

# SARS MEDIA RELEASE

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## CUSTOMS BILLS SUBMITTED TO PARLIAMENT

### **Clearance at the first port of entry and the effect on inland terminals**

Pretoria, 8 August 2013 — The Customs Bills, after having undergone an extensive consultation process, have now been submitted to Parliament. One of the major aims of the Bills is to create a balance between customs control and trade facilitation. As part of the overall policy review to achieve this aim, SARS reviewed its current policy of allowing goods to move on the basis of a manifest to inland terminals such as City Deep.

Currently, the Customs and Excise Act, 1964, allows container operators to move containers in bond from a port of entry (e.g. the port of Durban) to an inland container terminal (e.g. City Deep) without submitting a customs clearance declaration. The containers are moved on the basis of a manifest. No security is required and liability for the removal rests with the container operator. After the arrival of the goods at the inland container terminal the importer will clear the goods for another permissible customs procedure or for home use and pay the duties.

This current position does not provide SARS with adequate information to determine any possible safety, security, fiscal and economic risks in relation to these goods before they are transported inland. No value is declared on the manifest and only a general description of the goods is provided. This lack of information on a manifest therefore does not promote the application of efficient and effective customs controls and risk management at the port of entry, potentially allowing high risk goods to move inland.

To address this deficiency, clearance at the first port of entry envisaged in the Customs Control Bill will require a declaration of the true value of the goods and duties and taxes that are to be paid. In addition the origin of the goods, as well as a clear description of the goods as per the Harmonised Commodity and Coding System (HS Code) will have to be declared. The HS Code will indicate whether the goods pose a fiscal or economic risk or a safety and security risk to society. The inclusion of the origin, HS code and true value on the declaration would thus facilitate electronic data processing which contributes to effective risk management and customs control. A further benefit of a declaration is that the person who submits the declaration subscribes to the correctness of the

information. This person will be in South Africa and action can be taken against such person if necessary.

Notwithstanding wide consultation on this matter there still remains a misunderstanding about the implementation of this policy. Incorrect reporting and information that this proposed change will result in the closure of inland terminals such as City Deep, is still being spread by the media, some stakeholders and specific entities.

The statement that all goods must be transported to inspection areas at the port of entry which in turn will lead to port congestion in Durban and closure of City Deep resulting in job losses, is absolutely incorrect and completely misleading. SARS will not mandate inspection of all goods at the port of entry and has no intention to increase inspections beyond available capacity in the port of Durban. Only high risk goods (which are a small percentage of imports) will be physically inspected in Durban whilst medium to low risk goods (which represent the vast majority of imports) will continue to flow to inland terminals such as City Deep where they will be inspected.

SARS is aware of the benefits of inland terminals and is not averse to the retention and establishment of such terminals. The issue is the use of the manifest that does not contain sufficient information on which basis the goods are risk assessed. The effect of the change is that goods will still be able to move from Durban to City Deep without payment of duties and taxes. At City Deep the goods can be cleared for home use or a customs procedure at a later time. City deep will therefore NOT be closed.

This policy change will also have no impact on exports from City Deep.

In support of modernising customs, SARS's systems modernisation programme started to implement incremental improvements. As part of this journey, the modernisation systems programme will continue and reach a further milestone when the legacy declaration system will be replaced with a modern and innovative system as the next phase in programme.