IMPORTATION of TEXTILE PRODUCTS INTO SOUTH AFRICA
We would like share our recommendations to facilitate faster Customs clearance turnaround for textile Samples/Commercial shipments into South Africa.

- Shipments contained textile products are more likely to be stopped for inspection.

- Textile, wearing apparel and flat goods are considered ‘trade sensitive” commodities by the RSA government and require special documentation and processing.

- Specific documents and comprehensive information about the shipment is a requirement to ensure effective Customs release by SARS

- To stop illegal textile shipments from entering South Africa, Customs have instituted stringent but practical processes aimed at delivering great service to Bona Fide exporters

- Textiles or clothing shipments are currently targeted and South African Customs reserves the right to stop any shipment for physical examination.
“Oct 2009 - SARS Customs concluded …successful enforcement operations …, targeting non compliance with the Customs and Excise Act. The raids … form part of government’s nationwide plan to provide assistance to the local clothing and textile industry which has lost close to 7000 jobs …”

“Aug 2013 – The South African Revenue Service (SARS) recognises the significant role the clothing, textile, leather and footwear sectors play in the South African economy…. Improving on case selection, identify high risk … increased number of customs interventions …the most punitive measures possible in respect of its penalty regime on offenders, including, but not limited to maximum penalties, forfeiture and seizure…”

“South African Clothing and Textile Workers Union (SACTWU) will march on SARS headquarters in Pretoria …”

“Undervalued imports of clothing and textiles continue to damage …economy. SARS introduces : 1. New integrated border management tool, 2. Increasing inspection capability…”

“5. Undervaluation of imports in the clothing and textile industry: … significant risk not only to the fiscus but to local industry & job creation…detect undervaluation, increasing inspections as well as supporting an integrated border management model.”
SARS cracks down on counterfeit clothing

More than R97-million worth of fake clothing was seized by the South African Revenue Service (SARS) in its crackdown on illegal clothing and textile imports this year. Customs Investigations show nearly 75,000 counterfeit shoes were confiscated in the same period.

"South Africa's clothing and textile industry has suffered tremendously as a result of the illegal import of counterfeit goods," Customs Investigations' Patrick Moeng said. "More recently the industry has also borne the brunt of the import of second-hand clothing available for resale in the market."

Moeng said the import of counterfeit clothing and textiles and other infringements - including under-declaration and misclassification - was a massive problem.

"As a result, customs is also focusing on plugging the leaks at non-designated border posts," he said. "Three weeks ago, there was a bust of suspected counterfeit clothing and footwear, with a value of R1.2-million, at Kosi Bay [north-eastern border]. "That border post, in particular, was targeted for being a hotspot of smuggling, due to the lack of controls. 

"Every day since the start of the special three-week operation at no designated border posts, Customs has detained suspected illicit or illegally smuggled goods. "Once we have assessed the risk at these border posts, we will focus on strategy and capacity planning at no designated ports going forward. "Many factories have closed down in the past few years due to the proliferation of cheap legitimate imports, as well as the illegal importation of second-hand and counterfeit clothes and shoes, mostly from Asia."

SARS had introduced measures - such as new risk rules - to address infringements, Moeng said. "We are working on numerous clothing and textile cases worth millions of rands," he said.

Source: Herald
On Friday the South African Clothing and Textile Workers Union (SACTWU) will march on SARS headquarters in Pretoria in an attempt at highlighting the negative impact of a lack of enforcement and inspection of imported goods at South Africa's customs points.

As the local sector bleeds jobs because of cheap and illegal imports, the apparent disarray at SARS also cost the fiscus at least R3-billion in unpaid import taxes on Chinese imports in 2014 alone. This, say union researchers, could have funded 9-million monthly child support and 2.1-million monthly old age grants in 2015 and could be regarded as a form of economic sabotage.

It’s the figures in SARS’ annual reports that paint the disturbing picture. In 2009 SARS kicked off a campaign to stem illegal, cheap imports into South Africa that had, at the time, resulted in massive job losses in the sector.

