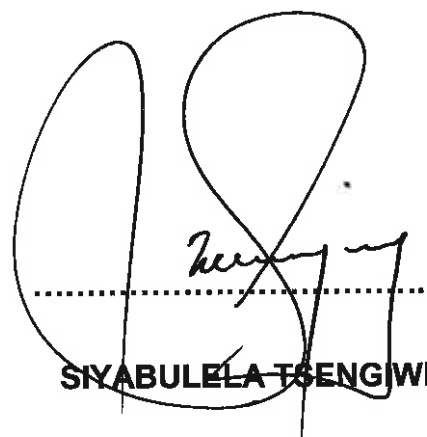


REPORT NO. 543

**AMENDMENT TO THE DESCRIPTION OF
TARIFF SUBHEADING 8704.21.75**

The International Trade Administration Commission of South Africa herewith presents its Report No. 543: **AMENDMENT TO THE DESCRIPTION OF TARIFF SUBHEADING 8704.21.75** with recommendations.



SIYABULELA TSENGIWE
CHIEF COMMISSIONER

PRETORIA

08/03/2017

REPUBLIC OF SOUTH AFRICA

INTERNATIONAL TRADE ADMINISTRATION COMMISSION OF SOUTH AFRICA

REPORT NO. 543

AMENDMENT TO THE DESCRIPTION OF TARIFF SUBHEADING 8704.21.75

Synopsis:

The Commission found that the current erroneous description of tariff subheading 8704.21.75 does not reflect the intention of the Commission's recommendations contained in its Report 519. Certain vehicles have unintentionally become subjected to higher duties.

The Commission recommends that the description of tariff subheading 8704.21.75 be amended as follows:

“Other, with an engine capacity not exceeding 1 000 cm³ (excluding the vehicles of subheading 8704.21.77)”

THE TARIFF POSITION

1. Smith Mining Equipment (Pty) Ltd t/a Smith Power Equipment on 26 March 2015 applied for a reduction in the rate of customs duty on diesel, petrol and electric passenger vehicles of a mass not exceeding 800kg; diesel goods vehicles of a mass not exceeding 1 100kg and petrol and electric goods vehicles of a mass not exceeding 800kg, from 25% *ad valorem* to free of duty by way of creating additional 8 digit tariff subheadings under tariff headings 87.03 and 87.04.
2. The recommendation of the Commission as contained in its Report No. 519 was approved on 08 December 2015 and subsequently implemented by SARS on 26 August 2016.
3. Subsequent to the amendment in the tariff book, it was found that the word “***not***” was erroneously omitted in the description of tariff subheading 8704.21.75.

4. This resulted in certain vehicles classifiable under tariff subheading 8704.21.90 unintentionally being subjected to higher duties.

5. The affected tariff subheading reads as follows:

Table 1: Current tariff structure: subheading 8704.21.75

Tariff Subheading	Description	Unit	Rate of Duty			
			General	EU	EFTA	SADC
8704.21.75	Other, with an engine capacity exceeding 1 000 cm ³ (excluding the vehicles of subheading 8704.21.77)	U	25%	18%	20%	Free

6. The tariff structure of the subject product should be amended as follows:

Table 2: Amended tariff structure: Subheading 8704.21.75

Tariff Subheading	Description	Unit	Rate of Duty			
			General	EU	EFTA	SADC
8704.21.75	Other, with an engine capacity not exceeding 1 000 cm ³ (excluding the vehicles of subheading 8704.21.77)	U	25%	18%	20%	Free

7. The proposed amendment was published in the Government Gazette of 04 November 2016 for interested parties to comment, as follows:

Erratum to amend the wording for tariff subheading 8704.21.75 as per publication Notice no. 1007 of 2015, Government Gazette no 39324; for a reduction in the general rate of customs duty on diesel goods vehicles of a mass not exceeding 1 100kg and petrol and electric goods vehicles with a capacity of a mass not exceeding 800kg:

Tariff Subheading	Description	Unit	Rate of Duty			
			General	EU	EFTA	SADC
8704.21.75	Other, with an engine capacity not exceeding 1 000 cm ³ (excluding the vehicles of subheading 8704.21.77)	U	25%	18%	20%	Free

COMMENTS RECIEVED

8. Comments supporting the amendment were received from the National Association of Automobile Manufacturers of South Africa (NAAMSA) and the Ministry of Investment, Trade and Industry of the Republic of Botswana.

FINDINGS

9. The Commission found that the current erroneous description of tariff subheading 8704.21.75 does not reflect the intention of the Commission's recommendations contained in its Report 519. Certain vehicles have unintentionally become subjected to higher duties. The recommendation below aims to rectify the situation.

RECOMMENDATION

10. The Commission recommends that the description of tariff subheading 8704.21.75 be amended as follows:

“Other, with an engine capacity not exceeding 1 000 cm³ (excluding the vehicles of subheading 8704.21.77)”