



TRADE LOGISTICS

YOUR KEY TO INTERNATIONAL TRADE

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GUIDE TO Calculating Import Duties and VAT



On top of the cost price of your imported goods you will need to add your freight costs, import duty tax and VAT. This will have a large impact on the landed cost of your goods and your profitability. If you are a VAT registered vender you may claim the VAT back. A calculator that will add in these costs for you is available in the [Members Area](#).

How to calculate import duty:

Import duty can be charged by customs in three ways, namely “free”, “rated or specific” and “ad valorem”. Customs may also use a combination of rated and ad valorem duty called compounded duty. If an item is “free” that means that there is no import duty tax to be paid. This is explained in more detail in the below table.

| Type of Duty | Examples |
|--|--|
| Rated or Specific | 10 cents per square meter or 3 cents per dozen |
| Ad Valorem (Fixed percentages of the value) | 10% of the value or 25% of the value |
| Compound (combination of rated and ad valorem duties applicable to goods mentioned in the same tariff heading) | 20% + 8 cents per kg or 50 cents per square meter less 20% |

In the customs tariff book (book listing all traded items and their duties) each item is classified by a [tariff code or HS code](#) that is the same throughout the world. Each tariff code is associated with a specific duty tax. A copy of the tariff book is available in the [Members Area](#). You can use this to look up the duty tax you will be liable to pay.

Below are instructions on how to use the tariff book:

1. Look up the tariff code on the left hand side column

| Heading / Subheading | CD | Article Description | Statistical Unit | Rate of Duty | | | |
|----------------------|----|--|------------------|--------------|------|------|------|
| | | | | General | EU | EFTA | SADC |
| 06.03 | | Cut flowers and flower buds of a kind suitable for bouquets or for ornamental purposes, fresh, dried, dyed, bleached, impregnated or otherwise prepared: | | | | | |
| 0603.1 | | Fresh: | | | | | |
| 0603.11 | 3 | Roses | kg | 20% | free | 20% | free |

2. Check that it matches your product's description (remember to be specific)

3. Your rate of duty is on the right hand side (depending from where your products are; see table below to make sure under which area your products fall)

The rate of duty you are liable to pay may differ if you are importing from one of the below countries, make sure you look up the correct rate of duty.

| Rate of Duty | | | | |
|---------------------------|--------------------------------|--------------------------------|-------------------------------|------------------------------|
| General | EU | | EFTA | SADC |
| Other countries of origin | Austria | Italy | Iceland | Angola |
| | Belgium | Latvia | Liechtenstein | Botswana |
| | Bulgaria | Lithuania | Norway | DRC |
| | Croatia | Luxembourg | Switzerland | Lesotho |
| | Cyprus | Malta | | Malawi |
| | Czech Republic | Netherlands | | Mauritius |
| | Denmark | Poland | | Mozambique |
| | Estonia | Portugal | | Namibia |
| | Finland | Romania | | Seychelles |
| | France | Slovakia | | South Africa |
| | Germany | Slovenia | | Swaziland |
| | Greece | Spain | | Tanzania |
| | Hungary | Sweden | | Zambia |
| | Ireland | United Kingdom | | Zimbabwe |
| | | | | Madagascar |

You now have the duty tax percentage you will pay. Take the cost of the goods and add this amount to work out how much tax you will pay. For example:

Rated or Specific Calculation:

Volume of goods is 1000m², Duty Tax is 30c per M².

Total duty tax is $1000 \times 30c = 30\,000\text{cents}$ or R300.

Ad Valorem Calculation:

Cost of goods is R1000, Percentage duty tax is 25%

Total duty tax is $R1000 \times 25/100 = R250$

How to calculate VAT

Now that you have your import duty you can calculate how much VAT you are liable to pay. The VAT must be paid before your goods are cleared at customs.

You can calculate the VAT as follows:

Product price on commercial invoice (e.g. R100)
 + 10% of commercial invoice (e.g. R10)
 + duty tax (e.g. if duty tax percentage is 20% then R20 is added)
 = Total (e.g. R130).
 14% VAT is levied on the Total amount.

The above calculation can be done automatically on our Import Duty and VAT calculator in the [Member's area](#).



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