That year, a new price-reference system, negotiated by representatives of government, labour and business and which made it easier for customs officials to identify false amounts on invoices for clothing imports, began to be applied. The system was also employed to identify suspicious transactions through the use of historical transaction prices. According to a Nedlac report at the time, importers commonly used fraudulent amounts on import documents to avoid the 40% import duty on clothing products. This was also a programme outlined in government’s Industrial Policy Action Plan (IPAP). At first things went well.

Continue reading the full article on Daily Maverick.
There are 3 Ways by which a manufacturer can export textile goods/clothing to the Republic of South Africa.

A. Goods / Made up (Formal Clearance):
   1. Accompanied by SADC Certificate.
      (The wording “Sample” must not appear on the documentation.)
   2. Without SADC certificate
      (The wording “Sample” must not appear on the documentation.)

B. Mutilated Samples (Informal Manual Clearance):
   3. As Mutilated Samples of no commercial value without a SADC certificate
      (Mutilated to beyond commercial gain, refer to hyperlink and policy as a guide)

Problematic detained shipments could potentially take up to 3-4 weeks to clear due to complex and comprehensive STOP process instituted by SARS Customs. However should shipments be compliant and processed in accordance with the import requirements any potential delays can be minimised. Therefore please ensure you follow these recommendations to ensure trouble free passage and efficient and smooth customs clearance in South Africa.
All shipments containing Textiles / Clothing are subject to a higher that usual inspection rate

Table from Guidance:

<table>
<thead>
<tr>
<th>Formal Electronic Clearance process</th>
<th>Informal Manual Clearance Process</th>
</tr>
</thead>
<tbody>
<tr>
<td>Commercial Goods</td>
<td>Non- Commercial Goods</td>
</tr>
<tr>
<td>&gt; ZAR 500 in value</td>
<td>&lt; ZAR 500 in value</td>
</tr>
<tr>
<td>Non-Mutilated Samples</td>
<td>Mutilated Samples</td>
</tr>
<tr>
<td>Goods / Made up with or without an SADC</td>
<td>Goods of No Commercial value</td>
</tr>
<tr>
<td>All Textiles/Clothing</td>
<td>Excluding Textiles/Clothing</td>
</tr>
</tbody>
</table>
A. Goods / Made up:

- Full Duty rate are applicable for non mutilated products unless a SADC Certificate of Origin accompanies the shipment.
- Rate of duty is determined on commodity tariff code, description of goods and prevailing customs tariff rates as legislated.
- Duties and Vat is payable prior to customs clearance, unless the goods are shipped as DTP or the importer has an Duties /VAT DHL account.
- Duty is applicable at average of 45%
- VAT is applicable at 14%. (Customs value + 10% + customs duty x 14% = VAT)
- VAT can be recovered as an input tax if receiver is a VAT registered importer in South Africa.
- Mandatory for Consignee to provide Importers Code & VAT Number if they exceeded 3 imports per calendar year and or if the goods are of commercial quantity or commercial purpose and /or the value exceeds ZAR 50000/consignment.
- Proforma invoices prohibited
- Commercial Invoice must be printed not handwritten
- The word “SAMPLE” must not be mentioned on the waybill and invoice and a statement as below will be treated with suspicion and be penalized.
- Declared value should be the selling price of the manufacturer to the wholesaler in foreign currency (EUR or USD) (GATT – Price Paid or Payable, Identical, Similar, etc.)

“Samples of no commercial Value, value for customs purposes only”

This statement SHOULD NEVER BE MENTIONED ON THE INVOICE.
TEXTILE PRODUCTS / SAMPLES

B. Mutilated Samples:

- Mutilated Samples do not incur any Duty and Taxes as long as it is in compliance with the External Policy – Samples of No Commercial Value (See Hyperlink below)
- All Samples must be mutilated as per the link provided and as per the following slides which acts as an summery.
- Customs will frequently stop shipments and can mandate formal entry.
- Duty and VAT maybe applicable in such cases.

