

Export Processing Zones

Export Processing Zones (EPZ) are governed by an Act of Parliament, Export Processing Zone Act, Act

In the area defined as the Export Processing Zone certain lawful activities can be conducted with the minimum of formalities.

A Zone provides a site where operations involving foreign and domestic merchandise can take place which otherwise might have been done abroad for tariff and trade reasons. Any foreign or domestic merchandise, except that which is prohibited by law or order because of public health, safety or interest, may be brought into the Zone without being subject to the payment of duty and tax.

Merchandise which is permitted in a Zone may be stored, exhibited, manufactured, mixed or manipulated provided it is allowed in the Export Processing Zone Act and other applicable laws and regulations. Merchandise may be exported, destroyed or sent into Customs territory from the Zone. It is expected that the majority of the merchandise will be exported and the amount which is allowed into Namibia will be 30 percent of the production and must be closely controlled. It will be subject to Customs duties and taxes if sent into Customs territory, but not if shipped to foreign destinations outside the SACU region.

1. Export Processing Zone Program

Manager has been designated as the Head Office Export Processing Zone Program Manager. The program manager will be advised of all EPZ certificates issued and the relevant supporting documentation such as the trader application forms, processing schedules, Company accounts etc by the department of Trade and Industry. He or she will be responsible for notifying the Controllers, responsible for supervision and control of EPZ companies, of an approval having been issued by Trade and Industry and to supply copies of the relevant information to be included in their trader files.

The Program Manager will establish and maintain a central Trader file giving full details of certificates issued correspondence with Trade and Industry relating to any trader, amendments to authorization issued any other correspondence from Customs or other body.

The Program Officer shall serve as the liaison person between Customs and Excise and Trade and Industry regarding EPZ's and shall establish and maintain a list, and notify all ports of entry of EPZ

certificates issued, giving the information provided at the end of this chapter. The Program Manager serves as the principal advisor to the Director and shall consider and decide on any disputes or issues that arise that have not been resolved at the relevant control station.

2. Customs Laws and Regulations

For control purposes, Customs and Excise is mandated by Section 6 of the Export Processing Zones Act, Act No. 9 of 1995 to control the movement of goods in relation to the provisions of the Customs and Excise Act 1998. There is a further specific set of procedures issued by Customs and Excise in the EPZ handbook.

Merchandise of every description, except for that prohibited by law, may be brought into an Export Processing Zone. It can be stored or processed there under certain circumstances without being subject to the full Customs laws of Namibia. Although Customs laws are not usually applied in the Zones they are applicable to the merchandise passing through the territory of Namibia before admission to, or after transfer from the Export Processing Zones. In order to be able to perform their duties Customs and Excise have issued regulations which indicate the way that Zones shall be operated, maintained and administered by the competent authority (who may be referred to as the operator in these notes).

3. Principal duties of Customs officers

The principal interest and concern of Customs in Export Processing Zones is the control of merchandise moving to and from the zone, to see that all revenue is collected properly and that there is no evasion of Namibian laws and regulations governing the goods. This concern includes measures to ensure that merchandise is not, or has not been, overtly or clandestinely removed from the Zone without the proper Customs procedures being followed.

4. Customs neutrality

Because it is primarily a law enforcement agency, it is the policy of Customs and Excise to neither encourage nor discourage the establishment or the use of Export Processing Zones. Customs officer are not authorized to advise any party whether to use one Zone in preference to another, or to use a Zone at all instead of another facility administrative mechanism in the Customs territory.

5. Other Agencies

Zone operators and users may expect to deal with a number of agencies besides Customs. These other agencies all have jurisdiction concerning merchandise or activities in the Zone.

6. How Export Processing Zones are established

The Minister of Trade and Industry, in consultation with the Ministry of Finance, may declare any area as an Export Processing Zone.

This may consist of a developed, partly developed or undeveloped area of land or may comprise a single factory unit or group of units. Every Export Processing Zone shall be managed by an Export Processing Zone Management Company which has obligation in regard to the provision of services and maintenance under the Export Processing Zones Act.

7. Export Processing Zone Enterprises and Certificates

An individual Business wishing to establish either in a Zone or a single unit factory is known as an Export Processing Zone Enterprise. In order to operate as part of an Export Processing Zone they must apply through the appropriate management company for an Export Processing Zone Enterprise Certificate. To operate as a single unit factory they must apply for an Export Processing Zone Single Factory Certificate. Only when they are in possession of a certificate are they entitled to the facilities available to an EPZ. These certificates are only issued following consideration of the application by a committee which consists of the Minister of Trade and Industry, Minister of Finance and the Governor of the Bank of Namibia. If the holder contravenes the provisions in the Act a certificate may be revoked.

