

Statutory Instrument No. 82 of 1991

CUSTOMS AND EXCISE DUTY ACT
(Cap. 50:01)

AMENDMENT OF SCHEDULES (NO. 48) NOTICE, 1991
(Published on 5th July, 1991)

IN EXERCISE of the powers conferred on the Minister of Finance and Development Planning by section 81 of the Customs and Excise Duty Act, the Schedules to the Act are proposed to be amended to the extent set out in the Schedule below.

SCHEDULE

Schedule No. 6 to the Act

REBATE ITEM	TARIFF ITEMS	C. CODE	D.	DESCRIPTION	EXTENT OF REBATE	EXTENT OF REFUND
609.17				By the substitution for the Notes to rebate item 609.17 of the following: "NOTES: 1. In this item and the notes thereto - (a) "motor vehicles" means vehicles specified in tariff item 117.00 but excluding vehicles specified in tariff items 117.01.20 and 117.01.30		
609.17				(b) "tooling" means: - dies for drawing or extruding metal, of subheading No. 8207.20; - tools for pressing, stamping or punching, of subheading No. 8207.30; - work holders of subheading No. 8466.20; - assembly jigs of subheadings Nos. 8477.80 and 8479.89; and - injection moulds, moulding patterns and moulds of heading No. 84.80,		

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				for use for the manufacture of motor vehicles and components therefor		
609.17				<p>(c) "net foreign currency usage" in respect of goods manufactured in a customs and excise manufacturing warehouse means:</p> <ul style="list-style-type: none"> - the value of imported goods (excluding consumables, petrol, distillate fuels, lubricating grease and prepared engine, gearbox, steering case and drive-axle lubricating oils) used in the manufacture of all motor vehicles removed and components exported or supplied to other manufacturing warehouses during a quarter for excise duty purposes, as certified by the Permanent Secretary, Ministry of Commerce and Industry <p><u>Plus</u></p> <ul style="list-style-type: none"> the value for customs duty purposes of - - tooling imported 		
609.17				<ul style="list-style-type: none"> - foreign currency usage in respect of goods for use in the manufacture of motor vehicles and components therefor acquired from any person in the common customs area - licence fees and royalties paid directly or indirectly to any person outside the common customs area in respect of motor vehicles and components therefor 		

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Less						
				- f.o.b. value of motor vehicles and components therefor, including replacement parts and accessories but excluding the foreign currency usage of such replacement parts and accessories, exported by such manufacturing warehouse		
609.17				- f.o.b. value of locally manufactured or second-hand tooling exported by such manufacturing warehouse		
				- foreign currency earnings as defined in Note 1(e), ceded by local component manufacturers/suppliers or other exporters in the common customs area to such manufacturing warehouse in respect of motor vehicle components and replacement parts and accessories or tooling exported by such manufacturers/suppliers or exporters, but excluding the foreign currency usage in respect of such components and replacement parts and accessories or tooling		
				- foreign currency usage in respect of components manufactured in such manufacturing warehouse and supplied to other customs and excise manufacturing warehouses		
609.17				- licence fees and royalties received in respect of motor vehicles and components therefor		

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609.17				<p>(d) "foreign currency usage" in respect of component manufacturers/suppliers means -</p> <p>the value for customs duty purposes of -</p> <ul style="list-style-type: none"> - such imported components and replacement parts and accessories, imported by such manufacturer/supplier or acquired from any person in the common customs area - any imported goods (excluding consumables, petrol, distillate fuels, lubricating grease and prepared engine, gearbox, steering case and drive-axle lubricating oils) imported by such manufacturer or acquired from any person in the common customs area for the manufacture/assembly of such components and replacement parts and accessories - tooling imported <p><u>Plus</u></p> <ul style="list-style-type: none"> - licence fees and royalties paid directly or indirectly to any person outside the common customs area in respect of such components and replacement parts and accessories <p>(e) "foreign currency earnings" in respect of component manufacturers/suppliers mean -</p> <ul style="list-style-type: none"> - f.o.b. value of motor vehicle components and replacement parts and accessories exported directly by such manufacturer/supplier 		

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				<p>licence fees and royalties earned in respect of motor vehicle components and replacement parts and accessories</p> <p>- f.o.b. value of locally manufactured or second-hand tooling exported</p>		
609.17				<p>(f) "consumables" mean those goods which are used in the manufacture of motor vehicles and components therefor, but do not form part of such motor vehicles or components</p> <p>(g) the expression "licence fees and royalties" shall include payments made in respect of technical drawings, design costs, specification and documentation, magnetic data tapes, planning/development charges, technical advisory costs, warranty costs and advertising expenses</p> <p>2. Notwithstanding the provisions of Notes 1(c) and (d) the Permanent Secretary, Ministry of Commerce and Industry, may in such circumstances and subject to such conditions as he may prescribe, determine and specify in a certificate the foreign currency usage (a) in respect of any goods imported and used in the manufacture of motor vehicles or components therefore, and (b) of any person in respect of a sub-assembly or assembly not wholly manufactured by him in the common customs area</p>		
609.17				<p>3. "Local content value" means the value for excise duty purposes of all motor vehicles (excluding those entered under rebate of duty in terms of any other rebate</p>		

