

Legal obligations for the purchase and use of Ethanol

1. Purpose

This statement outlines the minimum legal and regulatory requirements applicable to customers purchasing ethanol from AlcoNCP (Pty) Ltd, in accordance with the **Customs and Excise Act, 1964 (Act No. 91 of 1964)** and applicable municipal by-laws governing flammable liquids.

2. Customs and Excise Compliance

Ethanol is classified as an **excisable product** under the Customs and Excise Act and is subject to strict regulatory control relating to its manufacture, storage, distribution, and use.

2.1 Duty Liability

- Ethanol intended for **human consumption** is subject to **full excise duty**.
- Ethanol intended for **industrial, chemical, or other approved uses** may qualify for a **rebate or remission of duty**, subject to:
 - Compliance with **Schedule No. 6** of the Act.
 - Use in accordance with an **approved rebate item and formula**.
 - Ongoing compliance with all applicable **SARS rules and conditions**.

2.2 Licensing and Registration Requirements

Customers intending to receive, store, manufacture, or use ethanol under rebate must:

- Be **registered and/or licensed with SARS Customs and Excise**, as applicable.
- Submit the required **DA 185 application forms** and supporting documentation.
- Operate strictly within the conditions of their **approved licence or registration**.

Depending on the nature of operations, this may include registration as:

- A **rebate user**.
- A **licensed manufacturer**.
- A **licensed storage warehouse operator**.

2.3 Compliance Obligations

Customers must ensure:

- Accurate **record keeping and reconciliation** of all ethanol received and used.
- Compliance with all **prescribed formulae and processes** for denaturing or further manufacturing.
- Maintenance of adequate **audit trails** and availability of records for inspection by SARS.
- Adherence to all **movement control and documentation requirements**.

Failure to comply with these requirements may result in:

- Withdrawal of rebate benefits.
- Assessment of duties and penalties.
- Suspension or cancellation of registration or licence.

3. Summary of Duty Treatment (Indicative Only)

End Use Application	Duty Treatment
Alcoholic beverages	Full duty payable
Industrial, chemical, and manufacturing uses	Rebate subject to Schedule 6 compliance
Pharmaceuticals and food-related applications	Rebate subject to approval and compliance
Denatured alcohol (e.g., methylated spirits)	Subject to approved formulae and controls

Note: Duty treatment is subject to approval by SARS and strict compliance with all applicable provisions.

4. Fire and Safety Compliance (eThekweni By-Laws)

Ethanol is classified as a **flammable liquid**, and its storage and handling are regulated under applicable municipal by-laws.

Customers must ensure that:

- A valid **Certificate of Registration** for flammable substances is obtained from the relevant Fire Authority.
- Storage facilities comply with:
 - Approved **design and construction standards**
 - **Volume limitations and zoning requirements**
 - Installation of appropriate **fire protection systems**
- Facilities are subject to **inspection and approval** by the Fire Department.
- All safety measures relating to the storage, handling, and transfer of flammable liquids are implemented and maintained.

5. Customer Responsibility

Customers are solely responsible for ensuring compliance with:

- The Customs and Excise Act and all related rules and schedules.
- Applicable municipal by-laws and fire safety regulations.
- Any other relevant health, safety, and environmental legislation.

6. Right to Refuse Supply

AlcoNCP reserves the right to:

- Refuse or suspend supply where a customer is unable to demonstrate compliance
- Require additional documentation or verification prior to delivery.

7. Disclaimer

This document provides a high-level overview of applicable requirements and does not replace the need for customers to obtain independent legal or regulatory advice. Compliance with all applicable legislation remains the responsibility of the customer.