Note:
- Goods intended to be used as Samples, but which are not mutilated are not considered as samples and any statement or invoice declaration will be severely penalized.
- Shipments containing textiles / Clothing are subject to a higher than usual inspection rate.

CUSTOMS AND BORDER MANAGEMENT:
EXTERNAL POLICY – SAMPLES OF NO COMMERCIAL VALUE –

HTTP://WWW.SARS.GOV.ZA/PAGES/RESULTS.ASPX?K=SAMPLES%20OF%20NO%20COMMERCIAL%20VALUE


b) Ensure that the value for Customs purposes is always declared

c) The invoice must contain the true value of the goods, and the goods must be properly described.
   For example, if the goods are mutilated samples, this must be reflected on the invoice

d) **Goods supplied free of charge, whether the true value exceeds R500 must be:**
   i) Entered on a SAD 500 import declaration form and the Customs value must be determined using
      valuation methods 2 – 6 in sequential order.
   ii) Declared under the specific applicable schedule or carnnet.

e) Check if all relevant fields are completed, and the invoice and other supporting documents are
    attached.

f) Check tariff heading, value for Customs purposes, quantity, etc. to ascertain if goods declared are
   of no commercial value.

g) Once documents have been checked, an inspection is conducted to ascertain if goods declared
   are, in fact, samples of no commercial value. Refer to Examples: Samples of No Commercial Value document no.SC-IM-01-11-A1

h) Ensure that such goods bear an irremovable tag marked “sample”. The mutilation, tagging or
   marking shall be performed prior to shipment of the goods. Goods landed without such marking
   shall be liable to duty.

i) In the event of a false declaration Customs duties will be paid.
## EXAMPLES OF NON COMPLIANT TEXTILE SAMPLES

<table>
<thead>
<tr>
<th>Inspection requested</th>
<th>AWB</th>
<th>Inspection date</th>
<th>Inspection outcome</th>
</tr>
</thead>
<tbody>
<tr>
<td>2017/11/30</td>
<td>4329024943</td>
<td>2017/11/30</td>
<td>1 x Parcel opened found to contain 7 Jeans, 1 Trouser, 3 Full Jackets and 5 half pieces with sleeves. Not Mutilated</td>
</tr>
<tr>
<td>2017/11/30</td>
<td>2688651615</td>
<td>2017/11/30</td>
<td>4 x Golf Shirts(David Jones Brand). Not Mutilated but SAMPLE Sticker which is removable</td>
</tr>
<tr>
<td>2017/11/30</td>
<td>2688651232</td>
<td>2017/11/30</td>
<td>4 x Golf Shirts(David Jones Brand). Not Mutilated but SAMPLE Sticker which is removable.</td>
</tr>
<tr>
<td>2017/11/30</td>
<td>3451407411</td>
<td>2017/11/30</td>
<td>3 x Long Sleeve T-Shirts. Not Mutilated but SAMPLE Sticker which is removable.</td>
</tr>
<tr>
<td>2017/11/30</td>
<td>4324047884</td>
<td>2017/11/30</td>
<td>4 x Golf Shirts. Not Mutilated but SAMPLE Sticker which is removable.</td>
</tr>
</tbody>
</table>
Samples of no commercial value - Articles which are regarded by the Customs to be of negligible value and which are to be used only for soliciting orders for goods of the kind they represent (*). Note: Such articles are normally allowed relief from import duties and taxes. In Annex B.2. to the Kyoto Convention of 1974, it is recommended that the following should be regarded as samples of no commercial value:

- (a) raw materials and products of such dimensions that they are useless except for purposes of demonstration;
- (b) articles of non-precious materials affixed to cards or put up as samples in the manner usual in the trade, provided that there is not more than one of each size or kind;
- (c) raw materials and products, and articles of such materials or products, rendered useless, except for purposes of demonstration, by slashing, perforation, indelible marking or by any other effective method;
- (d) products which cannot be put up as samples of no commercial value in accordance with paragraphs (a) to (c) above and which consist of:
  - (1) non-consumable goods of an individual value not exceeding US$5, and provided there is not more than one sample of each kind or quality;
  - (2) consumable goods of an individual value not exceeding US$5, even if they consist wholly or partly of samples of the same kind or quality, provided the quantity and the manner in which they are put up preclude their being used otherwise than as samples. (*) International Convention to facilitate the importation of commercial samples and advertising material (Geneva, 1952).

