

INDIRECT TAX **CUSTOMS & EXCISE**

MONTHLY NEWSLETTER

ISSUE 01: January 2025

PART A: AfCFTA - WHAT'S NEW?

AFRICA CONTINENTAL FREE TRADE AREA

News on AfCFTA

December 2024 – January 2025 activities

Strengthening Africa's Economic Integration: Key Outcomes from the AU Meeting

On 13 December 2024, H.E. Wamkele Mene, Secretary-General of the AfCFTA Secretariat, attended a crucial African Union (AU) meeting in Addis Ababa focused on trade, tourism, industry, and minerals. The gathering aimed to tackle important issues impacting economic integration across the continent and resulted in the adoption of a Continental Green Minerals Strategy.

In his speech, Mene stressed the importance of AfCFTA as a foundation for deeper integration among African nations. He called for a prioritised, phased approach to solidify the achievements of the AfCFTA, highlighting the need for clear milestones and measurable progress. This strategy is intended to maintain momentum for economic collaboration while laying the groundwork for future partnerships.

A significant outcome of the meeting was a declaration by the Ministers encouraging Member States to expedite the implementation of the AfCFTA prior to establishing a Customs Union. This decision reflects a strong commitment from African nations to promote economic unity and effectively utilise their shared resources for sustainable development.

Online reference: AU AfCFTA Meeting (31 January 2025) [<https://au-afcfta.org/2024/12/afcfta-secretary-general-h-e-wamkele-mene-participates-in-african-unions-extraordinary-meeting-on-trade-tourism-industry-and-minerals/>]

SAIT customs comment

It is our view that while the AfCFTA's objectives are commendable, ongoing conflicts in Sudan and the Democratic Republic of the Congo (DRC) pose significant challenges to economic integration.

To mitigate these risks, AfCFTA should prioritise conflict resolution and stability initiatives, fostering dialogue among affected nations. Addressing these issues proactively could help prevent disruptions and support a smoother implementation of the AfCFTA.

PART B: AFRICAN BORDERS

News on border traffic

December 2024 – January 2025 activities

Enhancing Border Management: Successes of the 2024/2025 Festive Season

The 2024/2025 festive season marked a significant achievement for South Africa's Border Management Authority (BMA) as it successfully managed the country's ports of entry.

The BMA's transformation into a coordinated command structure significantly improved border operations, reducing fragmentation and enhancing responsiveness. The deployment of new technologies, such as drones and body cameras, played a crucial role in strengthening border security.

During this period, the BMA recorded:

- 50,312 attempted illegal crossings intercepted – a 215% increase from the previous year.
- 6,159 cases of overstaying identified.
- 1,923 individuals denied entry due to fraudulent documentation.
- 322 arrests made in collaboration with the South African Police Service.
- Illicit goods worth R690 million seized.

The pilot drone programme at five ports enabled real-time monitoring, detecting 2,188 illegal crossing attempts. Additionally, the BMA efficiently processed over 5 million travellers, with 66% of imports and 74% of exports cleared within 30 minutes.

Looking ahead, the BMA aims to permanently integrate these technologies and further enhance border management strategies.

Online reference: BMA Border Management Report (31 January 2025). [<https://www.dha.gov.za/index.php/statements-speeches/1859-bma-records-215-increase-in-successful-prevention-of-illegal-border-crossings-during-2024-2025-festive-season>]

SAIT customs comment

It is our view that while progress has been made, upgrading infrastructure at border posts remains critical to efficiently managing high volumes of cross-border trade, particularly the movement of goods via road transport

Equally important is ensuring that BMA officers receive adequate training to handle border-crossing documentation effectively.

A balanced approach—investing in both infrastructure and personnel training—will enhance overall border management, improve trade efficiency, and strengthen compliance.

PART C – SARS CUSTOMS NEWS

General updates: Customs

December 2024 – January 2025

Discussion Papers - Excise

The table below refers to a provisional payment in anti-dumping duties::

Date	Theme	Description	Comments
3 January 2025	Legal Counsel – Preparation of Legislation	Discussion: Taxation of alcoholic beverages: Due date for comment extended until close of business on 14 February 2025.	To be sent to 2024Alcoholreview@treasury.gov.za

Online reference: SARS discussion papers (14 January 2025) [<https://www.sars.gov.za/legal-counsel/preparation-of-legislation/discussion-papers/>]

SAIT customs comment

The South African Government has proposed a new policy to address high alcohol consumption and its health impacts.

This includes adjusting excise duty rates in line with inflation, with a maximum increase of 10%.

Additionally, a minimum unit price for alcoholic beverages will be implemented, preventing discounts and ensuring that cheap alcohol is less accessible, ultimately aiming to reduce consumption and related harm.

Stakeholders are invited to submit written comments in response to the proposed development of a revised excise policy aimed at reducing harmful alcohol use.