8. Customs offices

The law states that the Director of Customs and Excise shall establish and maintain an office in each Exporting Processing Zone. However, the provision of suitable accommodation and costs of each office shall be the responsibility of the Export Processing Zones Management Company, or Enterprises. The size, facilities required and staffing of Customs offices will be determined according to needs but in the majority of cases is unlikely to require full time Customs attendance at individual enterprises.

9. Customs documents controlling movement of merchandise

Merchandise being transported to and from Export Processing Zones through Customs territory must be entered for Customs purposes by means of form SAD 500/501. At present there is no constraint for movements of goods to be made in bond but the Director of Customs reserves the right to introduce this requirement either on an individual basis, or nationally, based on experience. Domestic goods transported to a Zone must also be entered as an export for Customs purposes on form SAD 500/501.

10. Customs treatment of Equipment or Supplies used in Zones

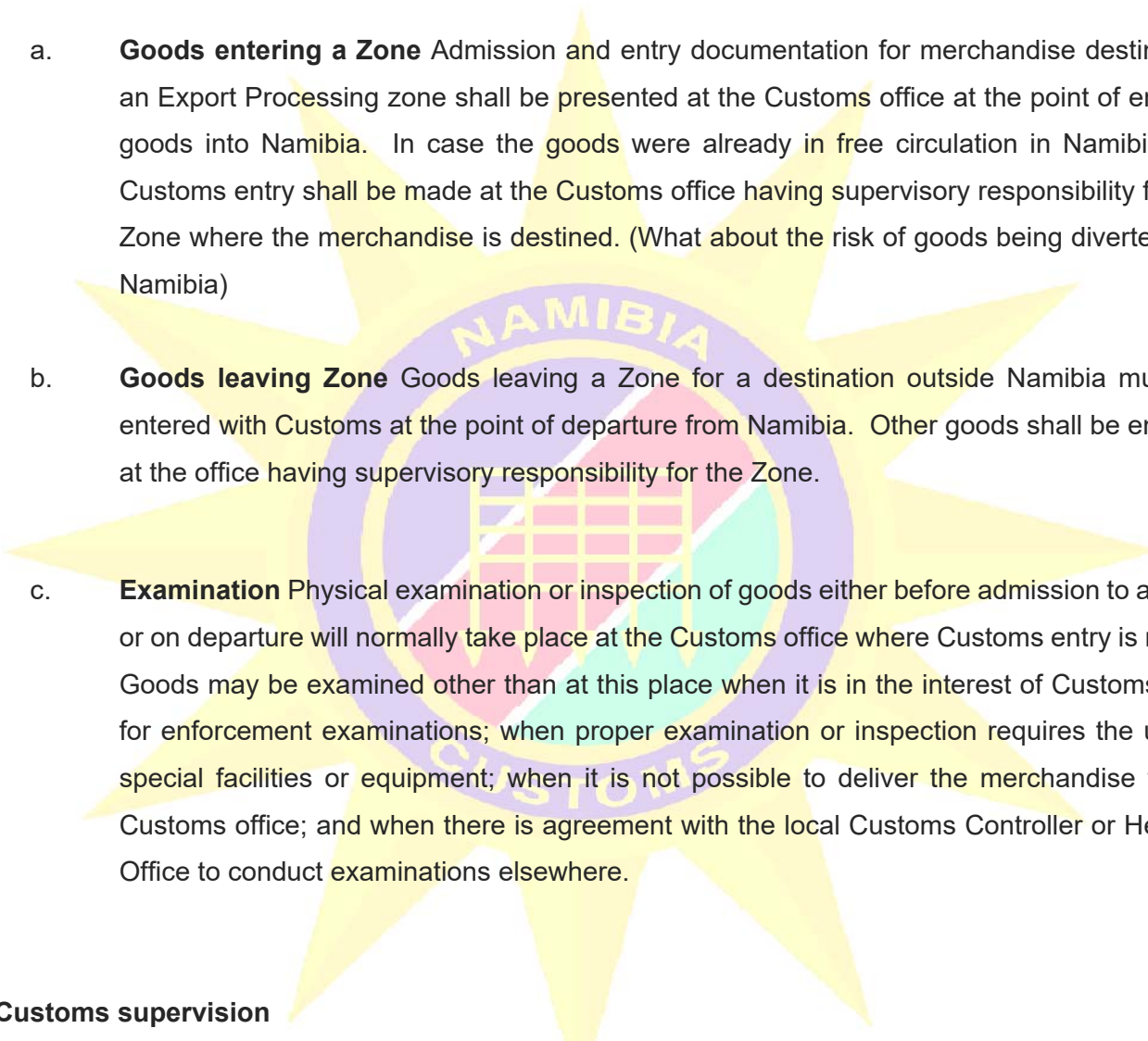
- a. **Equipment (Other than vehicles)** Equipment used in manufacturing and materials for the process are allowed to be imported, enter into and to remain inside the Export Processing Zone without payment of duty and tax.