HTTP://WWW.SARS.GOV.ZA/PAGES/GLOSSARY-S.ASPX
CLOTHING SAMPLES

The following details are required for shipments of textile clothing (also known as clothing/Garment):

COMMODITY DETAILS FOR MARKED SAMPLES

Marking must be done prior to arrival in South Africa

Invoice must declare ‘Marked Sample – not for sale’

Methods:

1. Words S-A-M-P-L-E in block letters and indelible ink or paint at least 26mm in Height and 51mm length, in contrasting color, in prominent area, visible when worn.

2. Merchandise must be classified accordingly for applicable duty
COMMODITY DETAILS FOR MUTILATED SAMPLES

1. Must be used only for soliciting orders
2. Mutilation must be done prior to arrival in the RSA
3. Invoice must declare 'Mutilated Samples'
4. The cut or the hole must be in a prominent area, which cannot be covered by a patch, pocket or emblem.
5. The cut should not be near the seam, border or pocket.

4. Methods include:

I. A hole of at least 26mm in diameter can be cut or punched on the sample. See Picture 3.
II. A tear or cut of at least 51mm in length can be made on the sample. See Picture 4.

Examples
1. CLEAR CUT OR TEAR
2. HOLE
3. MARKED ACROSS THE GARMENT
Unfinished textile samples less than 8 x 8 inches / 303mm x 303mm can be sent without marking or mutilation, should be sent in book form.

Swatches which are greater than 203mm x 203mm must be stamped or mutilated (even if they are held together in a book or wad) in one of the following ways:

i) The word "SAMPLE" in block letters with size 26mm in height by 51mm in length must be stamped on the face of the sample in a prominent area. The stamp should be in permanent ink & in contrasting colour to the sample. See picture 1.

ii) A hole of 26mm in diameter must be cut or punched in a prominent area of the sample. See picture 2.

Fabric over 1m in length does not qualify as a sample even if marked or mutilated.

Fabric Swatches smaller than 203mm by 203mm in size do not need to be stamped or mutilated.

The dimensions of the swatch always needs to be mentioned on the invoice along with the fiber content, whether knit or woven.
# TEXTILE PRODUCTS CONSIDERATIONS

<table>
<thead>
<tr>
<th><strong>Goods shipped as Samples NON-Mutilated</strong></th>
<th><strong>Goods shipped as Samples:</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td><em>(This includes all goods shipped to ZA that will go into ZA consumption):</em></td>
<td><strong>The words Mutilated Samples are allowed on the Documentation.</strong></td>
</tr>
<tr>
<td>Do not use the word Samples on any documentation</td>
<td>Ensure all Mutilated Samples are mutilated in terms of the ZA External Policy</td>
</tr>
<tr>
<td>Declare the correct market related values (ref. Gatt Valuation)</td>
<td>Declare the correct market related values (Ref. Gatt Valuation)</td>
</tr>
<tr>
<td>Pay the correct duty rate applicable</td>
<td>Use Printed invoices (Samples)</td>
</tr>
<tr>
<td>Use Commercial Printed invoices</td>
<td>Apply the correct HSTH code</td>
</tr>
<tr>
<td>Apply the correct HSTH code</td>
<td>Provide the Importers Customs Client code in the address field</td>
</tr>
<tr>
<td>Provide the importers Customs Client code in the address field</td>
<td>Provide SADC certificate</td>
</tr>
<tr>
<td>Provide SADC certificate</td>
<td></td>
</tr>
</tbody>
</table>

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**All Apparel is under intense scrutiny by SARS Customs, with all Samples extensively delayed through a physical examination process.**

