

ADVICE TO INDUSTRY: SUSPENSION OF SECTION 4 (a) & (b) OF THE GUIDELINES, RULES AND CONDITIONS AS WELL AS SECTION 10 OF THE RELEVANT APPLICATION FORM ATTACHED TO REBATE ITEM 311.18/63.09/01.04 (“WIPING RAGS REBATE”)

INTERNATIONAL TRADE ADMINISTRATION COMMISSION OF SOUTH AFRICA

This Notice is provided in terms of Section 22(1)(b) of the International Trade Administration Act, No. 71 of 2002, for GUIDELINES, RULES AND CONDITIONS PERTAINING TO REBATE PERMITS ISSUED IN TERMS OF REBATE ITEM 311.18/63.09/01.04, which reads as follows:

“Worn clothing and other worn articles of textile materials containing 35 per cent or more by mass of cotton fibres (excluding brassieres, girdles, corsets, braces, suspenders, garters, jackets, blazers, jerseys, pullovers, cardigans, overcoats, car-coats, raincoats, anoraks, ski-jackets, duffle-coats, mantles, parkas, swimwear, socks and similar clothing articles) at such times, in such quantities and subject to such conditions as the International Trade Administration Commission may allow by specific permit for the manufacture of wiping rags and cleaning cloths”.

Subsequent to a review of the wiping rags rebate, the Commission, in its Report 694, which can be accessed **here**: http://www.itac.org.za/upload/document_files/20240130033855_REPORT-NO-694.pdf recommended the following:

- a). Maintain rebate item 311.18/63.09/01.04 (“wiping rags rebate”) and phase it out over the next 2 years to allow the industry to re-purpose their operations over this period of time to avoid immediate job losses.
- b). A 2-year phase-out period for the rebate item be effective from the date of implementation by SARS through a publication in the Government Gazette.
- c). The proposed amended guidelines, rules and conditions for rebate item 311.18/63.09/01.04, which would be applicable during the phasing out period, will be confirmed through a publication in the Government Gazette.

On 26 January 2024, the South African Revenue Service (“SARS”) implemented the revised wiping rags rebate description, through a publication in Government Gazette number 50045.

Following the implementation as well as publishing of the amended Guidelines, rules and conditions (“guidelines”) in Government Gazette No. 50105, Notice 2311 of 2024, dated 09 February 2024, several concerns were raised by existing rebate users. These concerns centred around the inclusion of the following conditions and the practicality thereof:

“Bales imported will be subject to the following compulsory requirements:

- a) Outer bales **MUST** have the importers code printed (in bold print) on all sides of the bales.
- b) The garments must be de-faced prior to compress baling. The collars removed, buttons removed, accessories removed, garment cut in half, etc.
- c) Consignments may be subject to compulsory stop for physical inspection.”

In light of the concerns raised and in the spirit of ensuring that trade continues undisrupted, the Commission hereby advises that it suspends sections 4(a) & (b) of the Guidelines, rules and conditions as well as section 10 of the applicable Application form until further notice.

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