



LEGAL OBLIGATION FOR THE PURCHASE OF ETHANOL

Purchasers of ethanol should be aware that there are certain minimum legal requirements that must be complied with in order to receive product, specifically with respect to Customs and Excise, and local safety by-laws.

EXCISE DUTY

The rules and regulations pertaining to the manufacture, use, distribution and storage of ethanol are set out in the Customs and Excise Act No. 91 of 1964 and subsequent amendments as published from time to time in the Government Gazette.

SARS is commissioned by law to raise duties on alcohol consumed within the boundaries of the South African Customs Union. All ethanol is regarded as potable (drinkable) directly after manufacturing and is classified as excisable goods.

Alcohol used in the liquor industry is liable for the payment of full Excise Duty, but this represents a very small percentage of the South African ethanol production. The rest of the alcohol produced is intended for use in the industrial alcohol industry and is further processed, blended or denatured according to registered formulae in order to render it non-potable. This alcohol qualifies for a partial or full rebate of duty as set out in Schedule No. 6 of the Customs and Excise Act (1964) and the relevant excise duty will be rebated by SARS if the process complies with a registered formula, as well as all other specific rebate provisions under which it is applied. Alcohol used in the manufacture of food flavours and medicinal products remains potable, but also qualifies for rebated excise duty in terms of Schedule No. 6, provided the necessary registrations are in place.

Customers wishing to use alcohol under rebate of duty must register with SARS as a rebate user. Registration is done by completing the relevant DA 185 application forms and submitting them to the nearest SARS Customs and Excise office. These forms are available from any SARS: Customs and Excise office or directly from their website <https://www.sars.gov.za/> under Customs, Customs documents.

SUMMARY

END USE APPLICATION	DUTY
Alcoholic Beverages	Full Duty
Medicines; sterilisation	Full Rebate of Duty
Deodorants; personal care; perfumes; air fresheners	Full Rebate of Duty
Flavours; Food Essences	Full Rebate of Duty
Vinegar Manufacture	Full Rebate of Duty
Chemical manufacture	Full Rebate of Duty
Heating/Cooking Applications	Full Rebate of Duty
Coloured Meths	Registration Required

SAFETY: CERTIFICATE OF REGISTRATION

Ethanol is a flammable liquid and customers intending to purchase alcohol must obtain the necessary permits from their local authorities as specified in the relevant municipal by-laws. The minimum requirement is a certificate of registration issued by the local fire department.