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# *The Health Promotion Levy (“HPL”): Compliance Requirements*

14 May 2018

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## *In brief*

The HPL on sugary beverages came into effect on 1 April 2018 and has been levied since that date. To ensure compliance with the Customs and Excise Act, all local manufacturers of sugary beverages must be registered with and obtain a licence from the South African Revenue Service (“SARS”) and must prepare and submit monthly accounts (returns).

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## *In detail*

### ***Health Promotion Levy Return for Sugary Beverages (Form DA 179)***

Manufacturers of HPL products must complete and submit the DA 179 return to SARS every month.

This means that, with effect from 1 April 2018, all manufacturers must pay sugar levy on all HBL products produced and removed from their manufacturing warehouses during the accounting month.

### ***Compliance***

In order to submit the DA 179 return, manufacturers must be registered with SARS.

Both commercial and non-commercial manufacturers should have registered and

obtained licenses using the DA 185 and DA 185 4B2 forms.

Should there be uncertainty regarding whether the levy is payable in respect of a particular product, application should be made to SARS for a firm ruling (referred to as a Tariff Determination Number).

Such rulings should have been submitted and obtained from SARS before 1 April 2018; and the laboratory test report confirming the sugar content volume of each product should have also been in place on 1 April 2018.

### ***Risk***

Should a manufacturer not be registered and the DA 179 return is not capable of being

submitted, late payment penalties may be imposed. In addition, SARS may also charge interest.

Should a tariff ruling not be in place confirming that a product is subject to the sugar levy and such products are not accounted for, SARS will collect the sugar levy, impose penalties and charge interest.

Should a laboratory report (confirming sugar content) not be in place, the relevant manufacturer will be required to pay the levy based on a minimum of 16 grams/100 ml per product.

# *Tax Alert*

## Indirect Taxes

### *Let's talk*

For a deeper discussion of how this issue might affect your business or if you require assistance to be compliant when submitting DA 179 returns, please contact:

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