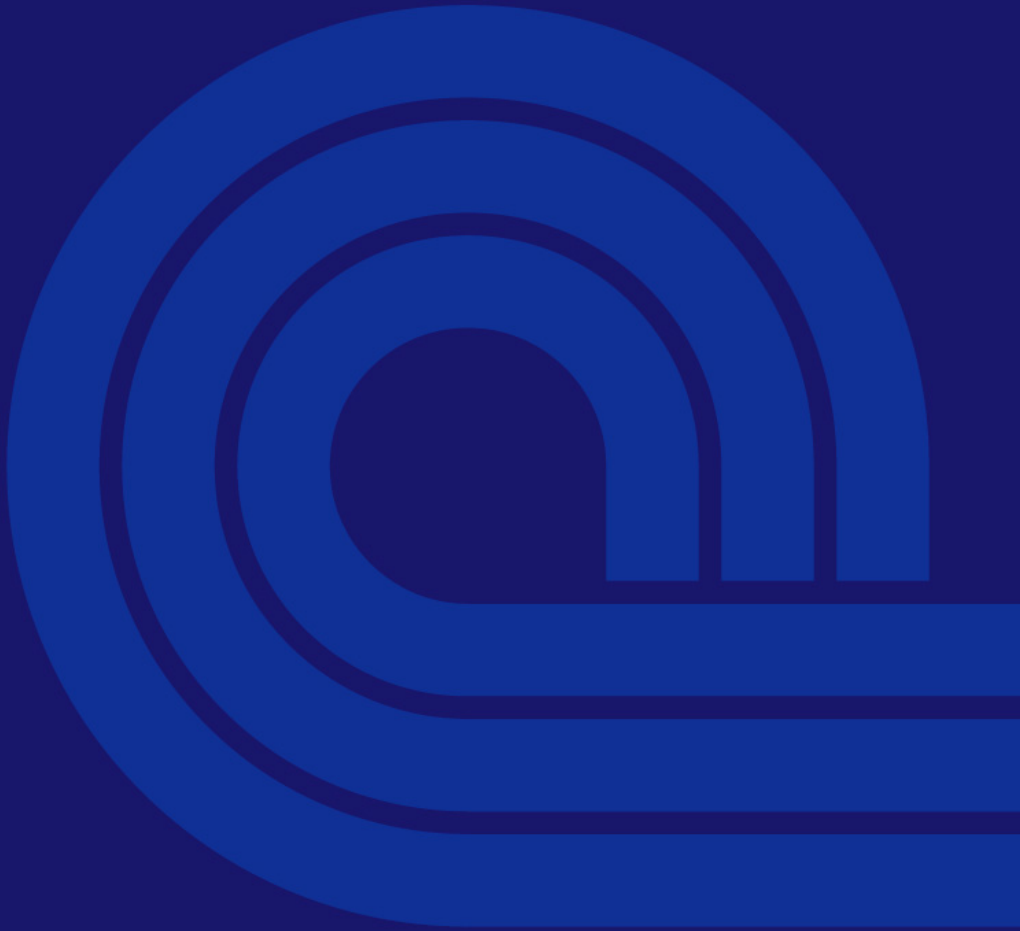


CUSTOMS CLEARING

GUIDE



The Customs Clearance Meaning & Documents Required:

CUSTOMS CLEARANCE MEANING:

Before we explore the customs clearance process below, let's unpack the customs clearance meaning. Customs Clearance is the process that cargo undergoes before arriving in a country. This process includes inspections, duties to be paid, and more before the cargo is clear to move along the supply chain.

THE CUSTOMS CLEARING PROCESS SOUTH AFRICA:

What documents are needed to clear cargo at customs?

You need the following four documents to clear import cargo from customs in South Africa. These 4 documents in the customs clearance process South Africa include:

1. **Signed and stamped Clearing Instructions**
2. **Transport Document**
3. **Packing List**
4. **Commercial Invoice**

Why are these documents important?

When we speak about customs clearance, we refer to the required procedures before goods can be moved internationally. These documents are used for customs clearing the shipment through SARS. The same customs clearance documents are usually required for different modes of transport. All of the 4 documents mentioned above are required by SARS to customs clear cargo. Should SARS query a shipment, they might even request Literature from the supplier of the product/cargo.

1. Clearing Instructions

Clearing instructions are documents that set out all of the required activities and information that are needed to successfully customs clear cargo. It also indicates that the clearing agent has permission to clear the cargo.

Importers and exporters must provide a mandatory, fully completed, dated and signed Clearing Instruction to the custom clearance agent.

2. Transport Document

A transport document is a type of document used to convey information about cargo being transported. Different kinds of transport documents include the Bill of Lading (which is a transport document for sea freight), and the Air Waybill (which is a transport document used for air freight).