**To prevent such delays it is recommended that all Apparel, whether Samples or not are shipped to ZA without a SADC certificate and that Formal Clearances be performed irrespective of the Value, therefore Proactively Preventing the unnecessary delays as a result of SARS manual intervention.**
2.2.3 Sample or free or no charge goods

a) Replacements for breakage
i) In terms of Section 65(1) the value for Customs purposes of any imported goods shall be the transaction value thereof, within the means of Section 66. Therefore all goods imported must have a Customs value.

ii) Goods may be imported free of charge for a variety of reasons, for example gifts, samples, replacement goods or promotional items. Most free of charge goods are consigned between related parties, although this is not always the case, for example warranty replacement goods can also be imported free of charge.

iii) When replacement goods are sent free of charge with the original shipment to cover potential breakage in transit in that shipment, the Customs value of the free of charge items is determined by using the price of the Identical goods as the replacement parts' Customs value. Price is obtainable on the invoice or by requesting the published export pricelist.

iv) If replacement goods are sent at a later date there are two (2) possibilities. The replacement may be sent: A) Invoiced at the original price with separate arrangements made for the original goods; or

B) Invoiced free of charge. i) In (iv)(A) if all the conditions of Method 1 are met the value must be determined using this method; and

ii) Where replacement goods are sent free of charge, as in (iii)(B), they must be regarded as imported in fulfilment of the original transaction. In these circumstances it would be appropriate to determine the value using the identical goods value method (Method 2) by basing the value on the price paid on the original shipment if not older than ninety (90) days.

v) Regular importations of free of charge goods between the same importer and supplier combination should be covered by a value determination.

b) Samples supplied free of charge or of no commercial value
i) If the goods are supplied free of charge as free samples, there will naturally not be any question of a price relevant to establish the transaction value in the confines of Method 1 and will have to be determined by using the other valuation methods in sequential order.

ii) Samples of no commercial value are defined in Section 38(1)(a)(iii) and more fully explained in SC-IM-01-01.

iii) If the samples do not conform to the provisions of Section 38(1)(a)(iii) the goods must be entered on a Customs declaration and the Customs value must be determined using valuation Methods 2 – 6 in sequential order.

c) Gifts or promotional items
i) In the case of the importation of gifts, samples, promotional items, etc. provided free of charge, the transactions do not involve payment of any price and therefore these transactions cannot be regarded as sales under the Agreement.

ii) Method 1 cannot be applied in these cases, because there is no price paid or payable by the importer to the foreign suppliers. Therefore, the value has to be determined by applying the other valuation Methods (2 – 6) in sequential order, as prescribed in Section 66.

The following table sets out which Sections of the Act refers to which Article or Method of the Agreement:

<table>
<thead>
<tr>
<th>ACT REFERENCE</th>
<th>AGREEMENT REFERENCE</th>
<th>VALUE METHOD</th>
</tr>
</thead>
<tbody>
<tr>
<td>Section 66(1) read with Section 67</td>
<td>Article 1 read with Article 8</td>
<td>1 – Transaction value method</td>
</tr>
<tr>
<td>Section 66(4)</td>
<td>Article 2</td>
<td>2 – Identical Goods value method</td>
</tr>
<tr>
<td>Section 66(5)</td>
<td>Article 3</td>
<td>3 – Similar Goods value method</td>
</tr>
<tr>
<td>Section 66(7)</td>
<td>Article 4</td>
<td>4 – Deductive value method</td>
</tr>
<tr>
<td>Section 66(8)</td>
<td>Article 5</td>
<td>5 – Computed value method</td>
</tr>
<tr>
<td>Section 66(9)</td>
<td>Article 6</td>
<td>6 – Fall-Back value method</td>
</tr>
</tbody>
</table>
TEXTILE SAMPLES
Customs Client Registration

- All companies must have a Customs Client Code (Importers Code) for clearance.
- To register as an Customs Client (Importer / Exporter) please follow the below links, using Form DA185 at :
  www.sars.gov.za