Goods removed from an Export Processing Zone with the exception of goods in transit to a destination outside SACU or to another Export Processing Zone shall be treated as goods imported into Namibia and liable to duty and tax on the same basis as goods from non-preference countries. In all instances details of the goods must be properly entered using form SAD 500/501.

- b. **Vehicles:** Vehicles may be allowed in Export Processing Zones on a Duty Free basis under the following conditions:
1. they are manufactured or assembled in the Export Processing Zone as part of the manufacturing process, or
 2. they are used exclusively in, or for the delivery of products manufactured in an export processing zone irrespective of whether the delivery is performed inside or outside the zone. (This provision has been relaxed to additionally allow these vehicles to be used for the transport of workers to and from the factory). In the latter case the vehicles are subject to the normal requirements for road use, including licenses but in addition must be prominently and visibly labeled by permanent marking with the name of the Export Processing Zone and the words Duty Free Vehicle on either side of the vehicle. Vehicles not marked or found to be used for purpose other than the delivery of goods and the transport of workers will be liable to seizure, fine and the recovery of duty.
- c. **Refunds of duty or tax** No duty or tax which has already been paid on goods exported from Namibia into an Export Processing Zones shall normally be refunded.
- d. **Re-importation of goods exported to Export Processing Zones** Goods on which Duty and Tax have been paid and which are exported from Namibia into an Export Processing Zone on a temporary basis may be allowed to be re-imported into Namibia without further payment. To do this they must be correctly entered for Customs purposes as a temporary export to the Zone at the time they were taken into the Zone. When they are removed from the Zone the goods must be identified as the goods which entered the Zone and they must be returned in an altered state. In all instances where no temporary export entry was made or in cases of doubt the goods will be deemed to have lost their identity and treated as liable to duty and tax. Such equipment and supplies may include but not be limited to, office furniture, machines and equipment; construction machinery and materials; manufacturing machinery and equipment; tooling and supplies; packaging machinery and equipment.

NOTE: Food to be eaten in the Zone and water and fuel which do not become part of a Zone product are exempted from these requirements.