Legal counsel: Secondary legislation – Tariff amendments 2024 - 2025

The table below refers to corrections:

Date	GG and notice number	Description	Implementation date
24 December 2024	GG 51823 R.5734	<p>Correction Notice R.5734, correcting –</p> <ul style="list-style-type: none">Part 1 of Schedule No. 1, by the substitution of the rates of duty in the column headed “EU/UK” for tariff subheadings 5911.90.20 and 5911.90.70 from 13,2% to 12%, where they appear in Notice No. R. 5622 of Government Gazette No. 51709 on 06 December 2024; andPart 1 of Schedule No. 1, by the substitution of the rates of duty in the columns headed “General” and “MERCOSUR” for subheading 9403.40.30 from 25% and 20% to 20% and 18%, respectively, where they appear in Notice No. R. 5622 of Government Gazette No. 51709 on 06 December 2024.	With effect from 1 January 2025

Online reference: SARS: What’s new at SARS (14 January 2025) [<https://www.sars.gov.za/whats-new-at-sars/>]

The table below refers to drawback item 460.11:

Date	GG and notice number	Description	Implementation date
20 December 2024	GG 51775 R.5712	<p>Amendment to Part 2 of Schedule No. 4, reviewing rebate item 460.11/00.00/01.00 in order for the rebate item to be phased out over the period of three years (ITAC Report 721).</p> <p>ITAC Report 721:</p> <ul style="list-style-type: none"> • The International Trade Administration Commission of South Africa received a directive from the Minister of Trade to review the used overcoat rebate (460.11/00.00/01.00) as part of the Retail, Clothing, Textiles, Footwear, and Leather (R-CTFL) Masterplan. • This review addresses concerns about potential abuse of the rebate, its impact on illicit trade, and its negative effects on the domestic clothing industry. • The Commission evaluated available information, including stakeholder comments and oral representations, to formulate its recommendations on the rebate provision for second-hand clothing 	20 December 2024

Online reference: SARS: What's new at SARS (14 January 2025) [<https://www.sars.gov.za/whats-new-at-sars/>]

SAIT customs comment

It is our understanding that the ITAC recommends maintaining the used overcoat rebate at a quota of 3,836,376 kg, valid from January to July 2025, while phasing it out over three years with a 10% annual reduction.

Importers with a 20,000 kg allocation will retain their quota.

The objective is to boost local production per the R-CTFL Masterplan.

Legal counsel: Secondary legislation – Tariff amendments 2024 - 2025

The table below refers to the African Continental Free Trade Area (AfCFTA) Agreement:

Date	GG and notice number	Description	Implementation date
6 December 2024	GG 51709 R.5622	Amendment to Part 1 of Schedule No. 1, by the substitution of various tariff subheadings to implement the phase down rates of customs duties in terms of the African Continental Free Trade Area (AfCFTA) Agreement.	With effect from 1 January 2025

Online reference: SARS: What's new at SARS (14 January 2025) [<https://www.sars.gov.za/whats-new-at-sars/>]

SAIT customs comment

It is recommended that traders consult Part 1 of Schedule No. 1 to confirm the range of tariff subheadings which starts with 0208.30 and ends with 9619.00.99.

Legal counsel: Secondary legislation – Tariff amendments 2024 - 2025

The table below refers to technical amendments to specific tariff subheadings:

Date	GG and notice number	Description	Implementation date
6 December 2024	GG 51709 R.5619	Amendment to Part 1 of Schedule No. 1, to provide for technical amendments, by the insertion of new 8-digit tariff subheadings under Chapters 8, 29 and 72.	With effect from 1 January 2025

Online reference: SARS: What's new at SARS (14 January 2025) [<https://www.sars.gov.za/whats-new-at-sars/>]

Legal counsel: Secondary legislation – Tariff amendments 2024 - 2025

The table below refers to automotive production and development program (APDP):

Date	GG and notice number	Description	Implementation date
6 December 2024	GG 51709 R.5618	Amendment to Part 1 of Schedule No. 3, to substitute and delete various items applicable to APDP I as these items have become redundant.	With effect from 1 January 2025
6 December 2024	GG 51709 R.5616	Amendment to Part 2 of Schedule No. 4, to substitute notes under rebate item 460.17 and delete various items under rebate item 460.17 applicable to APDP I as these items have become redundant.	With effect from 1 January 2025

6 December 2024	GG 51709 R.5615	Amendment to Part 3 of Schedule No. 5, to substitute and delete various items applicable to APDP I as these items have become redundant.	With effect from 1 January 2025
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Online reference: SARS: What's new at SARS (14 January 2025) [<https://www.sars.gov.za/whats-new-at-sars/>]

Legal counsel: Secondary legislation – Tariff amendments 2024 - 2025

The table below refers to the amendment of the names of government departments:

Date	GG and notice number	Description	Implementation date
6 December 2024	GG 51709 R.5617	Amendment to Part 1 of Schedule No. 4, by the substitution of rebate item 409.00 to implement the correct names for government departments.	With effect from 1 January 2025
6 December 2024	GG 51709 R.5621	Amendment to Part 2 of Schedule No. 4, by the substitution of various items in order to implement the correct names for government departments.	With effect from 1 January 2025

