

REPORT NO. 363

**AMENDMENT TO THE DUTY AND REBATE DISPENSATION FOR
CERTAIN MONITORS**

The International Trade Administration Commission of South Africa herewith presents its Report No. 363: **Amendment to the duty and rebate dispensation for certain monitors**, with recommendation.



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SIYABULELA TSENGIWE
CHIEF COMMISSIONER

PRETORIA

07/03/2011

REPUBLIC OF SOUTH AFRICA
INTERNATIONAL TRADE ADMINISTRATION COMMISSION OF SOUTH AFRICA
REPORT NO. 363

**AMENDMENT TO THE DUTY AND REBATE DISPENSATION FOR CERTAIN
MONITORS**

Synopsis

In its Report No. 292 (implemented in November 2009) the Commission recommended a revised duty structure to support and encourage the domestic manufacture of TV sets. The recommended customs tariff and rebate provision has led to new investment and employment within the TV set manufacturing industry.

However, abuse of an existing rebate provision by some importers that have set up so-called screwdriver operations necessitated the current review. Monitors and TV tuners are imported separately, avoiding payment of duties, and are then easily assembled into a complete television set, deleteriously affecting the domestic TV manufacturing industry.

The existing rebate item 460.16/85.28/02.04 unintentionally allows for the duty-free importation of certain TV monitors with a detrimental effect on the TV manufacturing industry.

In the light of the foregoing, the Commission recommended that rebate item 460.16/85.28/02.04 be withdrawn, and tariff heading 8528.5 be amended as outlined in paragraph 14 of this report.

INTRODUCTION AND TARIFF POSITION

1. The Commission considered the withdrawal of rebate item 460.16/85.28/02.04 in Schedule No. 4 as well as an amendment to tariff heading 85.28 in Schedule No. 1 to the Customs and Excise Act.

2. The mentioned rebate facility provides for rebate of the full duty on "Monitors not incorporating television reception apparatus: Provided that a certificate of the South African Bureau of Standards is presented at the time of entry that the monitors have more than 600 resolution lines".
3. The existing tariff position of tariff heading 85.28 is as follows:

Heading	Sub-Heading	Description	Rate of duty			
			General	EU	EFTA	SADC
85.28		Monitors and projectors, not incorporating television reception apparatus; reception apparatus for television, whether or not incorporating radio-broadcast receivers or sound or video recording or reproducing apparatus:				
	8528.4	Cathode-ray tube monitors:				
	8528.41	Of a kind solely or principally used in an automatic data processing system of heading 84.71	Free	Free	Free	Free
	8528.49	Other:				
	8528.49.10	Colour, with a screen size not exceeding 3 m x 4 m	25%	3,25%	13%	Free
	8528.49.90	Other	Free	Free	Free	Free
	8528.5	Other monitors:				
	8528.51	Of a kind solely or principally used in an automatic data processing system of heading 84.71	Free	Free	Free	Free
	8528.59	Other:				
	8528.59.10	Colour, with a screen size not exceeding 3 m x 4 m	25%	3,25%	13%	Free
	8528.59.90	Other	Free	Free	Free	Free
	8528.6	Projectors:				
	8528.61	Of a kind solely or principally used in an automatic data processing system of heading 84.71	Free	Free	Free	Free
	8528.69	Other	Free	Free	Free	Free
	8528.7	Reception apparatus for television, whether or not incorporating radio-broadcast receivers or sound or video recording or reproducing apparatus:				

8528.71	Not designed to incorporate a video display or screen	Free	Free	Free	Free
8528.72	Other, colour:				
8528.72.20	Incorporating a cathode-ray tube (CRT)	25%	3,25%	13%	Free
8528.72.30	Other, with a screen size not exceeding 3 m x 4 m	25%	3,25%	13%	Free
8528.72.90	Other	Free	Free	Free	Free
8528.73	Other, black and white or other monochrome:				
8528.73.20	Incorporating a cathode-ray tube (CRT)	25%	3,25%	13%	Free
8528.73.30	Other, with a screen size not exceeding 3 m x 4 m	25%	3,25%	13%	Free
8528.73.90	Other	Free	Free	Free	Free

4. In its Report No. 292 (implemented in November 2009) the Commission recommended a revised duty structure to support and encourage the domestic manufacture of TV sets. The recommended customs tariff and rebate provision has led to new investment and employment within the TV set manufacturing industry.
5. However, abuse of an existing rebate provision by some importers that have set up so-called screwdriver operations necessitated the current review. Monitors and TV tuners are imported separately, avoiding payment of duties, and are then easily assembled into a complete television set, deleteriously affecting the domestic TV manufacturing industry.
6. The investigation of the amendment of rebate item 460.16/85.28/02.04 and concomitant amendment to tariff heading 8528.5 was published in the Government Gazette for comment by interested parties.
7. The rebate provision in question was introduced decades ago to allow for the duty-free importation of the more sophisticated colour video monitors of more than 600 resolution lines that were not manufactured domestically. The technology has since advanced and modern plasma, liquid crystal, and

other display screens, including high definition screens, intrinsically have more resolution lines (pixels) than 600 which has made the rebate provision superfluous.

