



South African Reserve Bank

Financial Surveillance Department

2011-12-15

Exchange Control Circular No. 23/2011

Import Verification System

Authorised Dealers are advised that the modernisation programme announced by the South African Revenue Service ("SARS"), involves the use of an electronic and integrated technology platform together with a redesign of basic processes to bring about several benefits for importers/exporters and for SARS. These benefits include, *inter alia*, greater ease of movement of goods and cost savings as well as increased efficiency for SARS. As a result of the technology introduced, only electronic Customs documents will in future be available. The Financial Surveillance Department developed the Import Verification System, which was implemented on 2011-08-15, to enable Authorised Dealers to authenticate electronic SARS Customs Declaration forms and to view payments already effected for specific SARS Customs Declaration forms. In view of the aforementioned, the following amendments have been made to the Exchange Control Rulings:

Section A.1

The following new definitions have been added:

"IMPORT VERIFICATION SYSTEM means the electronic system to verify and authenticate SARS Customs Declaration forms related to imports.;

MRN means the Movement Reference Number issued by Customs once goods have been cleared.;

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SARS CUSTOMS DECLARATION comprises the following set of documents:

- i **SARS Customs Declaration form**, which is the form used by Customs to verify importer's or exporter's self-assessment of goods declared for one or other Customs procedure. The customs procedure is defined by the Procedure Category Code (A to L) in conjunction with the Customs Requested Procedure Code (RPC) on the declaration; and
- ii **SARS Customs Supporting Documentation**, which is the commercial documents (e.g. suppliers invoice, regulatory permit, transport document, currency conversion/duty calculation worksheet) upon which the Customs Declaration is completed; and
- iii **SARS Customs Status Notification**, which is the response issued by Customs (EDI Response Notification/Customs Release Notification) specifying the status or decision of Customs in respect of goods declared."

Section A.3(B)(i)

The fourth sentence has been deleted and substituted with the following:

"The only exception to this rule relates to documents sighted in respect of payments for imports as provided for in subsection B.1(B), as well as forward contracts or foreign currency option contracts not exceeding six months to maturity in subsection D.1(C);"

Section B.1(B)(i)(d)

The entire subsection has been deleted and substituted with the following:

"consignee's copy of the prescribed SARS Customs Declaration."

Section B.1(B)(iii)

The entire subsection has been deleted and substituted with the following:

"Imports from Botswana may, however, be paid for against the commercial invoice issued by the supplier and the consignee's copy of the prescribed SARS Customs Declaration."

Section B.1(C)

The entire section has been deleted.

Section B.1(E)(i)

The entire subsection has been deleted and substituted with the following:

"Authorised Dealers may provide foreign exchange in respect of advance payments and/or cash with order requests to cover the cost of permissible imports, other than capital goods, against the presentation of an invoice.

Authorised Dealers must subsequently view a copy of the prescribed SARS Customs Declaration bearing the MRN, to ensure that the foreign exchange provided had been utilised for the purpose stated and that the goods have been imported into the Republic."

Section B.1(E)(iii)

The entire subsection has been deleted and substituted with the following:

"Authorised Dealers may provide foreign exchange to meet import payments relating to goods which have been consigned by air on a "cash on delivery" basis against submission of a copy of the relative transport document dated and signed by a member of the South African Association of Freight Forwarders.

Authorised Dealers must satisfy themselves, by viewing the commercial invoice and the prescribed SARS Customs Declaration within 14 days thereafter, that the foreign exchange provided has been used for the purpose stated and that the goods have been imported into the Republic.”

A new subsection B.1(E)(vi) has been added as follows:

“(vi) Balance of payments category

Payments for imports against an invoice only should be reported under the advance payment category 101. Similarly, payment for imports against an invoice and transport documents should also be reported under the advance payment category 101. Advance payments for customers with an Imports Undertaking, must be reported under category 108.

Payments for imports where the goods have already been released by Customs and the prescribed SARS Customs Declaration bearing the MRN has been issued, the applicable import category, excluding category 101, must be used.”

Section B.1(H)(i)

The entire subsection has been deleted and substituted with the following:

“Authorised Dealers must insist upon the presentation to them of the prescribed SARS Customs Declaration bearing the MRN, as evidence that goods in respect of which transfers have been effected in terms of subsection (C) above, have been cleared by Customs. These documents must be presented at the time foreign currency payments for imports are made where the goods have already been cleared by Customs, or where clearance has not taken place, as soon as possible thereafter. The detailed information shown on these documents must be checked against the information obtained at the time payment for the relative import was made, in order to verify that the payment made relates to the goods which have been cleared.