Online reference: SARS: What's new at SARS (14 January 2025) [<https://www.sars.gov.za/whats-new-at-sars/>]

Legal counsel: Secondary legislation – Tariff amendments 2024 - 2025

The table below refers to an amendment to refund item 541.00:

Date	GG and notice number	Description	Implementation date
6 December 2024	GG 51709 R.5620	Amendment to Part 4 of Schedule No. 5, by the substitution of notes 4 and 5 in order to refer to correct refund item 541.00 applicable to the said part.	With retrospective effect from 22 September 2023

Online reference: SARS: What's new at SARS (14 January 2025) [<https://www.sars.gov.za/whats-new-at-sars/>]

Legal Counsel – Dispute Resolution & Judgments – High Court: 2025–2023

The table below refers to a SARS Customs High Court case involving diesel refunds:

Date	Court	Description
9 January 2025	High Court Judgments	Glencore Merafe Venture (GMV) and Others v CSARS (38144/22) [2024] ZAGPPHC 1196 (7 November 2024)

Online reference: SARS: What's new at SARS (14 January 2025) [<https://www.sars.gov.za/whats-new-at-sars/>]

SAIT summary of the case

The appeal to the High Court questions the SARS Committee's authority on logbook adequacy, GMV's mining authorisation status, and whether the Commissioner properly exercised discretion for refunds.

Three issues were considered:

1. The Applicants argued that the Appeal Committee lacked the authority to assess logbook adequacy. However, SARS contended that GMV was required to maintain records during the diesel refund audit. The Court upheld that both the Appeal Committee and Court could evaluate record-keeping issues.
2. The Applicants claimed the joint venture agreement granted GMV mining rights. However, the Court ruled that the agreement did not confer mining authorisation as required by the Mineral and Petroleum Resources Development Act (MPRDA) and Customs Act.
3. The Applicants argued that the Customs Act allows the Commissioner to authorise refunds without requiring entitlement. However, the Court determined that interpreting Note 5 to allow this would create uncertainty, emphasising that refunds can only be paid to others with good cause and conditions.

Overall ruling: The application was dismissed.

PART D – GENERAL MATTERS OF INTEREST

Embracing Change: The Role of Customs in a New Era of Efficiency and Security

The 2025 International Customs Day (ICD) themed “Commitment to Enhancing Efficiency, Security, and Prosperity,” highlights the pivotal role of customs authorities in navigating the complexities of global trade.

With the increasing use of artificial intelligence (AI), customs operations are undergoing a transformative shift, enhancing data management, risk assessment, and supply chain security. AI empowers customs to detect non-compliance proactively, encouraging adherence through its Authorized Economic Operator (AEO) program, which fosters a collaborative environment between businesses and authorities.

Despite these advancements, customs authorities primarily act as custodians on behalf of other government agencies, often taking a reactive stance rather than a proactive one.

This limitation can hinder their ability to fully leverage AI's potential in mitigating risks and enhancing trade facilitation.

The looming threat of trade wars and fluctuating tariffs further complicates the landscape, as customs authorities must balance security and efficiency while ensuring compliance.

In this context, we can expect local customs offices to focus on streamlining processes, utilising AI for better risk management, and improving overall service delivery.

By embracing the theme of International Customs Day, customs authorities can position themselves as enablers of trade rather than obstacles, ultimately contributing to national prosperity in a challenging global environment.

As we move forward, a commitment to innovation and collaboration will be essential for navigating the complexities of modern trade.

Online reference: SARS: Customs and excise (31 January 2025) [<https://www.sars.gov.za/customs-and-excise/>]

PART E – CONCLUSION

Tariffs and Prosperity: Insights from Trump's Perspective

President Donald Trump (Trump) has often asserted that tariffs can enrich a developed country by encouraging domestic production and protecting local industries.

Trump frequently references the William McKinley tariff policy of the late 19th century, which significantly raised duties on imports, aiming to boost American manufacturing and generate revenue. This historical context provides insights for countries seeking to trade with the U.S., emphasizing the importance of understanding tariff implications.

The implementation of high tariffs can have varied impacts on developed and developing countries. Developed nations may benefit from increased domestic production, but they could also face retaliatory tariffs, affecting exports. Developing countries, on the other hand, may struggle with reduced access to the U.S. market, potentially hindering economic growth.

As customs authorities act as custodians amid potential tariff wars, traders should prepare by diversifying supply chains, seeking alternative markets, and staying informed about changing regulations. This proactive approach will help mitigate risks associated with tariffs.

In conclusion, as the dust settles, trade dynamics may shift significantly, leading to more localized manufacturing and strategic partnerships.

The future of trade will likely be characterized by a recalibrated balance between protectionism and global cooperation, shaping a new landscape for international commerce.

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