**NATIONAL ASSEMBLY**

**QUESTION FOR** **WRITTEN REPLY**

**QUESTION NUMBER:** **736 [NW833E]**

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**🟊****736. Mr W M Madisha (Cope) to ask the Minister of Finance**

(1) Whether, considering that under the Customs and Excise Act, Act 91 of 1964, any person and/or entity are only allowed to manufacture cigarettes in the Republic if they are registered and/or licensed with the SA Revenue Service (Sars), he will furnish Mr W M Madisha with (a) a list of all the persons and/or entities that have an active registration and/or licence with Sars and (b) the registered manufacturing addresses linked to the specified registrations and/or licences; if not, why not, in each case; if so, what are the relevant details in each case;

(2) (a) what total number of licences have been issued since 1 January 2022 and (b) to whom were such licences issued;

(3) What criteria are used to issue such licenses;

(4) Whether a tender system is in place; if not, why not; if so, what are the relevant details?  NW833E

**REPLY**

1. **Any legitimate trader ought to be licensed with SARS in terms** **Sections 19 (1),27 (1), and 60 (1) of the Customs & Excise Act, No. 91 of 1964 (the Act).**

As per the Customs & Excise trader register, there is total of 64 (sixty-four) licensed facilities for tobacco products as follows:

1. **Manufacturer of tobacco products is 50 (fifty) Licensees**
2. **Storage of tobacco products as per register – 14 (fourteen) Licensees**

(a)(b) In terms of the section 4 (3) of the Act, the Commissioner or any officer of SARS may not disclose any taxpayer-specific information, except in the performance of his or her duties under this Act or by order of a competent court. The taxpayer confidentiality provisions of the Act therefore prevent names and addresses of licensees to be shared as requested.

1. (a) Since the 01 January 2022 a total number of licenses issued for Manufacturers of

tobacco products is 8 (eight) and Storage of tobacco products is 4 (four)

(b) Licenses were issued to traders that submitted applications and met the criteria as per **Sections 19 (1),27 (1) and 60 (1) of the Act.**

1. Sections 19, 27 and 60 of the Act make special provision for Customs and Excise warehouses in which Excisable or fuel levy goods are manufactured or stored. Section 19A of the Act controls the activities in and movements of goods from and between such warehouses, with the rules numbered 19A1 thereto being specifically applicable to tobacco products.

Section 54E of the Act makes provision for a Customs and Excise manufacturing warehouse in which environmental levy goods are manufactured. Section 54J of the Act applies these licensing provisions in respect of Health Promotion Levy on sugary beverages.

No licensee may conduct other business / manufacturing in or on the same factory / plant that is licensed as a manufacturing or storage warehouse with the SARS.

Client is required to submit application through Customs & Excise branch with all relevant supporting documents and applicable annexures for the purpose of the application.

The following additional supporting documents must be presented with the application (DA 185):

i) Registration certificate of business (as issued by the Registrar of Companies or Master of the Supreme Court in a case of a trust);

ii) Resolution / consent or other authority applicable.

iii) Site plan:

A) Must be a detailed plan of the premises but need not be a blueprint although it must be according to scale.

B) Must show the position(s) of the proposed manufacturing or storage warehouse in relation(s) to the adjoining building(s) and public thoroughfare(s);

C) Adequate office space must be provided to enable excise officers to conduct enforcement functions on the premises; and

D) Must be signed and dated by the applicant.

iv) A list of plant and machinery; and

v) Identity / passport documents of –

A) Individual.

B) Partnership, Close Corporation and Trust (All members / partners / trustees).

C) Company (All Directors, including Managing Director and Financial Director).

Once application is submitted client is subjected to below verification processes before

being granted with a license:

1. Case is generated at time of submission at branch office
2. Physical inspection will be conducted to ensure client meet the requirements
3. Compliance check is conducted – and client is required to lodge a bond (surety/guarantee) to minimum value of R 2 000 000.00
4. Once all applicable processes are conducted and client meets all criteria, license will be issued.
5. No, since licencing is a regulatory measure. [**Optional:** It is not a measure to allocate finite resources that are in high demand, such as radio spectrum.