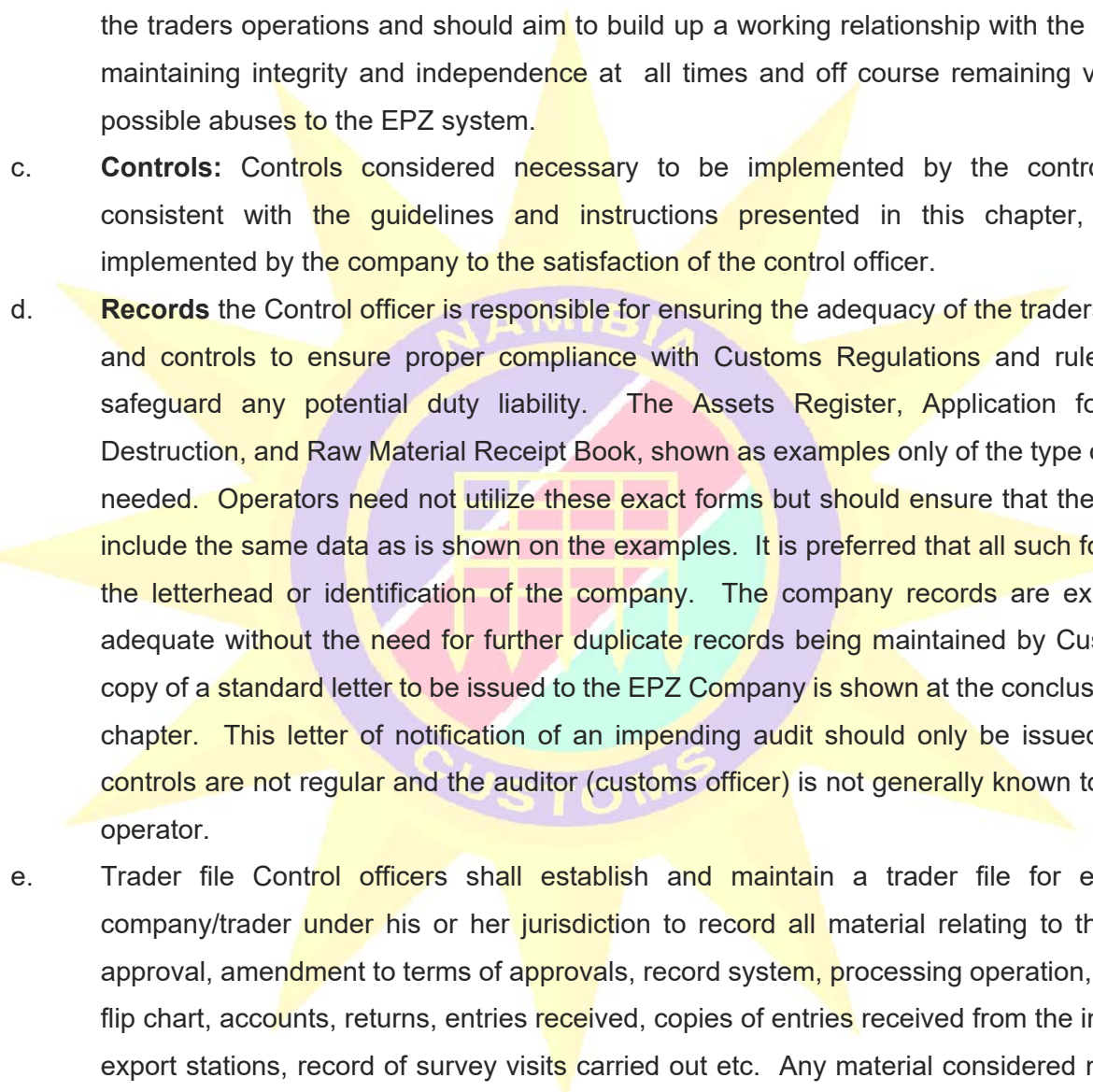
11. Place of Customs Entry and Examination

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- a. **Goods entering a Zone** Admission and entry documentation for merchandise destined to an Export Processing zone shall be presented at the Customs office at the point of entry of goods into Namibia. In case the goods were already in free circulation in Namibia, the Customs entry shall be made at the Customs office having supervisory responsibility for the Zone where the merchandise is destined. (What about the risk of goods being diverted into Namibia)
 - b. **Goods leaving Zone** Goods leaving a Zone for a destination outside Namibia must be entered with Customs at the point of departure from Namibia. Other goods shall be entered at the office having supervisory responsibility for the Zone.
 - c. **Examination** Physical examination or inspection of goods either before admission to a Zone or on departure will normally take place at the Customs office where Customs entry is made. Goods may be examined other than at this place when it is in the interest of Customs, e.g. for enforcement examinations; when proper examination or inspection requires the use of special facilities or equipment; when it is not possible to deliver the merchandise to the Customs office; and when there is agreement with the local Customs Controller or Head of Office to conduct examinations elsewhere.

12. Customs supervision

The Director of Customs and Excise will assign the necessary Customs officers to protect the revenue and to provide for the admission of foreign merchandise into each Zone. The cost of maintaining the additional Customs Service required under the Export Processing Zones Act will be paid by the operator of the Zone.