- These transport documents are legal documents that outline the details of the shipment, such as:
- Type of goods
- Quantity of goods
- Destination
- Shipped on Board date
- Port of Loading

You can request this document from the port of loading and once the cargo is on board the vessel or aircraft, you should receive it.

3. Packing List

A packing list document details shipment information, including facts like:

- Cargo Dimensions.
- Cargo Weight (Net & Gross).
- How the cargo is packed (list of goods included) & how to identify it.
- Additional information based on cargo type.

You can get a packing list from your supplier.

4. Commercial Invoice

A commercial invoice is a legal document proving a sale transaction between you, the client, and your supplier.

This document is used by customs officials to calculate import duties and taxes. It outlines important information like:

- Freight amount
- Customs cargo value
- HS codes
- Insurance amount
- The INCOTERM (internationally recognized rules defining buyer/seller responsibilities).
- Additional information based on cargo type.

You can get the commercial invoice from your supplier.

Required Document Variations:

ADDITIONAL CUSTOMS CLEARANCE DOCUMENTS BASED ON CARGO TYPE & COUNTRY OF ORIGIN

With regards to the packing list and commercial invoice, there are additional documents required for different types of commodities and their country of origin.

For example, there are additional documents you may require when clearing commodities such as:

- **Vehicles:** An attachment with the VINs & vehicle specs.
- **Steel:** Steel dimensions & type (ie. alloy or stainless steel).
- **Chemicals:** Hazardous documentation like an IMO hazardous certificate, and an ITAC Import permit.
- **Used/Refurbished Goods:** ITAC certificate.

Country of origin is another factor when including additional documents. For example:

- European states are required to share a Euro Certificate (EUR1) which allows them to pay less Duty fees.
- The United Kingdom also get preferential duty rates.
- Countries like China pay the full duty rate.
- Countries like India pay ITAC duties set by the World Trade Organization (WTO) on items like clothing, leather goods & footwear to protect local industries. Any South African importers will need to get licenses & permits from ITAC.
- You may also require a specific certificate of origin.

EUR1 MOVEMENT CERTIFICATES

An EUR1 certificate is a type of movement certificate. It is the result of trade agreements between the European Union and other specific countries.

The countries that make up the European Union include:

- Austria
- Bulgaria
- Croatia
- Republic of Cyprus
- Czech Republic
- Denmark
- Estonia
- Finland
- France
- Germany
- Greece
- Hungary
- Ireland
- Italy
- Latvia
- Lithuania
- Luxembourg
- Malta
- Netherlands
- Poland
- Portugal
- Romania
- Slovakia
- Slovenia
- Spain
- Sweden

1. South African Customs Union (SACU)

Members of this trade agreement get duty-free imports for all products. These member countries include:

- Botswana
 - Eswatini
 - Lesotho
 - Namibia
 - South Africa
-

2. Southern African Development Community (SADC)

These free trade agreements (FTAs) allow most goods and selected services from the 16 member states to have reduced import duties and cross-border service delivery regulations.

These SADC member countries include:

- Angola
 - Botswana
 - Comoros
 - Democratic Republic of Congo
 - Eswatini
 - Lesotho
 - Madagascar
 - Malawi
 - Mauritius
 - Mozambique
 - Namibia
 - Seychelles
 - South Africa
 - United Republic of Tanzania
 - Zambia
 - Zimbabwe
-

3. SADC-EU Economic Partnership Agreement (EPA)

This economic partnership agreement (EPA) applies to countries in the European Union and the SADC member states. It's aimed to encourage sustainable development & reduce poverty for African, Caribbean & Pacific (ACP) partners. As such, each EPA is customised to enhance each partner's regional circumstances.

- **Products Included:**
 - Agricultural items, marine items, and industrial commodities produced within the SADC-EU criteria defining how the product was made (known as "rule of origin").
- **Trade Agreement Benefits:**
 - 100% free access to the EU market for Botswana, Lesotho, Mozambique, Namibia, and Eswatini (with the exception of arms and munitions).
 - Full/partial removal of customs duties on 98.7% of South African imports to the EU.
 - Full/partial removal of customs duties on 86% of SACU imports to the EU.
 - Full/partial removal of customs duties on 74% of Mozambican imports to the EU.

4. EFTA-SACU Free Trade Agreement (FTA)

This free trade agreement (FTA) is between the 5 SACU member countries listed in point #2 and the European Free Trade Association (EFTA) countries.

The EFTA countries are:

- Iceland
- Liechtenstein
- Norway
- Switzerland

Products Included: Industrial goods, processed agricultural products, marine products, and basic agricultural products produced within the EFTA-SACU rules of origin.

Trade Agreement Benefits: EFTA countries charge reduced tariffs for the import of products originating from SACU countries.

