

Report No. 110

Reduction in the duty on go-kart vehicles

The International Trade Administration Commission herewith presents Report
No. 110 : REDUCTION IN THE DUTY ON GO-KART VEHICLES, with a
recommendation.



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Chief Commissioner

PRETORIA

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REPUBLIC OF SOUTH AFRICA
INTERNATIONAL TRADE ADMINISTRATION COMMISSION
REPORT NO: 110
REDUCTION IN THE DUTY ON GO-KART VEHICLES

Synopsis

The Commission received an application for a reduction in the duty on go-kart vehicles. The Commission found that these vehicles are not manufactured in the Southern African Customs Union (SACU) and a reduction in duty would lower the cost of importation. The Commission therefore recommends that the duty on go-kart vehicles be reduced to free of duty.

1. Introduction

Xtreme Offroad Karts applied for a reduction in the rate of duty on the imported off-road vehicle known as a go-kart from 36% *ad valorem* to free of duty. The go-kart is a single seater off-road vehicle, which cannot be used for purposes of transporting people. The vehicle is intended to be used solely and exclusively for the purposes of recreation and is therefore not roadworthy and cannot be used on public roads. The application was published for comment in the Government Gazette of 18 February 2005.

As reason for the application, the applicant stated that the product is not manufactured in SACU.

Currently this vehicle is dutiable at 36% and is classifiable under tariff subheading 8703.21.90 as follows:

| Tariff subheading | | Article description | General Rate of Duty | EU rate of duty | SADC rate of Duty |
|-------------------|-----|--|----------------------|-----------------|-------------------|
| 8703.21 | | =Of a cylinder capacity not exceeding 1000cm ³ | 20% | 20% | free |
| | .10 | Hearses..... | free | free | free |
| | .60 | Vehicles with motorcycle-type handlebars and hand operated | free | free | free |
| | .70 | Six or eight-wheel vehicles, chain driven and operated through an integral gearbox and differential unit | 36% | 36% | 36% |
| | .90 | Other | 36% | 36% | 36% |

The applicant requested that a new tariff sub-heading be created with a

new product description which would read as follows: *“vehicles of the open tubular frame type, with an engine capacity not exceeding 250cm³ and a vehicle mass not exceeding 250kg”*.

2. Industry and the market

There are no producers of this product in SACU. The applicant is venturing into a new market in SACU. Products that might compete in this vehicle segment are the four-wheeler 'quad bikes', which have different characteristics and end-use. Presently the market for go-karts is at its early stages of development.

3. Comments on the publication

The publication elicited two responses. The responses were in full support of a reduction of duty on the go-kart vehicles as these products are not manufactured in SACU.

4. Findings

In evaluating the application, the Commission ascertained that go-karts are not manufactured in SACU. There are also no substitute products for the go-kart and therefore its importation will not be detrimental to the local manufacturing industry.

A reduction in the rate of duty on go-kart vehicles will contribute in reducing costs to importers and consumers.

5. Recommendation

The Commission recommends that Schedule No.1 of the Customs and Excise Act No. 91 of 1964, be amended by reducing the rate of duty on go-kart vehicles, classifiable under tariff subheading 8703.21.90 from 36% *ad valorem*, to free of duty, by inserting the following description of go-kart vehicles for customs administration purposes, "*vehicles of the open tubular frame type, with an engine capacity not exceeding 250cm³ and a vehicle mass not exceeding 250kg*".

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