13. EPZ Control Officers

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- a. **General** Regional controllers responsible for Export Processing Zones will appoint an experienced officer to serve as EPZ control officer and will notify the Program Manager at Head Office of each control officer appointed to control an EPZ operator in their Region.
- b. **Preliminary inspections** Preliminary inspections shall be carried out by the officer so appointed and his/her immediate superior. All such preliminary inspections will be coordinated with the Program Manager who will determine whether he or a member of his staff will accompany the inspection team. Control officers are to familiarize themselves with the traders operations and should aim to build up a working relationship with the trader yet maintaining integrity and independence at all times and off course remaining vigilant for possible abuses to the EPZ system.
- c. **Controls:** Controls considered necessary to be implemented by the control officer, consistent with the guidelines and instructions presented in this chapter, shall be implemented by the company to the satisfaction of the control officer.
- d. **Records** the Control officer is responsible for ensuring the adequacy of the traders' records and controls to ensure proper compliance with Customs Regulations and rules and to safeguard any potential duty liability. The Assets Register, Application for Official Destruction, and Raw Material Receipt Book, shown as examples only of the type of records needed. Operators need not utilize these exact forms but should ensure that their records include the same data as is shown on the examples. It is preferred that all such forms bear the letterhead or identification of the company. The company records are expected to adequate without the need for further duplicate records being maintained by Customs. A copy of a standard letter to be issued to the EPZ Company is shown at the conclusion of this chapter. This letter of notification of an impending audit should only be issued whether controls are not regular and the auditor (customs officer) is not generally known to the EPZ operator.
- e. **Trader file** Control officers shall establish and maintain a trader file for each EPZ company/trader under his or her jurisdiction to record all material relating to the traders approval, amendment to terms of approvals, record system, processing operation, company flip chart, accounts, returns, entries received, copies of entries received from the import and export stations, record of survey visits carried out etc. Any material considered necessary for proper control of the enterprise should be maintained in this trader file. The asset register etc. may form part of this file although it may be separate or kept at the traders premises.
- f. **High risk, high-value goods** Customs control officers should be alert to an operator storing high duty goods or excise goods as the duty liability may be so high as to necessitate in consultation with the Program manager the implementation of a bond. This is an exception to normal practices and no bond may be required without prior approval from Head Office.

- g. **Coordination with import stations and ports of exportation** Control stations/officers are to return copies of entries or certificates of receipt for these entries to the relevant advising import/export station so that these advising stations can properly process the relevant entries in the normal manner. A time limit of one month applies to return of these copies or certificates of receipt.
- h. **Examination and penalty records** The Control station/officers are to record adequately any physical examination/documentary checks applied and to numerate any shortfalls/over declarations so that the import stations can impose any duty/penalty provisions, when applicable.

N/B: A trader may under declare imported plant & equipment or raw materials as they then could divert the surplus to the home market. This may not be possible to detect by a simple audit of the books being maintained. Similarly the trader may over declare exports when in fact the goods have been delivered to the home market thus evading taxes/duties. Any abnormal losses, destructions etc. should be reported to the superior officer and if a satisfactory solution cannot be found locally then the case should be referred to head office.

14. **Reimbursement Required**

Controllers are to ensure that all official attendance is paid for by the EPZ Company concerned or the EPZ management company where applicable. Any delinquencies over 45 days old are to be reported to the Program Manager.

15. **Origin Rules**

The origin rules applicable are those to which the goods must comply by virtue of the intended destination of the exported goods. For export to Zimbabwe, the origin provisions of the Namibia/Zimbabwe trade agreement are applicable.

16. **Audit-inspections and spot check**

- a. **General** Customs has traditionally protected the revenue through physical supervision of all merchandise receipts and delivery and processing operations.

However, with the advent of Export Processing Zones it was realized that traditional controls would probably be too restrictive to allow the rapid development and opportunities envisaged

by the Zones. Following examples from elsewhere in the World it has been decided to replace physical supervision with a system of audit-inspection.

b. **Principles:** The Director of Customs and Excise is still charged with protecting the revenue, however the operator will now exercise physical supervision of Zone while Customs exercises general supervision through a program of audit and inspection. The program is based on the following principles:

1. Lodgment of a Customs entry (SAD 500/501) allows Customs to determine the identity and nature of merchandise before or upon deposit in the Zone so that the responsibility of the operator for the merchandise can be reliably ascertained;
2. Export Processing Zone Enterprises operate only under a certificate of approval granted by the Minister of Trade and Industry in consultation with the Minister of Finance and the Governor of the Bank of Namibia. The certificate may be in such form and contain such particulars as may be determined and may be revoked;
3. All competent authorities are required to assume responsibility for the merchandise in their Zone, including the physical supervision, security, record keeping, and storage conditions and processing. Quantities of merchandise received or delivered are to be determining jointly by the operator and the delivering or receiving carrier;
4. Customs will perform audits and spot checks to verify that the competent authority is properly supervising the Zone and maintaining the records in compliance with the law and regulations;
5. The Customs and Excise Act provides for the recovery of duties and taxes together with the application of penalties. In addition the Minister of Finance may institute action to revoke the certificate of approval.

c. **Audit** An audit is a systematic and thorough check of the inventory and financial records of the enterprise or management company authority against Customs entry records and against the actual quantity of merchandise in the Zone. Audits will normally be conducted by officers from Audit of Enterprises Sub-Division at Customs Headquarter rather than locally employed officers. Audits will be conducted much less frequently than spot checks and may be expected to last from a week to several months depending on the size of the inventory, problems disclosed, types of merchandise and many other factors. Auditors may be expected to look at all kinds of Zone transactions, conditions and requirements, not only for

the current year but also for past years. For that reason they may require access to closed as well as open records and files.

