

Safcor Panalpina's bulletin to our valued partners

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13 December 2010

Customs Duties and Values

Section 67(2) of the customs Act (Act 61 of 1964) allows the costs of international transport, marine insurance and other similar charges that are included in the price of imported goods to be deducted from the purchase price in calculating the Customs Duty Value (CDV). This reduces the duty (if any) and VAT payable to SARS.

Only the actual amounts paid to shipping lines, underwriters etc. are deductible to and it is a Customs requirement that we must be able to prove the amount of these deductions if called upon by the authorities to do so.

Customs does not accept freight and insurance amounts printed on supplier's invoices as satisfactory evidence of these amounts: only original documentation from the third-party service providers themselves.

In the absence of such evidence we are not allowed to estimate, calculate or make assumptions about prepaid freight and associated costs for the purpose of reducing CDVs. When clearing consignments for which proofs of freight and other charges paid are not available importers have no option but to pay duty on the entire purchase price of the goods.

Misdeclaring values constitutes an offence that may attract substantial penalties and that could possibly result in criminal charges being laid against the importer.

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