



## TAXABLE VALUE FOR IMPORTED GOODS

### A. Background

It has been observed that the relevant legislative provisions cited below are not fully applied in order to correctly determine the amount declared as 'value for tax purposes'.

According to Section 23 of the Value Added Tax (VAT) Act, 2011; the taxable value (for VAT purposes) in respect of imported goods comprises of the following:

1. The value of the goods ascertained for the purposes of Customs duty under the laws relating to Customs;
2. The amount of customs duty, excise tax, and any other fiscal charge other than tax payable on those goods; and,
3. The value of any services that are incidental to the import of goods which is not otherwise included in the customs value under paragraph 1.

### B. Purpose

This guideline has been developed in order to explain how transactions will be treated when ascertaining whether a declaration has been properly captured in that the relevant provisions in legislation have been considered during the determination of the value for tax purposes.

It therefore outlines the factors that the SRA will be considering when determining whether or not the value declared should include VAT (and any other taxes paid) as part of the 'value for tax purposes'.

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### C. Guidelines

Any adjustments to the customs value of imported goods should be made in line with the provisions of Section 67 (1) and (2) of the Customs and Excise Act, 1971. Accordingly, reference must be made to the following principles in the process of ascertaining the taxable value when capturing customs declarations:

1. Declarations made under the Customs Procedure Code (CPC) 4300 which is used where goods are to be cleared under the VAT Refunds Scheme (the Scheme) will generally be supported by qualifying VAT / Tax invoices (as per the requirements of the Scheme) and the use of the CPC indicates the importer's intention to claim VAT paid in South Africa. It is therefore appropriate ***not to include the VAT component reflected on the invoice*** from the taxable value on such a declaration.
2. Importers who submit declarations that are supported by VAT / Tax invoices that qualify under the Scheme, may submit a declaration using the CPC 4000 wherein the customs value will have excluded the VAT paid in South Africa. This recognizes that some importers may have certain payment arrangements with their suppliers such that the importer is not able to provide the proof of payment at the time of importation, but will still have the opportunity to submit a claim for the refund of VAT paid in South Africa at a later point where the declaration is. It will therefore be appropriate in such instances ***not to include the VAT component reflected on the invoice*** as part of the taxable value on such a declaration, even though the CPC 4300 has not been used.
3. Declarations that are supported by invoices that do not qualify for a refund of VAT or are imported from jurisdictions where there is no arrangement for claiming VAT paid in the country of supply should ***always include any and all taxes charged and reflected on the invoice in the value for tax purposes***. Where an importer claims to have submitted a claim for such charge, documentary proof should be attached that indeed the claim was made.

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**D. Application**

The taxable value on import declarations of goods where the transaction is supported by those invoices falling under **Section C (3)** in this guideline must include all the taxes paid.

During the verification of declarations, officers will notify declarants/ importers of any errors when it is noted that the declaration is found not to have been captured according to the guidelines provided herein in order to adjust the values declared. Accordingly, declarants are advised to take note of the guidelines and apply them appropriately to avoid clearance delays.

  
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