

Report No. 222

Amendment of rebate item 307.05/39.16/01.00 – Industry manufacturing plastic goods

The International Trade Administration Commission of South Africa (ITAC) herewith presents its Report No. 222: AMENDMENT OF REBATE ITEM 307.05/39.16/01.00 – INDUSTRY MANUFACTURING PLASTIC GOODS



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ACTING CHIEF COMMISSIONER

PRETORIA

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REPUBLIC OF SOUTH AFRICA

INTERNATIONAL TRADE ADMINISTRATION COMMISSION OF SOUTH
AFRICA

REPORT NO. 222

AMENDMENT OF REBATE ITEM 307.05/39.16/01.00 – INDUSTRY
MANUFACTURING PLASTIC GOODS

Synopsis

The Commission considered a request by SARS to amend the wording of rebate item 307.05/39.16. The reason for the request was that SARS is experiencing difficulties in administering the rebate provision. Rebate item 307.05/39.16/01.00 currently reads as follows: Industry: Fabricated plastic goods: *“Polymer and copolymer thermoplastic materials, in bars, blocks, rods or slabs”*.

The Commission found that the provision under rebate item 307.05/39.16/01.00 is not in conformance with the legal text of heading 39.16, and therefore decided to recommend that rebate item 307.05/39.16/01.00 be amended to read as follow:

Industry: Fabricated plastic goods: *“Polymer and copolymer thermoplastic materials, in the form of rods, sticks and profile shapes”*.

1. Introduction

- 2.1 The South African Revenue Service (SARS) requested ITAC to investigate the amendment of the wording of rebate item 307.05/39.16/01.00.
- 2.2 Rebate item 307.05/39.16/01.00 provides for rebate of the full duty on: **Industry: Fabricated plastic goods: *“Polymer and copolymer thermoplastic materials, in bars, blocks, rods or slabs”***. All products classifiable under tariff heading 39.16, which are used in the manufacture of fabricated plastic goods, may be cleared in terms of this rebate provision.
- 2.3 The application was published in the Government Gazette no. 29433 of 8 December 2006, for interested parties to comment.
- 2.4 SARS experiences difficulties in administering the rebate provision as a result of the following:
 - a) The legal text of heading 39.16 refers to rods, sticks and profile shapes whereas the rebate provision refers to “bars, blocks, rods or slabs”

- b) "Blocks" are classifiable under tariff subheadings 39.01 - 39.14 and should therefore not qualify for rebate of duty in terms of rebate item 307.05/39.16.
- c) Similarly, bars and slabs are classifiable under tariff subheadings 39.20 – 39.26 and should therefore also not qualify for rebate of duty in terms of rebate item 307.05/39.16, as this rebate item only rebates products that are classifiable under tariff heading 39.16.

2.5 SARS indicated that the rebate provision should be amended as follows: **Industry: Fabricated plastic goods: "Polymer and copolymer thermoplastic materials, in the form of rods, sticks and profile shapes"**.

3. TARIFF POSITION

3.1 The tariff structure for all products that qualify for rebate of duty under rebate item 307.05 is as set out in Table 1 below:

Table 1: Tariff position for products which qualify in terms of rebate item 307.05

Tariff heading	Tariff subheading	Description	Statistical unit	Rate of duty		
				General	EU	SADC
39.16		Monofilament of which any cross-sectional dimension exceeds 1mm, rods, sticks and profile shapes, whether or not surface-worked but not otherwise worked, of plastics:				
	3916.10	Of polymers of ethylene	kg	15%	11.25%	free
	3916.20	Of polymers of vinyl chloride:				
	3916.20.20	Plaiting material with rattan core	kg	free	free	free
	3916.20.90	Other	kg	18%	13.5%	free
	3916.90	Of other plastics:				
	3916.90.10	Of phenolic resins compounded with fibre, fabric or paper	kg	free	free	free
	3916.90.20	Of silicones	kg	free	free	free
	3916.90.60	Of cellulose nitrates	kg	free	free	free
	3916.90.70	Of artificial resins	kg	free	free	free
	3916.90.90	Other	kg	15%	11.25%	free

4. CONSIDERATION

4.1 Rebate item 307.05/39.16/01.00, provided for rebate of the full duty on polymer and copolymer thermoplastic materials, which are either in the form of bars, blocks, rods or slabs. The amended provision would provide for rebate of the full duty on polymer and copolymer thermoplastic materials, which are in the form of rods, sticks and profile shapes.

4.2 The amendment would redress the current non-conformance with the legal text of tariff heading 39.16.

5. **COMMENTS**

- 5.1 One company, who imports profiles and hardware for the manufacture of window and door systems, supported the application. They submitted that the amendment would eliminate the current contention with regard to the interpretation of which products qualify in terms of rebate item 307.05/39.16.
- 5.2 Trade and Investment South Africa, a division of **thedti** also supported the application.

6. **RECOMMENDATION**

- 6.1 In light of the foregoing, the Commission decided to recommend that rebate item 307.05/39.16/01.00 be amended to read as follows:
Industry: Fabricated plastic goods: "Polymer and copolymer thermoplastic materials, in the form of rods, sticks and profile shapes".
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