Where the prescribed SARS Customs Declaration reflects the Customs Requested Procedure Code indicating that the goods are held in bonded warehouse, Authorised Dealers must diarise to view subsequent documentation from Customs, confirming the removal of the goods in bonded warehouse. Authorised Dealers must, however, be alert to the presentation of documentation which would indicate that the goods have been exported from the Republic. Such transactions are regarded as merchanting transactions and are subject to the provisions outlined in Section B.12(A) of the Rulings.

Where the goods have been despatched to the Republic by post or by courier, Authorised Dealers must insist upon the presentation to them of the commercial invoices issued by the supplier bearing an original Customs stamp as evidence that the goods, for which payment has been made in terms of subsection (C) above, have been cleared by Customs. Authorised Dealers may also accept commercial invoices issued by the foreign supplier bearing an original post office stamp. Such invoices must be presented at the time foreign currency payments for imports are made where the goods have already been cleared by Customs or, where clearance has not taken place, as soon as possible thereafter. In the case of goods received via the Post Office, category 113 must be used since the prescribed SARS Customs Declaration will not be available.

In the case of imports with a customs value of R500 or less and on which no duty is payable, the Customs and Excise Form DA 306 may be accepted in lieu of the prescribed SARS Customs Declaration. These payments must be reported under category 112.

All documentation must be retained by the customer for a period of at least five years."

Section B.1(H)(ii)

The entire subsection has been deleted and substituted with the following:



"Where goods for which payment has been made from the Republic have not been consigned to the Republic within four months of the date of payment, the importer must within 14 days of the expiry of such period, report the matter to the Financial Surveillance Department via the function "Verification Option - No MRN" of the Import Verification System with a description of the reason why the delivery of the goods have been delayed or will not be received. In the absence of a satisfactory explanation for the delay in the consignment of the goods, the importer may be ordered, in terms of the provisions of Regulation 12, to assign to Treasury the right to such goods."

Section B.1(H)(iii)

A final sentence has been added as follows:

"The Import Verification System must be updated accordingly."

Flowing from the above amendments the current Sections "B.1(D), (E), (G), (H) and (I)" have been renumbered to read "B.1(C), (D), (E), (F) and (G)" respectively. The current Section "B.1(F)" has been renumbered to read "B.1(H)".

Section J.(C)

The entire section has been amended to include additional categories.

Section J.(D)(iv)(c)

The entire subsection has been deleted and substituted with the following:

"A valid tax number for an entity is mandatory if the following categories are used: 101, 102, 103, 104, 105, 114 or 201. Although this is not a mandatory field for all other categories, every endeavour must be made to obtain this information."

Section J.(D)(iv)(d)

The entire subsection has been deleted and substituted with the following:

"A valid VAT number for an entity registered as a VAT vendor is mandatory when the following categories are used: 101, 102, 103, 104, 105, 114 or 201. Although this is not a mandatory field for all other categories, every endeavour must be made to obtain this information."

Section J.(D)(v)(d)

The entire subsection has been deleted and substituted with the following:

"The "import/export control number" is a mandatory field to be completed with outward payment transactions when using categories 101, 102, 103, 104, 105, 107, 114 or 201. If the entity is a registered Import Undertaking customer, and category 107 is used, the "import/export control number" field may be left blank.

The Import Control Number ("ICN"), consisting of either a MRN or an invoice number, must be reported in this field.

In respect of goods already received in the Republic, the prescribed SARS Customs Declaration bearing the MRN, the MRN must be in the following format:

AAACCYYMMDD1234567 where

- AAA refers to a valid Customs Office Code
- CC refers to the century
- YY refers to the year
- MM refers to the month of the year
- DD refers to the day of the month
- 1234567 refers to the 7-digit number issued by Customs

or

In cases where the goods have not yet been cleared by Customs and no prescribed SARS Customs Declaration is available, the invoice number which represents the payment offshore must be supplied. A prefix INV must be supplied followed by the invoice number related to the payment effected, e.g. INV1234567. The invoice number supplied by the importer to the Authorised Dealer must also be supplied by the importer to Customs to be reflected in the "INVOICE NO. AND DATE" block on the prescribed SARS Customs Declaration. In the case of bulk payments against multiple invoices, only one invoice number must consistently be supplied to Customs and the Authorised Dealer."

Section J.(D)(v)(e)

Category "114" has been inserted in the first paragraph.

Section J.(E)

The entire section has been amended to include additional categories.

Section J.(F)

The entire section has been deleted and substituted with the following:

"Authorised Dealers should read this Section in conjunction with the complete Business and Technical Specifications document, the Operations Manual applicable to the Cross-Border Foreign Exchange Transaction Reporting System and the Import Verification System, which are available from the Financial Surveillance Department or at the following website address: www.reservebank.co.za."

Replacement pages of the Exchange Control Rulings incorporating the relevant amendments are attached hereto.


Deputy General Manager