  [http://www.sars.gov.za/ClientSegments/Customs-Excise/Processing/Pre-assessment/Registration/Pages/Local-Importer.aspx](http://www.sars.gov.za/ClientSegments/Customs-Excise/Processing/Pre-assessment/Registration/Pages/Local-Importer.aspx)

  [http://www.sars.gov.za/ClientSegments/Customs-Excise/Processing/Pre-assessment/Registration/Pages/Local-exporter.aspx](http://www.sars.gov.za/ClientSegments/Customs-Excise/Processing/Pre-assessment/Registration/Pages/Local-exporter.aspx)

- What documents are required when applying for Registration as an Importer and/or Exporter?
  [http://www.sars.gov.za/FAQs/Pages/393.aspx](http://www.sars.gov.za/FAQs/Pages/393.aspx)

- For private importers (non commercial shipment) a South African ID number or income tax number is mandatory for clearance.
  - Limited to 3 imports per year
  - Each import less than ZAR50 000
  - No commercial shipments

- For DHL non duty account holders, payment of duties/ taxes is must be done prior to entry being submitted to Customs

- Shipments containing textiles / Clothing are subject to a higher that usual inspection rate.
Which goods are considered samples of no commercial value? –

a) Goods which, in the opinion of the Commissioner, are of no commercial value include the following:
   i) Goods mutilated in such a way that they cannot be sold and or goods which have been permanently tagged or clearly marked “sample”.
   ii) Raw materials and products such as yarn, fabrics, paper, wood, base metals, marble and other monumental or building stone, cut into lengths, sheets (whether or not bound in albums or book form), slabs, pieces or like forms (or not cut) of such dimensions or size that they are useless except for the purpose of demonstration.
   iii) Nails, tacks, staples, hook-nails, cramps, studs, spikes, screw hooks and screw rings, rivets, drawing pins, bolts and nuts (including bolt ends and screw studs), coach screw, screws, cotter pins, cotters, taper pins and the like, buttons, studs, cuff-links and press-fasteners, buckles, hooks and other small articles of general use as accessories or ornaments for clothing provided that such articles are of non precious materials and are affixed to cards or are put up as samples in the manner usual in the trade and that there is not more than one of each size or kind.
   iv) Raw materials and products such as wood, natural or agglomerated cork, paper and paperboard, fabrics, linoleum, leather, skin, rubber, artificial plastic materials and articles of apparel, footwear, headgear and other articles in these materials or products, rendered useless except for the purpose of demonstration, by indelible marking, partial mutilation, or by other effective method, including sets of paper or paperboard (for example, envelopes and other paper stationery for correspondence and wall paper) rendered useless except for the purpose of demonstration by being pasted or glued together or on a supporting article of commonplace material.
   v) Products which cannot be put as samples of negligible value in accordance with b, c and d above, and which consist of:
      A) Non-consumable goods (which are demonstrated merely by being displayed, e.g. cigarette lighters, propelling pencils, etc.), of a value not exceeding the equivalent of R10 for identical or similar imported non consumable goods, and provided there is not more than one sample of each kind or quality;
      B) Consumable goods: foodstuffs, beverages, perfumes, chemical products, etc. (which are destroyed by eating or drinking, testing, analysis, etc., in the course of demonstration), of a value, not exceeding the equivalent of R10, even if they consist wholly or partly of samples of the same kind or quality, provided the quantity and the manner in which they are put up preclude their being used otherwise than as samples.

b) In applying the criterion of value referred to in paragraphs (i) and (ii) above, Customs may, in principle, take into account an individual sample or all samples in a collection, however, they must ascertain that the goods are clearly commercial samples which can be regarded as samples of negligible value.

c) This list is not exhaustive. At the discretion of the Commissioner, the office will decide if goods declared are deemed to be samples of no commercial value or not.

d) Refer to Examples: Samples of No Commercial Value document no.SC-IM-01-11-A1.

HTTP://WWW.SARS.GOV.ZA/FAQS/PAGES/663.ASPX