COMMENTS RECEIVED

8. Comments were received from five television set manufacturers during the publication period. Anyview Technologies Pty (Ltd), Stylco (Pty) Ltd, RC& C Manufacturing, Vektronix (Pty) Ltd, and Tellumat (Pty) Ltd supported the withdrawal of the rebate provision.
9. A number of computer importing firms objected to the deletion of the rebate provision as the relevant monitors are not manufactured locally. However, computer monitors solely or principally used in an automatic data processing system are classifiable under tariff subheading 8528.51 at free of duty. But computer monitors with video connection ports are classifiable with television monitors under tariff subheading 8528.59.10 at a general rate of duty of 25% *ad valorem*.
10. It was established during the investigation that the local television industry manufactures television sets with screen sizes exceeding 45 centimetres. Requests from Nu-World Industries (Pty) Ltd and Adboys (Pty) Ltd for the inclusion of TV sets with screen sizes exceeding 45 centimetres in the duty-free provision could therefore not be supported by the Commission.

FINDINGS

11. The Commission found that computer monitors connectable to a video source and decoder are essentially TV receiving sets and can be used as such. These monitors are classifiable under tariff subheading 8528.59.10 subject to a duty of 25% *ad valorem*.
12. The existing rebate item 460.16/85.28/02.04 unintentionally allows for the duty-free importation of these TV monitors with a detrimental effect on the

TV manufacturing industry. This rebate provision should therefore be deleted as recommended below.

13. The Commission found that the domestic television set manufacturing industry manufactures television sets with screen sizes exceeding 45 centimetres. The smaller television sets with a screen size of 45 cm or less are not manufactured domestically and should therefore be classifiable at free of duty. In terms of the recommendations below, the computer companies will be able to import all these smaller monitors at free of duty.

RECOMMENDATION

14. In light of the foregoing, the Commission recommended that:

- Rebate item 460.16/85.28/02.04 be withdrawn; and
- Tariff heading 8528.5 be amended to include a new tariff subheading for monitors of a screen of 18 inches or 45 centimetres or less at free of duty as follows:

Heading	Sub-Heading	Description	Rate of duty			
			General	EU	EFTA	SADC
85.28		Monitors and projectors, not incorporating television reception apparatus; reception apparatus for television, whether or not incorporating radio-broadcast receivers or sound or video recording or reproducing apparatus:				
	8528.5	Other monitors:				
	8528.51	Of a kind solely used in an automatic data processing system of heading 84.71:				
	8528.51.10	Colour, with a screen with no side exceeding 45 cm	Free	Free	Free	Free
	8528.51.20	Colour, with a screen size exceeding 3 m x 4 m	Free	Free	Free	Free
	8528.51.90	Other	25%	3,25%	13%	Free
	8528.59	Other:				

8528.59.05	Colour, with a screen with no side exceeding 45 cm	Free	Free	Free	Free
8528.59.15	Colour, with a screen size exceeding 3 m x 4 m	Free	Free	Free	Free
8528.59.90	Other	25%	3,25%	13%	Free
8528.7	Reception apparatus for television, whether or not incorporating radio broadcast receivers or sound or video recordings or reproducing apparatus:				
8528.71	Not designed to incorporate a video display or screen	Free	Free	Free	Free
8528.72.20	Incorporating a cathode-ray tube (CRT)	25%	3,25%	13%	Free
8528.72.40	Other, with a screen with no side exceeding 45 cm	25%	3,25%	13%	Free
8528.72.50	Other, with a screen size exceeding 3 m x 4 m	Free	Free	Free	Free
8528.72.90	Other	25%	3,25%	13%	Free
8528.73	Other:				
8528.73.20	Incorporating a cathode-ray tube (CRT)	25%	3,25%	13%	Free
8528.73.40	Other, with a screen with no side exceeding 45 cm	Free	Free	Free	Free
8528.73.50	Other, with a screen size exceeding 3 m x 4 m	Free	Free	Free	Free
8528.73.90	Other	25%	3,25%	13%	Free

**NOTES REGARDING AMENDMENTS TO THE SCHEDULES
TO THE CUSTOMS AND EXCISE ACT, 1964**

28 MARCH 2011

These notes are issued merely as a guide and both the old and new provisions should be studied in order to determine what the amendment actually entails. These notes have no legal status.

<i>Provision</i>	<i>Note</i>
460.16/85.28/02.04	The effect of this amendment is that the rebate item is deleted for the monitors not incorporating television reception apparatus: Provided that a certificate of the South African Bureau of Standard is presented at the time of entry that the monitors have more than 600 resolution lines, in accordance with the recommendations contained in ITAC Report No. 363.

Government Gazette No. 34166

No. R.259

2011-03-28

**CUSTOMS AND EXCISE ACT, 1964.
AMENDMENT OF SCHEDULE NO. 4 (No. 4/339)**

In terms of section 75 of the Customs and Excise Act, 1964, Part 2 of Schedule No. 4 to the said Act is hereby amended, **with effect from 1 April 2011**, to the extent set out in the Schedule hereto.

**N NENE
DEPUTY MINISTER OF FINANCE**

SCHEDULE

By the deletion of the following rebate item:

Rebate Item	Tariff Heading	Rebate Code	C	D	Description	Extent of Rebate
460.16	85.28	02.04		47	Monitors not incorporating television reception apparatus: Provided that a certificate of the South African Bureau of Standard is presented at the time of entry that the monitors have more than 600 resolution lines	Full duty