- d. **Spot checks** Controllers and Heads of Office are authorized to carry out spot checks on Zones and enterprises at their discretion. A spot check is a visit by one or more Customs officer, usually in uniform, from the local office to physically observe or examine transaction, records, procedures or conditions in the Zone. The purpose of the spot checks is to determine whether the operator and users are complying with the applicable laws, regulations and Customs procedures. Spot checks will be used to provide auditors with information for the planning and conduct of audit inspections.
- e. **Notification of Customs checks and arrival**
1. **Spot Checks:** Spot checks will be made without advance notice to the operators and users except when prior notification is in the interest of Customs. However, on arrival the officers will announce their presence to the manager or person in charge of the Zone. Identification may be requested and officers must carry their Inspectors Authority. The officers shall invite the manager or person in charge to have a representative present during the spot check but they will not be required to have someone present, except as needed to locate records or merchandise, move merchandise, operate special equipment, or otherwise provide access. Customs officers should seek to minimize disruption of day-to-day operations of the Zone.
 2. **Audits:** Auditors will provide advance notification of an audit, except when it is in the best interest of Customs to conduct an unannounced visit. Upon arrival, auditors will announce themselves to the appointed representative of the operator who may request appropriate identification of the auditors.
- f. **Duration and frequency of visits** Spot check will generally be limited to one day or part of a day but maybe extended for a further check on the basis of initial findings. The frequency of spot checks will depend on the Customs assessment of the risk represented by the Zone or enterprise and may be done at any time. Audits will be conducted less frequently and after an initial visit some enterprises may not be visited for several years, but the visit may be expected to last from a week to many months.
- g. **Areas to be reviewed** during spot checks officers will usually conduct a quantity count of selected lost or inventory categories and reconcile the quantity count with the records. However, they may at times focus on security, safety, housekeeping, receipt or delivery procedures, removal of merchandise from zone inventory or any other conditions and transactions considered significant in their assessment of the risk. Auditors will perform a systematic and thorough check of all the aspects of the business relating to Customs matters.
- h. **Automated Procedures** Customs wishes to encourage Export Processing Zone users to develop and implement automated systems which are effective in decreasing paperwork,

simplifying procedures and reducing the need for direct Customs supervision consistent with maintaining the integrity of audit-inspection supervision. However, users must understand that those systems shall be approved by Customs before being used.

- i. **Completion of visits** If officer are unable to reconcile a discrepancy among their quantity count, file balance and the balance in the operators inventory record keeping system they shall give the operator the opportunity to resolve the discrepancy before the spot check is completed. At the end of both the spot check and audit the officers will conduct an interview with the person in charge of the Zone to relate their findings. In some cases officers may issue an oral warning to correct a minor violation but all results, as indicated to the person in charge, will be reviewed by Customs district or headquarters management before any specific action is taken.

Any proceedings subsequently taken by Customs should come as no surprise to the operator. The person in charge may provide comments during the final interview or later to the district management to explain apparent violations or to seek to avoid a claim for liquidated damages. Customs officers shall make follow-up visits to a Zone to determine if minor violations have been corrected or to verify assertions made in explanation.

17. **Customs access to Zones**

The Zone operator must permit Customs officers' access to the Zone to conduct audits, spot check and other lawful tasks. To permit proper access the operator must furnish Customs officers with any special equipment (and where necessary the personnel to properly use the equipment) for conducting spot checks or audits. Such equipment may include, but not be limited to, weighing, gauging and measuring equipment; protective clothing (for cold storage, hazardous substances, safety hard-hat, etc.), and provide access to computers and peripheral equipment. Providing proper access also includes the explanation by the operator of procedures and transaction in the inventory and record keeping system. The operator shall cooperate in any spot check, audit or other lawful Customs actions, including the location of records and merchandise. Customs officers should respect operator and Zone user security, health; safety and union work procedures, to the extent that they do not interfere with a proper audit or spot check of the Zone.

