



16 January 2026

To: **The South African Revenue Services**

Lehae La SARS
299 Bronkhorst Street
0181

By Email: C&E_Legislativecomments@sars.gov.za

Re: Draft Forms –Automotive Production Development Programme (APDP) Phase 2 Quarterly Account

Dear Colleagues,

1. Background

It is noted that, on 30 November 2023, Cabinet approved the Electric Vehicle (EV) White Paper developed by the Department of Trade, Industry and Competition. The White Paper sets out a roadmap for transitioning South Africa's automotive industry from one predominantly based on internal combustion engine vehicles to a dual production and consumption platform that includes electric vehicles by 2035.

The White Paper further provides for the inclusion of electric vehicles and their components under Phase 2 of the Automotive Production Development Programme (APDP). In support of this policy direction, amendments to the APDP account have been proposed to accommodate the inclusion of EVs.

2. Commentary

In this regard, commentary has been compiled with input from the SAIT Tax Technical team, as well as SAIT customs members, many of whom are also members of NAAMSA. Their technical and industry perspectives have been incorporated to strengthen the submission that will be made on behalf of the original equipment manufacturers (OEMs). Accordingly, where there may be instances of duplication or overlap between the comments submitted and those provided by industry, this reflects a deliberate effort to reinforce and substantiate the overall submission.

We remain available to clarify any aspects covered in our commentary and to offer support as needed.

Yours sincerely,

SAIT Tax Technical and SAIT Customs and Excise Tax Workgroup



 <p>SAARS South African Revenue Service</p>		<p align="center">Customs & Excise Rule Amendments Comment Sheet</p>	
Email		C&E_LegislativeComments@sars.gov.za	

Number of pages of comments (including this page)	5
Date	16 January 2026
Comments from	South African Institute of Taxation
Company / Institution / Department	Tax Technical at the South African Institute of Taxation and members of our Technical workgroup

Rule	Comment	Recommendation
Chapter 98: Note 5	This Note relates to the addition of description of engines Note 5(a)ii was not updated as proposed by various industry bodies such as NAAMSA. However, it is accepted that it was added as Note 5(c)	
Chapter 38	New HS Code for Battery - description was changed to include the 8507 battery tariffs. This creates confusion as these HS Codes include batteries that could be fitted in ICE and NEV's. If the intension is to only declare batteries for NEV, it must be added.	Electric accumulators of tariff subheadings 8507.30, 8507.50, 8507.60 and 8507.80 <u>for NEV</u> . Otherwise, all batteries will be declared under this HS Code, but we can only reduce the value for batteries used in NEV.
<u>General comments:</u>		
Form	Comment	Recommendation
DA199 and related APDP Phase 2 quarterly account forms (EV battery provisions)	A review was undertaken of the Customs and Excise Act, 1964, Schedule No. 1 (including Chapter 98 and tariff heading 9801.00.03), Schedule No. 3 (Rebate Item 317.04 and its Notes), as well as relevant Government Gazettes, APDP Phase 2 regulations and ITAC publications. No legislative provision could be identified that authorises a 50% reduction in the customs value of electric vehicle batteries as referenced as Note 1 on the DA199. The 50% adjustment is referenced only in the proposed accounting forms and does not appear to be supported by an enabling provision in legislation.	Clarify the legislative authority for the 50% customs value adjustment, including a specific reference to the enabling statutory or regulatory provision, as it could not be located in any published APDP documentation or SARS Schedules to the Customs Act. Failing such authority, the 50% reduction should be removed from the forms, and the applicable duty rate should be applied directly in accordance with the relevant tariff heading and Schedule.

	The 50% value comment pertains to all the forms forming part of the draft document set for comment, as a result, each individual form is not listed or commented on	
DA199.19; and DA199.26	<p>New DA199 forms:</p> <ul style="list-style-type: none"> - DA199.19 Reduce the value of imported batteries for EV - DA199.26 Reduce the value of batteries from local suppliers for EV <p>DA199 contains a Note 1 that explains that the duty rate for batteries used is 20% because of the value reduction above</p>	<p>On both forms DA 199.19 and DA 199.26, point 2 refers to the applicable note to Rebate item 317.04, this is currently referring to the wrong note. There is no note in the Rebate item to enable these forms currently.</p> <ul style="list-style-type: none"> - Add the 50% reduction to notes 6.1 and 6.2 - or create a new note to explain that the reduction of battery value caters for the 10% duty rate. This note can then be used on these forms
DA199	The headings on the DA199 forms refer to EV but it is not in RI 317.04 notes.	<p>We query whether the wording is meant to be aligned?</p> <p>If hybrids are included in the new battery rate, will all forms need to be revised again?</p>
DA199	<p>A HS Code column is added to all the DA199 forms, although its necessity and practical value are unclear.</p> <ul style="list-style-type: none"> - DA199.14, DA199.17, DA199.22, DA199.23: These forms report on the manufactured products and will not use a 9801 HS Code to identify the products / batteries. We recommend that this be removed. - We understand the reason for reporting the battery HS Code on the other forms, but it will not add any value as the batteries received cannot be reconciled to usage in a specific quarter because of timing. It was explained in the NAAMSA meeting that the format of the APDP account is designed to pay duty on components used in products for the SACU market. Therefore, for all batteries left after 	

	<p>deductions for exports, Returns, Destructions and P&A and declared as fitted into a Local market EV for the 50% reduction, will pay the full 20% duty. This will cater for batteries received and not used for EV and no duty will be lost.</p> <ul style="list-style-type: none"> - None of the OEM systems are set up to store and report these HS Codes as APDP had one duty rate. This will be a huge effort and cost to build a system for HS Codes for thousands of parts with the same Tariff only to report on the batteries. - The Import bills of entry reported on <u>DA199.11 and 12</u> have HS Codes and are also available on your internal reports available to customs auditors. Components received from SACU suppliers do not supply HS codes, but the battery values can be identified in a separate column on DA199.21 and the HS code linked to that. 	
DA199.A – Amended account	Current format does not include any amendments to the calculation of VALA – forms DA 199.4A and DA 199.4B, only the net result on VALA of amendments to the other forms (DA 199.02 add back and DA 199.03 VALA available for utilisation).	We recommend that consideration be given to adding these to the form as currently no amendments to DA 199.4A and DA 4199.B are reflected on the DA 199.A
Rebate Item 460.17	The proposed NEV component tariffs were included, however, tariff 8413.30 has not been added.	We request clarification as to whether this tariff code was purposefully excluded or omitted.
Rebate Item 538	SARS published the changes which includes the NEV component tariffs added.	This also excludes tariff 8413.30. We request clarification regarding why this is the case.
<p><u>General comments:</u></p> <p><u>With regards to schedule 6, part 4. We note that Rebate Item 317.03 is now removed.</u></p>		

Note	Comment	Recommendation
<u>General comments:</u>		

End.