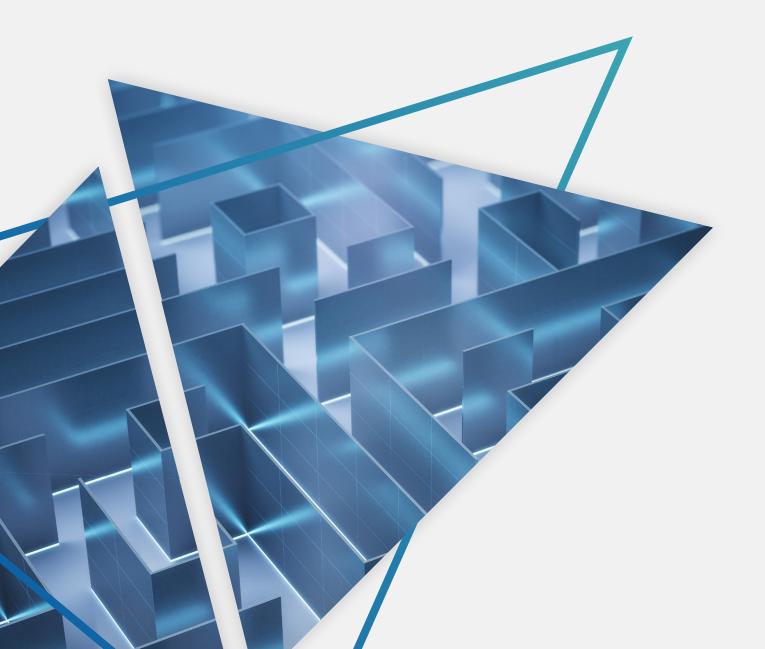
# **Tax & Exchange Control**

ALERT | 3 March 2025





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# TAX & EXCHANGE CONTROL ALERT

# Reclassification of certain health supplements in the import duty space

The South African Revenue Service (SARS) has decided to reclassify various health supplements that were previously categorised under tariff heading (TH) 21.06. (providing for miscellaneous edible preparations which were subjected to a rate of 20% import duty) into TH30.04, which pertains to pharmaceuticals, and which attracts a <u>duty free</u> rate.

In the interim, SARS has amended TH30.04 to provide as follows:

Government Gazette No. No. R.

CUSTOMS AND EXCISE ACT, 1964. AMENDMENT OF SCHEDULE NO. 1 (NO. 1/1/1940) Date: 2025-02-14

In terms of section 48 of the Customs and Excise Act, 1964, Part 1 of Schedule No. 1 to the said Act is hereby amended to the extent set out in the Schedule hereto.

ENOCH GODONGWANA MINISTER OF FINANCE

#### SCHEDULE

#### By the insertion of the following Additional Note(s) 2 and 3 after Additional Note 1 in Chapter 30 of Section VI to Part 1 of Schedule No. 1:

- Subheadings 3004.50, 3004.90.20 and 3004.90.30 includes herbal or homeopathic medicinal preparations and preparations based on the following active substances: vitamins, minerals, essential
  amino-acids or fatty acids in packing for retail sale. These preparations are classified in heading 30.04 only, if they bear on the label, packaging or on the accompanying user directions the
  following statements of:
  - (a) the specific diseases, ailments or their symptoms for which the product is to be used;
  - (b) the concentration of active substance or substances contained therein;
  - (c) dosage; and
  - (d) mode of application.

In the case of preparations based on vitamins, minerals, essential amino-acids or fatty acids, the level of one of these substances per recommended daily dose indicated on the label must be significantly higher than the recommended daily allowance to maintain general health or well-being.

- 3. The medicinal preparations mentioned in Additional Note 2 must, on importation, be supported by a -
  - (a) certificate of registration of the product as a medicine;
  - licence permitting import of the product as a medicine; or
  - letter of confirmation of the status of the product as a medicine,

from and verifiable by the South African Health Products Regulatory Authority

#### By the insertion of the following:

Heading /	CD	Article Description	Statistical	Rate of Duty					
Subheading			Unit	General	EU/UK	EFTA	SADC	MERCOSUR	AICFTA
3004.90.20	5	<ul> <li>Other, containing minerals, essential amino-acids or fatty acids (excluding those of subheading 3004.50)</li> </ul>	kg	free	free	free	free	free	free
3004.90.30	2	Other, herbal or homeopathic preparations (excluding those of subheading 3004.50 and 3004.90.20)	kg	free	free	free	free	free	free



# TAX & EXCHANGE CONTROL ALERT

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# What does this mean in practice?

Pharmaceutical companies that have imported health supplements now have the recourse to potentially have their health supplements reclassified under TH30.04, where applicable, and potentially apply for refunds of customs duties and value-added tax from SARS for a retrospective period of two years from the date of a favourable tariff determination from SARS.

# Who to contact?

Pharmaceutical companies that are interested in discussing this potentially rewarding exercise may contact:

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### **BBBEE STATUS:** LEVEL ONE CONTRIBUTOR

Our BBBEE verification is one of several components of our transformation strategy and we continue to seek ways of improving it in a meaningful manner.

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