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				<p>item of this Schedule) removed from a customs and excise manufacturing warehouse during a quarter for excise duty purposes less the total net foreign currency usage in respect of such warehouse as calculated in terms of Note 6 (i) to (v)</p>		
				<p>4. (i) The licensee of a customs and excise manufacturing warehouse shall obtain certificates declaring the foreign currency usage in the form prescribed by regulation in respect of all goods including tooling, for use in the manufacture of motor vehicles and components therefor, acquired from any person in the common customs area. Such certificate shall be obtained at the times and manner as prescribed by the Director from time to time</p>		
				<p>(ii) If such certificates are not obtained or duly completed, the foreign currency usage in respect of such goods, shall be deemed to be the price at which such goods were acquired by the licensee</p>		
				<p>(iii) The Permanent Secretary, Ministry of Commerce and Industry may prescribe the method and basis of calculation and verify the correctness of the foreign currency usage declared on such certificates and may determine the foreign currency usage of the goods concerned</p>		

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609.17				<p>5. (i) The foreign currency earnings by local component manufacturers/suppliers or other exporters as defined in Note 1(e) may be ceded to a motor vehicle manufacturer for inclusion in the calculation of the net foreign currency usage by him, provided that a certificate is produced declaring the foreign currency usage in the form prescribed by regulation in respect of each type of motor vehicle component and replacement part and accessory or tooling exported</p> <p>(ii) The foreign currency earnings in respect of replacement parts and accessories exported by a motor vehicle manufacturer shall be accompanied by a certificate declaring the foreign currency usage in the form prescribed by regulation in respect of each type of replacement part and accessory</p>		
609.17				<p>(iii) If such certificates are not obtained or duly completed, the foreign currency usage in respect of such motor vehicle components, replacement parts and accessories and tooling shall be deemed to be the f.o.b. value at which such components, replacement parts and accessories and tooling were exported</p> <p>6. For the purpose of calculating the net foreign currency usage in respect of a quarter for excise duty purposes -</p> <p>(i) the value of goods imported by the licensee of a customs and excise manufacturing warehouse and used in (a)</p>		

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				the manufacture of motor vehicles removed (b) the manufacture of components exported or supplied to other manufacturing warehouses, during a quarter for excise duty purposes as certified by the Permanent Secretary, Ministry of Commerce and Industry shall be included in the quarter to which the excise account relates;		
609.17				(ii) the f.o.b. value of goods exported, shall be included not later than the quarter for excise duty purposes following the quarter for excise duty purposes during which the goods were exported;		
				(iii) the foreign currency usage in respect of goods for use in the manufacture of motor vehicles acquired from any person in the common customs area during a quarter for excise duty purposes, shall be accounted for in the excise account following the quarter for excise duty purposes during which the goods were received;		
				(iv) licence fees and royalties shall be included according to the date when actual payment is made or received;		
609.17				(v) motor vehicle manufacturers shall be allowed to phase in the value for customs duty purposes of tooling over the period of use of such tooling by him;		
				(vi) component manufacturers shall be allowed to phase in the value for customs duty purposes of tooling over a period of 4 years; and		

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				vii) the foreign currency earnings in respect of components which are exported in an incomplete or unfinished condition, shall only be allowed on production of a permit issued by the Permanent Secretary, Ministry of Commerce and Industry		
				7. To qualify for any rebate in terms of this item -		
609.17				(a) the local content value (including motor vehicles entered under rebate of duty in terms of any other rebate item of this Schedule) shall not be less than 45 per cent of the value for excise duty purposes; and		
				(b) the local content value (excluding exports) shall not be less than 25 per cent of the value for excise duty purposes,		
				unless prior permission has been obtained from the Permanent Secretary, Ministry of Commerce and Industry		
609.17				8. The Permanent Secretary, Ministry of Commerce and Industry may prescribe the method of determining the value of goods imported by the licensee of a customs and excise manufacturing warehouse and used in the manufacture of motor vehicles and components therefor. The value of such imported goods used in the manufacture of all motor vehicles removed and components exported or supplied to other customs and excise manufacturing warehouses during a quarter for excise duty purposes shall be certified by the		

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Permanent Secretary, Ministry of Commerce and Industry"						
NOTE:	The Notes to rebate item 609.17 are amended to the extent that provision is made that the value of imported goods used in the manufacture of motor vehicles removed during a quarter for excise duty purposes be certified by the Permanent Secretary, Ministry of Commerce and Industry.					

MADE this 10th day of June, 1991

F. G. MOGAE
*Minister of Finance and Development
Planning*