

**CHANGES TO EXCHANGE CONTROL REGULATORY REPORTING**  
**INDUSTRY INITIATIVE: IMPORT MODERNISATION PROGRAMME**

The South African Revenue Services (“SARS”) has initiated a modernisation programme, whereby all documents issued by Customs (a division of SARS) will be produced electronically. This means that no physical documents will be issued in future.

To align to this initiative the South African Reserve Bank (“SARB”) is implementing a new Import Verifications System (“IVS”) to make provision for the direct matching of import payments against data provided by Customs. The aforementioned data will be contained in the Customs documentation to be provided when imported goods are cleared.

The initiative will be implemented on 15 August 2011. As an authorised dealer, Investec Bank Limited (“IBL”) has been mandated to ensure that all payments processed as of 15 August 2011 are compliant with the IVS.

**Who will be impacted?**

All Importers

**What does the change entail?**

**1. Terminology**

Due to the changes at Customs, certain terminology will change. The following are applicable:

- a) Customs Declaration (CD1) previously known as a Customs bill of entry or SAD500
- b) Customs Notification (CN1) previously known as the Customs release or Customs Release Notification
- c) MRN (Movement Reference Number) previously known as the Import Control Number (ICN), or the current number starting with BOE.

Capital Markets, a division of Investec Bank Limited. Reg. No. 1969/004763/06. A member of the Investec Group. An authorised financial services provider. A registered credit provider registration number NCRCP9.

**Directors** F Titi (Chairman), D M Lawrence\* (Deputy Chairman), S Koseff\* (Chief Executive), B Kantor\* (Managing), S E Abrahams, G R Burger\*, M P Malungani, K X T Socikwa, B Tapnack\*, P R S Thomas, C B Tshili \* Executive Company Secretary: B Coetsee

Australia Botswana Canada Guernsey Hong Kong Ireland Jersey Mauritius Namibia **South Africa** Switzerland Taiwan United Kingdom United States

## **2. Customers without Client Customs Numbers (CCN's)**

All customers without a Client Customs Number will be required to contact SARS and obtain the number for all payments processed as of 15 August 2011.

## **3. Income Tax and VAT Numbers**

As of 15 August 2011 all corporate entities will be required to provide us with the entity's Income Tax and Vat registration numbers. All natural persons will only be required to provide their Income Tax numbers.

All payment instructions for imports must be supported by a valid Movement Reference Number ("MRN") and Customer client Number ("CCN") with effect from 15 August 2011 in order for such payments to be matched with the IVS prior to the authorisation of the payment.

### **Customers without an Imports Undertaking (Non-dispensation customers)**

#### **1. Payments via an Authorised Dealer for goods already received and cleared by Customs**

Payment instructions by non-dispensation customers for goods already received and cleared by Customs should in general be generated under the following BOP categories:

102 – Imports on FOB basis

103 – Imports on CIF basis

104 – Repair Imports

105 - Goods procured in ports by ship masters

107 - Import payments relating to off-shore trade finance facilities

114 – Diamond imports

201 – Gold imports

111 – Software purchased/sold via Internet

112 – Rand amount is less than R500

113 – Purchases/sales via the Post Office

116 – Goods purchased by residents for manufacturing or consumption outside SA (imports). Exports BOP codes have been amended to include the above.

Bulk payments for multiple invoices that will, by implication, cover multiple MRN's, may be effected.

The following documentation must be produced with the payment instruction:

- a) Commercial invoices issued by the supplier.
- b) Customs Declaration (CD1)
- c) Customs Notification (CN1)
- d) Movement reference number (MRN)

- e) Any one of the transport documents as prescribed by the International Chamber of Commerce Uniform Customs Practice for Documentary Credits (UCP600), and its supplement for electronic presentation, each evidencing transport of the relative goods to the republic; or
- f) Freight Forwarders certificate of Receipt, or Freight Forwarders Certificate of Transport.

All MRN numbers need to be reported to, and validated by SARB and therefore payment will only be effected on receipt of the Import Verification number from SARB, evidencing successful validation of the MRN number.

## **2. Advance payments for goods not yet received or cleared by Customs**

Advance payment instructions for non-dispensation customers may only be generated under BOP category 101, and must always be supported by the invoice of the foreign supplier of goods.

Advance payment by non-dispensation customers may also be effected in a bulk payment covering multiply underlying invoices.

Please ensure that the applicable electronic documents supported by the MRN's are presented to IBL once goods are cleared in order to ensure final matching of import payments. (Please refer to point's b-f above, for details on the documents that need to be presented).

Failure to do so may lead to suspension of further payments.

### **Customers with an Imports Undertaking (Dispensation customers)**

#### **1. Payments for goods already received and cleared by Customs**

Payment instructions by dispensation customers for goods already received and cleared will in general be generated under the following BOP categories:

109 – Imports on FOB basis in terms of Imports Undertaking

110 – Imports on CIF basis in terms of Imports Undertaking

115 – Diamond import payments in terms of Imports Undertaking

203 - Gold import payments in terms of Imports Undertaking

Customers with an Import Undertaking will only need to supply their CCN, Vat and Income Tax numbers, and are not required to produce documentary evidence or MRN numbers. Bulk payments for imports may also be effected without a requirement to provide additional information.

#### **2. Advance payments for goods not yet received or cleared by customs**

Advance payment instructions for dispensation customers may only be generated under BOP category 108. Bulk payments for imports may also be effected without a requirement to provide additional information.