824.74.13	Containing chlorodifluoromethane and Chloropentafluoroethane (R-502)
3824.74.15	Containing chlorodifluoromethane , 1,1-difluoroethane and chlorotetrafluoroethanes (R-401A)
3824.74.17	Containing chlorodifluoromethane, Iso-Butane and 1-chloro-1,1-difluoroethane (R-406A)
3824.74.19	Containing chlorodifluoromethane, 1,1,1-trifluoroethane and Pentafluoroethane (R-408 A)
3824.74.21	Containing chlorodifluoromethane, chlorotetrafluoroethanes and 1-chloro-1,1-difluoroethane (R-409A)
3824.74.23	Containing chlorodifluoromethane and 1,1-difluoroethane (R-415B)
3824.74.25	Containing propane, chlorodifluoromethane and 1,1-difluoroethane (R418 A)
3824.74.27	Containing chlorodifluoromethane and 1-chloro-1,1-difluoroethane (R22/R142B)
3824.74.29	Containing 1,1-dichloro-1-fluoroethane mixtures/polyols (R141B)
3824.74.80	Other, containing dichlorodifluoromethane or trichlorofluoromethane
3824.74.85	Other, containing perhalogenated derivatives of acyclic hydrocarbons containing two or more different halogens
3824.77.11	Containing dichlorodifluoromethane and 1,1-difluoroethane (R-500)
3824.77.13	Containing chlorodifluoromethane and

	chloropentafluoroethane (R-502)
3824.77.15	Containing chlorodifluoromethane, 1,1-difluoroethane and chlorotetrafluoroethanes (R-401A)
3824.77.17	Containing chlorodifluoromethane, Iso-Butane and 1-chloro-1,1-difluoroethane (R-406A)
3824.77.19	Containing chlorodifluoromethane, 1,1,1-trifluoroethane and pentafluoroethane (R-408 A)
3824.77.21	Containing chlorodifluoromethane, chlorotetrafluoroethanes and 1-chloro-1,1-difluoroethane (R-409A)
3824.77.23	Containing chlorodifluoromethane and 1,1-difluoroethane (R-415B)
3824.77.25	Containing propane, chlorodifluoromethane and 1,1-difluoroethane (R418 A)
3824.77.27	Containing chlorodifluoromethane and 1-chloro-1,1-difluoroethane (R22/R142B)
3824.77.29	Containing 1,1-dichloro-1-fluoroethane mixtures/polyols (R141B)
3824.77.80	Containing 1,1-dichloro-1-fluoroethane mixtures/polyols (R141B)
3824.77.85	Other, containing perhalogenated derivatives of acyclic hydrocarbons containing two or more different halogens
3824.79.11	Containing dichlorodifluoromethane and 1,1-difluoroethane (R-500)
3824.79.13	Containing chlorodifluoromethane and chloropentafluoroethane (R-502)
3824.79.15	Containing chlorodifluoromethane, 1,1-difluoroethane and chlorotetrafluoroethanes (R-401A)
3824.79.17	Containing chlorodifluoromethane, Iso-Butane and 1-chloro-1,1-difluoroethane (R-406A)
3824.79.19	Containing chlorodifluoromethane, 1,1,1-trifluoroethane

	and pentafluoroethane (R-408 A)
3824.79.21	Containing chlorodifluoromethane, chlorotetrafluoroethanes and 1-chloro-1,1-difluoroethane (R-409A)
3824.79.23	Containing chlorodifluoromethane and 1,1-difluoroethane (R-415B)
3824.79.25	Containing propane, chlorodifluoromethane and 1,1-difluoroethane (R418 A)
3824.79.27	Containing chlorodifluoromethane and 1-chloro-1,1-difluoroethane (R22/R142B)
3824.79.29	Containing 1,1-dichloro-1-fluoroethane mixtures/polyols (R141B)
3824.79.32	Containing 1,1,1-Trifluoroethane, Pentafluoroethane and 1,1,1-2Tetrafluoroethane (R404A)
3824.79.34	Containing difluoromethane, pentafluoroethane and 1,1,1,2-tetrafluoroethane (R407A), (407B), (R407C), (R407D), or (R407E)
3824.79.38	Containing 1,1,1,2-tetrafluoroethane, difluoromethane and pentafluoroethane (R407F (LT))
3824.79.40	Containing difluoromethane and pentafluoroethane (R410A)
3824.79.42	Containing difluoromethane, 1,1,1,2-tetrafluoroethane and isobutene (R422D)
3824.79.44	Containing pentafluoroethane and 1,1,1-trifluoroethane (R507)
3824.79.46	Containing trifluoromethane and perfluoroethane (R508A) or (R508B)
3824.79.80	Other, containing dichlorodifluoromethane or trichlorofluoromethane
3824.79.85	Other, containing perhalogenated derivatives of acyclic hydrocarbons containing two or more different halogens

The following subheadings are substituted:

2903.29	Other:
2906.29	Other:

**1.5 REQUEST FROM THE SOUTH AFRICAN FASTENERS MANUFACTURERS ASSOCIATION (SAFMA) FOR THE CREATION OF SEPARATE 8-DIGIT TARIFF SUBHEADINGS IN CHAPTER 73**

SAFMA has requested the creation of 8-digit tariff subheadings for screw studding classifiable in tariff heading 73.18. Screw studding represents a significant section of the fastener industry in South Africa. The Industry has experienced a huge erosion of the market share due to low priced imports from China.

The creation of 8-digit tariff subheadings in Part 1 of Schedule No. 1 will enable the industry to ascertain the exact volume of the imported products, the nature of import competition as well as the correct statistical information.