18. **Operators Responsibilities**

The responsibilities of the operator are set out in a number of provisions in the law and regulations. These responsibilities are significant in that failure to carry them out may result in claims for payment

of duties, fines and prosecution and could result in the withdrawal of the Export Processing Zone Certificate.

Remember that the holder of the certificate is responsible for the duty associated charges on all goods in the Zone and that transgressions will be treated as smuggling. The main responsibilities are:

- To supervise the Zone to the degree that a prudent manager would;
- To permit any Customs officer access to the Zone;
- To provide safe keeping of merchandise and records concerning merchandise;
- to maintain current and complete inventory and record keeping systems; retain all records relating to Zone merchandise for years after the merchandise is removed from the Zone and make records available for Customs inspection;
- To maintain security in accordance with Customs standards and specifications;
- to store and handle merchandise so as to minimize damage, avoid hazard to persons, promptly remove waste and rubbish and establish and maintain aisles and leave doors and entrances unblocked for access by Customs and other authorized persons;

- To report to the Customs Controller any seals found to be broken, missing or improperly attached;
- To provide copies of procedure manuals and any updates to Customs;
- to record receipts of all merchandise using lot number or unique identifier; have all merchandise receipts traceable or attributable to Customs form SAD 500/501 and accompanying documents;
- To reconcile quantities received to import documents and report any discrepancy to the Customs Controller;
- To take physical inventory annually unless continuous cycle counts are taken; give prior notice
- To Customs Controller of inventory taking and notify of any discrepancies;
- To prepare and submit reconciliation report to Customs within 90 days after the end of the business year;
- To perform annual system review and report to Customs any deficiencies found;
- to collect and forward to customs any in-bond documents; to check seal condition and notify the Controller of any irregularities; to check quantities received;
- To report any theft, excess or extraordinary shortage to the Customs Controller; record all shortages and excesses in inventory records; report all shortages and excesses in the annual reconciliation account

- upon demand of the Director of Customs, to make entry and pay all duties, taxes and charges due on merchandise which is missing from the Zone or cannot be accounted for;
- To provide accommodation and office furnishings, in agreement with the Director, suitable and sufficient for the purpose of Customs control;
- To reimburse to the Director the costs associated with Customs manning of the Zone.

19. Zone start-up

For Customs putting a Zone into operation is a two part process. The first stage is the approval by the Export Processing Zone Committee of the application and the granting of the certificate. At this the Ministry of Trade and Industry will formally notify the Director of Customs and Excise that an enterprise has received recognition. Customs and Excise will open a trader's folder in which they will maintain a record of approval; visits and inspections; and other activities in respect of the enterprise. The second phase requires a meeting between the trader and the local Controller of Customs to notify the anticipated starting dates and to arrange for the responsibilities in regard to accommodation and record keeping to be met. During this initial phase, and subsequently, imports destined for Export Processing Zones, without payment of duties, may be detained until Customs are satisfied that control and security of the revenue can be assured by reference to the traders recording system.

20. Initial visit by Customs & Excise

After an Enterprise Certificate has been granted, Customs and Excise may wish to visit and discuss the following points:

- Record-keeping requirement:** the traders must keep records of all goods imported and exported for the EPZ.

These records must show what the goods are, when they were imported, exported or otherwise supplied, details of the Customs documentation (SAD 500/501), what has been done with the goods and where they are if still in the EPZ. The records must be kept for five years after disposal of the goods

- Computerized record keeping:** Records may be computerized as long as Customs and Excise are consulted first and they are satisfied that the system meets their requirement. Once Customs and Excise have agreed the computerized system they must give any technical information and assistance they need to check the computerized records

- c. **The process:** Customs and Excise will want to find out more about the process which is done in the factory. For example:
- a. How many products are produced from the imported goods?
 - b. What sort of scrap, waste or by-products arises from the process how these are disposed off?
 - c. How long is the process?
 - d. What are the storage arrangements?

