

What you need to know about the new rules for Sars customs and excise client accreditation

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The rules under section 64E of the Customs and Excise Act that provided for accredited client status have been repealed in their entirety and replaced by a new set of rules, which became effective on 23 July 2021. Section 64E deals with South African Revenue Service (Sars) client accreditation rules and is of interest to importers and exporters who wish to apply for accredited client status in South Africa. The concept of an accredited client or preferred trader is similar to the authorised economic operator concept found in many other countries.



Source: [sutthinon sanyakup – 123RF.com](#)

The new rules set out what the levels of accredited client status are, the application process, the validity of the person applying, the renewal of accredited client status, criteria for levels of accredited client status, the benefits of the two levels of accredited client status, as well as miscellaneous and transitional matters.

The amendments include plans to form an accreditation committee that will consider and decide on matters falling within the Customs and Excise authority, including the consideration and approval or refusal of applications, and the cancellation or suspension of accredited client status, for example.

Levels of accredited client status

The two levels of accredited client status referred to in the new rules are Level 1 - Authorised Economic Operator (Compliance) and Level 2 - Authorised Economic Operator (Security). A person that is registered for customs and excise activities in South Africa may apply for Level 1 or 2 accredited client status. According to the new rules, all customs activities for which an applicant is registered or licenced under the provisions of the Act will be taken into account when assessing applications for both levels of accredited client status.

Application process

Application for accredited client status must be made on form [DA 186](#) and can be submitted at any Customs and Excise Office where a client relationship manager is located or emailed to the email address indicated on the Sars website for

receipt of such applications.

The application for accredited client status must include a customs accreditation self-evaluation questionnaire, a systems questionnaire, an accreditation agreement, an application to make a booking for the competency assessment, and any other supporting documents necessary to proving compliance with the prescribed criteria.

Applicants have to establish sufficient knowledge of customs laws and must apply for a competency assessment on a booking form published on the Sars website. The competency assessment must be completed by the applicant personally or by persons in the employ of the applicant, who have been nominated to administer accredited client requirements.

The Accreditation Competency Assessment Certificate is issued in the name of the person who took the assessment if a score of at least 70% is achieved during the assessment. The certificate is valid for five years from date of issue. However, the new rules state that if there are any significant changes to customs and excise legislation, the holder of the certificate may be required to take an additional assessment to prove knowledge of such changes.

Investigations

In order to verify any statements made by applicants, the new rules note that applicants must make available any books, accounts and other documents and any other information (for a period of up to five years) as required by the commissioner.

Application approval

According to the new rules, approval of applications for accredited client status is subject to the following general conditions:

- The holder of the accredited client status must remain compliant with the criteria prescribed for the particular level of accredited client status.
- If they do not remain compliant, they must promptly notify the commissioner of the non-compliance or change, by submitting application form DA 186 and the required supporting documents reflecting the relevant details.
- The holder of the accredited client status may not, without the prior permission of the commissioner, make any change in respect of his or her computer system. This includes any changes made to the system or changing to or from a third-party computer system, for example.

There might also be specific conditions for the approval of the application, that may be determined by the commissioner.

Validity of accredited client status

The validity takes effect on the date specified and remains valid for a period of five years. The application lapses if it is cancelled by the commissioner or if holders notify the commissioner that they no longer intend to retain the status.

Renewal of accredited client status

Holders of accredited client status must apply for renewal no later than 30 calendar days before expiry of the status.

Benefits

Level 1 accredited client status (AEO Compliance)

According to the new rules, Level 1 accredited client status holders are entitled to the following benefits:

- The services of a client relationship manager
- reduction of the amount of any security required in terms of the Act
- fewer documentary and physical inspections for compliance risks
- prioritising of requests for tariff and valuation determinations
- prioritising access to non-intrusive inspection techniques when goods are stopped or detained for inspection
- prioritising and expediting inspections
- inspection of goods at the client's premises on appointment, irrespective of the type of goods, and the exemption from payment of a fee for such inspections, and
- authorisation to make use, in accordance with an agreement entered into with Sars, of a unique Sars logo identifying that the holder is recognised by Sars as a person with authorised economic operator status
- recognition by other customs authorities of the Level 1 accredited client status issued to the holder to the extent provided for in mutual recognition arrangements between Sars and such customs authorities, and provided consent to share information is obtained from the applicant.

Level 2 accredited client status (AEO Security)

In addition to the Level 1 benefits above, Level 2 benefits include:

- Exemption, on conditions determined by the commissioner, from customs supervision following application for special or extra attendance. This is in relation to the examination of goods entered on a sight bill of entry, the unpacking and repacking of goods for export, the export of goods temporarily imported, the examination of goods without prejudice and the destruction of goods.
- prioritising of applications for special or extra attendance services where such holder is not exempted from supervision
- no charges for special or extra attendance in respect of certain benefits, such as:
 - the expedited processing of refund and drawback applications
 - provision of targeted training sessions
 - provision of trade statistics on a quarterly basis
 - the extension of validity of the relevant license issued to such holder in terms of section 60
 - reduced cyclical compliance audits for licensees, which will not affect risk-based audits or mandatory audits for purposes of maintaining the accredited client status
 - fewer documentary and physical inspections for compliance and supply chain security risks
 - exemption from security payments; and
 - co-ordination of interventions undertaken or required to mitigate compliance and security risks in respect of such holder's goods by officers and officials from other government agencies. This is to the extent provided for in memoranda of understanding between Sars and such agencies and provided that consent has been given by the holder
- recognition by other customs authorities of the Level 2 accredited client status issued to the holder, subject to conditions.

Miscellaneous matters

The rules note that any holder of accredited client status who wishes to benefit from the mutual recognition of accredited client status provided for by international agreements or arrangements, should note that such benefits are to the extent provided for in memoranda of understanding between Sars and such agencies, and provided that consent to share information has been given by the holder.

Transitional matters

The section on transitional matters includes guidance on accredited client status that was applied for and granted before the new requirements. The rules note that an application that had already commenced on the effective date of the new rules, must be finalised in accordance with the repealed rules. Further, accredited client status granted pursuant to such application must be regarded as a Level 1 accredited client status. Any competency certificate issued before the effective date remains valid for purposes of these rules until its expiry date.

The new rules will streamline the customs and trade process for trading partners and allow a much more efficient and cost-effective movement of goods across South Africa's borders. Parties trading with South Africa are encouraged to apply for such status.

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