



Guideline for Disposing Goods Manufactured from Rebated Materials to the Local Market

I. Background

In terms of Schedule No. 4 Part 3 of the Customs and Excise Act of 1971 (i.e. the Act), goods admitted under the provisions of rebate item 470.03 shall be used for the processing or manufacture of goods which are intended for export (i.e. outside of the Southern African Customs Union, i.e. SACU). Accordingly, upon processing or manufacture of goods from the imported materials, the products shall be duly exported (not consumed in markets that are within the SACU) countries unless prior permission of the Commissioner General is obtained.

The goods manufactured using these materials are subject to disposal restrictions that require conformance to the conditions as explained above. Accordingly, liability for duty on any goods specified in rebate items 470.02 or 470.03 shall cease upon production of proof that the goods imported have been used for repair, cleaning, reconditioning, processing or manufacture and the goods repaired, cleaned, reconditioned, processed or manufactured have been duly exported. In terms of Section 75 (1) (b) of the Act, any goods imported goods under Schedule No. 4 shall be admitted under rebate of any fiscal and customs duties applicable in respect of such goods at the time of entry for home consumption and be subjected to conditions provided for under that particular item of Schedule No.4. The major consideration on the disposal of goods that enjoy Rebate Item 470.03 is that the imported materials or goods must be **processed exclusively for export** with the following time limits:

- Items imported under Rebate Items 470.03/00.00/01.00 and 470.03/00.00/02.00 must be exported within twelve (12) months from the date of importation (entry);
- Items imported Rebate Item 470.03/00.00/03.00 must be exported within three (3) years.

Purpose

The purpose of the guideline is to outline the procedure to be followed when disposing goods produced from material (as well as the materials themselves) imported under Rebate 470 of Schedule no 4 (Materials for use exclusively for export outside of SACU). This guideline does not cover normal manufacturing losses and waste, which according to Regulation 57 of the Customs and Excise Regulations of 1976, can be regarded as if they were used in accordance to the provisions of the rebate. However, where the goods / cut- offs/ waste are further used for other economic purposes the operator must submit an application for use of the goods as this will not be the waste as per Regulation 57 of the Customs and Excise Act Regulations, 1976.

II. Value Determination

In order to determine the value on which the rebate is no longer applicable, the operator must provide information that will indicate:

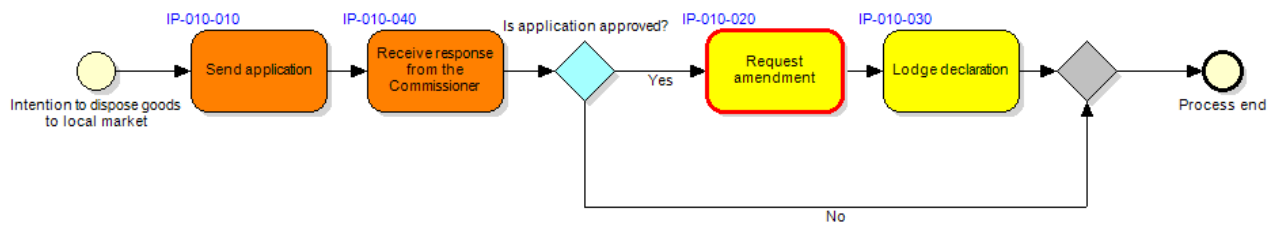
- The total weight and value as of the material as per the submitted declaration on which the rebate was applied
- The weight of the materials that are earmarked for disposing in the local market.

A formula (pro- rated on the basis of the weights indicated above) will be applied in order to determine the value that will account for the locally disposed goods. For example, where a consignment had a total weight of 100 kilograms was declared with a value of E 50, 000; and an application for goods with a weight of 20 kilograms is made for disposing to the local market, the value on which the rebated duties are to be collected will be given by:

$$(20 /100) \times E50\ 000 = \mathbf{E10\ 000.}$$

III. Procedural Guidance

1. The operator submits an application to the Commissioner requesting for disposal of raw material or finished goods to the local market. Specific details pertaining to the declaration, quantities and values on the affected declaration (or item) must be stated in the application.
2. The Commissioner will accept or reject the application. A verification / inspection may be conducted prior to issuance of the decision. The Commissioner will communicate the outcome of the application in writing (e.g. through a letter).
3. Where the application is approved, the operator proceeds to lodge a query against the affected declaration on ASYCUDA requesting for an amendment of the initial declaration by removing the quantity and value of the goods to be disposed under conditions different from the purpose initially declared. The query / amendment request must also indicate that the letter from Commissioner has been emailed (to info@sra.org.sz) for attachment to the amended declaration.
4. After the amendment, the importer (or declarant) will lodge a new declaration for home consumption where duties and all duties and taxes due will be charged on assessment of the declaration. The purpose of the new declaration will be to account for the goods affected by the disposal. The letter from the Commissioner must be attached to the declaration as a proof that the disposal has been authorized.
5. Below is the process flow:



IV. Important Notes:

- a) The operator's application for disposal of goods to the local market must be made in writing and prior to disposal of the goods.
- b) The response approving or rejecting the application will be issued in writing.
- c) Upon approval, a query on original declaration that had initially allowed for rebating of the goods must be made through ASYCUDA to request for an amendment.
- d) When lodging the new declaration ensure that it must be linked to the manifest of the initially rebated declaration for acquittal of the manifest
- e) Where the goods are disposed within Eswatini by an operator who is registered by the SRA for VAT purposes, the VAT must be included and also accounted for when submitting domestic VAT returns.
- f) Where the goods are sold outside of Eswatini VAT is treated in the normal way for exported goods, including its accounting on the returns submitted for domestic VAT returns.