5. SACUM-UK Economic Partnership Agreement (EPA)

EFTA-SACU Free Trade Agreement (FTA)

This free trade agreement (FTA) is between the 5 SACU member countries listed in point #2 and the European Free Trade Association (EFTA) countries.

The EFTA countries are:

- Iceland
- Liechtenstein
- Norway
- Switzerland

Products Included: Industrial goods, processed agricultural products, marine products, and basic agricultural products produced within the EFTA-SACU rules of origin.

Trade Agreement Benefits: EFTA countries charge reduced tariffs for the import of products originating from SACU countries.

Importing From China to South Africa

The South African government has established an import duties system with China that protects local industries & regulates international trade. The import duties that are paid by South Africans importing from China are categorised into:

- **Advalorem Duties:** The percentage of the imported good's total value. This may vary on specific products, like luxury or non-essential items.
- **Customs Duties:** These duties are charged on the importation of goods into South Africa at rates ranging between 3% and 45%.
- **Anti-Dumping or Countervailing Duties:** A duty to counteract the impact of cheaper Chinese goods being dumped into the South African market below fair market value. This will compensate for the difference between the export price and their normal value.

When importing goods from China to South Africa – you will require additional documents, such as a Certificate of Origin (obtained from the Chinese government) and, occasionally, a Certificate of Free Sale (which states that imported goods are for personal use and NOT to resale – potentially lowering fees).



Step-by-step Customs Clearance Process South Africa:

STEP 1:

The client orders their shipment from their supplier and the shipment leaves the port of loading.

STEP 2:

The client then shares the following documents with their clearing agent:

- Packing list
- Bill of lading
- Commercial invoice
- Clearing instructions
- Arrival time

STEP 3:

The clearing agent then forwards the bill of lading to the local shipping line and requests the local shipping arrival time for the cargo. This is outlined in an ANF document. Clearing agents will also request and pay the South African handling charges accrued from the shipping line.

STEP 4:

The clearing agent will then start the clearing process, processing the provided documents in +- 5 to 7 days before cargo arrival. In South Africa, these documents are processed using a system linked to SARS (South African Revenue Service).

STEP 5:

There are 2 ways this next step could go, depending on the destination of the cargo.

5.1. If the cargo is Warehoused:

- Your clearing agent will process the bill of entry and transport your cargo into a warehouse.
- No VAT & duties are payable for warehoused, bonded cargo.

5.2. If the cargo is Duty Paid and forwarded:

- Your clearing agent will process the bill of entry and pay the duties and VAT fees on your behalf.

STEP 6:

Your clearing agent will then process the Cargo Dues, otherwise known as the Transnet rates, and pay these fees on your behalf.

STEP 7:

Next, your clearing agent will submit all of these documents to the shipping line, allowing them to officially take release of the cargo and remove it from the port.

STEP 8:

Finally, the international Cargo is either warehoused or sent to the client's premises.

Local cargo starts on forwarding process, where the nominated transporter will pick up the cargo and deliver it to its next destination.

CUSTOMS CLEARING TERMS GLOSSARY

| | |
|------------------------------------|---|
| Bill of Lading (BOL) | A document used for any type of goods carriage to acknowledge receipt of cargo for shipment while outlining the terms and conditions of the cargo transportation. |
| Clearing Instructions | Clearing instructions are documents that set out all of the required activities and information that are needed to successfully customs clear cargo. It also indicates that the clearing agent has permission to clear the cargo. |
| Commercial Invoice | A legal document proving a sale transaction between you and your supplier. It's used by customs officials to calculate import duties and taxes. |
| Euro Certificate (EUR1) | A certificate that's used to prove the origin of goods moving through the European Union (EU) territory. It allows traders to import goods from certain countries at a reduced rate. |
| Harmonised System (HS) Code | The harmonised commodity description system code (HS Code) is a standardised code used by customs around the world. This code, made up of 6+ digits, categorises & identifies imported & exported products. to assess duties, taxes & statistics. |
| ITAC certificate | An ITAC certificate is an import permit provided by the International Trade Administration Committee. It certifies goods as second-hand, used or even refurbished. |
| IMO hazardous certificate | An IMO (International Maritime Organization) Hazardous Certificate is a mandatory & clear declaration of dangerous goods in a container or vessel. This is done to ensure products are properly handled, risk is minimised & safety is enhanced. |
| Packing List | A document detailing shipment information, including Cargo Dimensions, Cargo Weight (Net & Gross), How the cargo is packed (list of goods included) & how to identify it. It also covers additional information based on cargo type. |
| Trade Agreements | Contractual arrangements between two or more states, nations or countries that outline trade relationships. These include terms and conditions that uphold and ensure collaborative trade opportunities for mutual economic advantages. As such, these agreements influence factors like import levies, duties and taxes. |