The following subheadings are inserted:

7318.15.36	Screw studding of stainless steel (excluding those identifiable for aircraft)
7318.15.42	Screw studding (excluding those identifiable for aircraft)

The following subheadings are substituted:

7318.15.35	Other screws and bolts (including bolt ends and screw studs, of stainless steel (excluding those that are fully threaded with hexagon heads)
7318.15.41	Bolt ends and screw studs (excluding those of stainless steel and those identifiable for aircraft)

**1.6 AMENDMENT TO CHAPTER 87**

Consequent to the introduction of the tyre levy on 1 February 2017, industry requested SARS to consider providing for road wheels and rims fitted with tyres separately under certain categories for parts included in Part 3E. This will facilitate trade and reduce the administrative burden on both importers and SARS as the other part included under the current tariff subheadings 8708.70.10, 8714.10 and 8714.92 will no longer be affected by the requirements applicable to tyres. Therefore, the structures of the said tariff subheadings have been amended to provide for new 8-digit subheadings in order to make a distinction between road wheel and rims fitted with tyres.

For the structure to be amended in Part 3E of Schedule No. 1, the structure of Part 1 of Schedule No. 1 must also be amended. Hence the amendment of Part 1 of Schedule No. 1.

The following subheading is deleted:

8708.70.10	Identifiable for use solely or principally with tractors (excluding road tractors)
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The following subheadings are inserted:

<b>8708.70.1</b>	<b>Identifiable for use solely or principally with tractors (excluding road tractors):</b>
8708.70.11	Road wheels fitted with tyres
8708.70.19	Other
8714.10.10	Rims fitted with tyres
8714.10.90	Other
8714.92.10	Rims fitted with tyres
8714.92.90	Other

The following subheadings are substituted:

8714.10	Of motorcycles (including mopeds):
8714.92	Wheel rims and spokes

**2. Amendment of Part 2A of Schedule No. 1**

With the implementation of HS 2017, heading 2206.00 was substituted in Part 1 of Schedule No. 1 to read “Other fermented beverages (for example, cider, perry, mead, **saké**); mixtures of fermented beverages and mixtures of fermented beverages and non-alcoholic beverages, not elsewhere specified or included”. The consequential amendment was erroneously omitted and did not include saké.

As a result of the substitution in Part 1 of Schedule No. 1, the description of item 104.17/2206.00 is being amended accordingly. The amendment will be made **with retrospective effect from 1 January 2017** as this is the date the HS 2017 was implemented.

The following tariff item is substituted:

104.17 22.06	Other fermented beverages (for example, cider, perry, mead, saké); mixtures of fermented beverages and mixtures of fermented beverages and non-alcoholic:
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**3. Amendment of Part 3E of Schedule No. 1**

As a result of tariff subheadings that have been inserted in paragraph 1.4 above, to distinguish between road wheel and rims that are fitted with tyres a consequential amendment is necessary in Part 3E of Schedule No. 1.

The following items are deleted:

153.03.87	8703.90.31	Electric vehicles with a mass not exceeding 800 kg
153.03.88	8703.90.33	Other electric vehicles



153.08.21	8703.70.10	Identifiable for use solely or principally with tractors (excluding road tractors)
153.08.29	8703.70.90	Other

The following items are inserted:

<b>153.08</b>	<b>8708.70.1</b>	<b>Identifiable for use solely or principally with tractors (excluding road tractors):</b>
153.08.21	8708.70.11	Road wheels fitted with tyres
<b>153.13</b>	<b>8714.10</b>	<b>Of motorcycles (including mopeds):</b>
153.13.10	8714.10.10	Rims fitted with tyres
<b>153.13</b>	<b>8714.92</b>	<b>Wheel rims and spokes:</b>
153.13.15	8714.92.10	Rims fitted with tyres

#### 4. Amendment of Schedule No. 2

Anti-dumping item 201.02/0207.14.92/01.08 is inserted as a consequence to the insertion of 8-digit tariff subheading for mixed portions in Part 1 of Schedule No. 1.

The following anti-dumping item is inserted:

201.02/0207.14.92/01.08	Mixed portions
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#### 5. Amendment of Schedule No. 6

With the implementation of HS 2017 provisions were inserted for wine in containers holding more than 2 li but not more than 10 li.

The consequential amendment of Section C in Part 1 of Schedule No. 6 has been omitted from the amendment that came into effect on 1 January 2017 and is now being effected. The amendment is implemented retrospectively from 1 January 2017.



*South African Revenue Service*

The following rebate item is deleted:

620.22/104.15.07/06.01	With an alcoholic strength of at least 4.5 per cent by volume but not exceeding 16.5 per cent by vol.
620.22/104.15.08/07.01	Other
620.22/104.15.09/08.01	With an alcoholic strength of at least 15 per cent by volume but not exceeding 22 per cent by vol.
620.22/104.15.10/09.01	Other

The following rebate items are inserted:

620.22/105.15.13/06.01	With an alcoholic strength of at least 4.5 per cent by volume but not exceeding 16.5 per cent by vol.
620.22/104.15.15/07.01	Other
620.22/104.15.17/08.01	With an alcoholic strength of at least 15 per cent by volume but not exceeding 22 per cent by vol.
620.22/104.15.19/09.01	Other
620.22/104.15.21/10.01	With an alcoholic strength of at least 4.5 per cent by volume but not exceeding 16.5 per cent by vol.
620.22/104.15.23/11.01	Other
620.22/104.15.25/12.01	With an alcoholic strength of at least 15 per cent by volume but not exceeding 22 per cent by vol.
620.22/104.15.27/13	Other