



Reclamation Holdings (Pty) Ltd  
Registration Number: 2005/043852/07

23 November 2020

## PARLIAMENT

**ATTENTION:** Mr Nkululeko Mangweni

**EMAIL:** [nmangweni@parliament.gov.za](mailto:nmangweni@parliament.gov.za)

Dear Sirs

### **RE DRAFT TAXATION LAW AMENDMENT BILL – PROPOSED INTRODUCTION OF AN EXPORT TAX ON SCRAP METALS**

The draft Taxation Law Amendment Bill, refers. Herewith please find our comments to the Bill.

We request that the export tax to be introduced on the exports of Ferrous and Non-Ferrous scrap metals should be a fixed value.

A fixed value duty would better serve the industry as a whole as scrap metal is not a transparently traded commodity and prices vary vastly between grades as well as customers (eg foundry industry vs long and flat products). A system that requires continuous inspection is open to abuse and manipulation by unscrupulous players in the scrap metal industry. We thus suggest that the originally proposed export tariffs, as depicted below, be included in the amendment bill as a way in which to determine the export tax and not an ad valorem duty as is proposed.

- Ferrous scrap R1 000/t
- Copper scrap R8 426/t
- Aluminium scrap R3 000/t
- The fixed value for all other commodities needs to be agreed on.

In terms of the administration of the export tax on scrap metal, we suggest that all scrap metal, both Ferrous and Non-Ferrous, only be exported in bulk, and not in containers, on account of the impossible administrative task to inspect all scrap metal if exported in containers, as there are over 42 registered scrap metal exporters, exporting in excess of 2 000 shipping containers per month, where if exports were only permitted in a bulk shipment vessel, only potentially a few

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bulk shipments, if any, need to be administered by the relevant authorities.

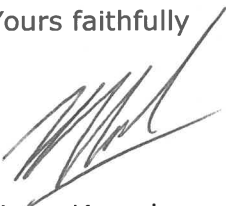
The other issue with the export of scrap metal in containers is that unscrupulous exporters could easily conceal stolen goods, including stolen infrastructure, in scrap metal containers and the authorities will have an impossible task to inspect and check all containers for such stolen goods. It would be much easier to inspect bulk shipments for stolen goods and infrastructure.

We are also of the strong view that there still needs to be an export permit system in place, which should be a mirror image of the current permit system, including the most recent proposed amendments to the PPS (see Government Gazette No 43913 of 20 November 2020).

We also propose that, to the extent that local consumers have offered a price to local suppliers / exporters in line with or more than what they may get if they would export the scrap metal, then in such instances the exporters should not be granted an export permit as they would then be exporting much needed strategic raw materials away from the local consumers for no sound commercial reason and thus exporting much needed jobs to other countries, who will then benefit from these strategic resources.

Thank you very much for affording us the opportunity to provide our comment and input. Please do not hesitate to contact me should you require any additional information.

Yours faithfully

A handwritten signature in black ink, appearing to be 'H. Kassel', written over a horizontal line.

Harry Kassel

**Chief Executive Officer**