21. Entering goods into the EPZ

- a. **Importing non duty-paid goods** when goods are imported into Namibia to be transported to an EPZ they must be entered on form SAD 500/501. The entry must be made at the place where the goods enter Namibia. The Customs Procedure Code (CPC) to indicate that the goods are destined for **an EPZ is C980**, and this should be entered in box no. 25 on the SAD 500/501. Goods can only be imported under this regime by certified enterprises. The name and address of the EPZ Enterprise must be shown as the importer in box 2 of the form. The name and address of the EPZ site must be shown in Box 23. Goods which are released for transport to an EPZ must be delivered by the most direct route. Customs and Excise reserve the right to apply seals as considered necessary and to call for a bond but in the majority of cases goods will be released for transport without additional security. It is a serious offence to claim EPZ status for any goods which are not destined for a Zone or to divert them during transit to the Zone. Offenders will be liable to prosecution and must such offenses must immediately be brought to that attention of the Head Office EPZ Coordinator.
- b. **Goods already in free circulation in Namibia** A Customs form SAD 500/501 must be completed for goods which are in free circulation in Namibia and are taken into the EPZ either as part of the manufacturing process or as equipment which will be brought back into Namibia. Goods to be used in the manufacturing process should be entered using Customs Procedure Code **C980** on the SAD 500/501. In the case of equipment which is to be returned into Namibia without change and for which duty free admission will be claimed the CPC to be used is **E280**. The goods must be identified, examined and if necessary marked by Customs before entering the EPZ. Failure to do this will result in a demand for duty payment when the goods are returned into Namibia. Entry, in both cases, should be made at the Customs office responsible for the EPZ. There is no facility to refund any duties or taxes which have already been paid on goods taken into the Zone from Namibia.

c. **After acceptance into the EPZ:** when goods are imported under EPZ status the EPZ Enterprise becomes responsible for the unpaid duties on the goods. The goods can be freely used in the manufacturing process but at all time they remain liable for duty payment and this liability remains until the goods are properly removed from the EPZ. This accountability can be cleared in a number of ways and the options are:

1. To export the products
2. To sell the product to another EPZ
3. To destroy the goods under Customs supervision
4. To divert to Home Use on payment of duties and taxes.

d. **Actions to be taken at import stations**

1. **Verification of EPZ status:** Import stations are to check that a trader's certificate is in order by consulting the list from head office and all other routine checks on accuracy of documents, calculations and licenses etc. are to be performed.
2. **Examination:** Goods destined for an EPZ should not normally be physically examined at the port of entry where the goods are actually imported (the import station). One in five entries could be sent for physical examination at the traders premises. The control/station officer appointed to control that EPZ Company, are to carry out these examinations. This ratio can be relaxed after the initial startup phase i.e. after one year or after the first fifty entries have been processed. The import station must advise Customs at the port of destination of any reasons for sending the container for examination and of any suspicions aroused etc. In the startup phase of a trader authorized as an EPZ factory it may be necessary that phone contact be made with the control/station officer concerned prior to sending a container for physical examination.
3. **Documentation and sealing:** A copy of the entry and supporting documents can be given to the truck driver/agent/Importer in a sealed envelope marked suitably for the attention of the relevant Customs Control Station/Officer. The container is to be sealed and the seal number marked on the entry.
4. **Coordination with port of destination:** A copy of the entry and supporting documents is to be sent by fax to the relevant Customs Control/Station Officer. This is to be done also where a copy of the entry has been given to the traders' representative where containers have been sent for physical examination.
5. **Record of Controlled Entries:** A Record of Controlled Entries as shown at the conclusion of this chapter shall be maintained at the import station.

e. **Actions to be taken at port of destination**

Notification to Customs on arrival: It is the responsibility of the EPZ trader to notify the Customs office at the destination of the shipment of the arrival of a sealed container and arrangements can then be made for a suitable time to unload the container.

b. **Unloading:** Customs control officers are to be as flexible as they can with regard to attendance at such unload.

f. **Notification to import station:** On receipt of a notification from the Customs Control/station officer that an entry has been received by them it is to be written off the register of controlled entries by insertion of the date and name of the official who wrote off the entry.

g. **Endorsement and return of entry copies:** The copies of the entry and supporting documents previously advised to the control station/Officer are to be returned to the import station suitable endorsed so that the original entry can be processed in the normal way. A receipt or copy of the entry should be returned to the import station within one month, by the control station/officer concerned. Import stations are to follow up cases where copy entries or receipts have not been returned suitably endorsed.

22. **Production for home use**

Normally production is expected to be for export but in some instances certain industries may be allowed a maximum of 30% of the production for home use. This permission will only be granted on application made at the time of certification and will be subject to monitoring and control. Note: The 30% provision is based on the previous year's production.

23. **Goods returned to Namibia**

Goods which were entered into the EPZ under the terms of CPC **E280** may be returned without payment of duty. Before the goods are removed from the EPZ form SAD 500/501 bearing CPC **C680** must be presented to the local Customs control office and the goods must be inspected to verify their status.

24. **By-products waste and scrap**

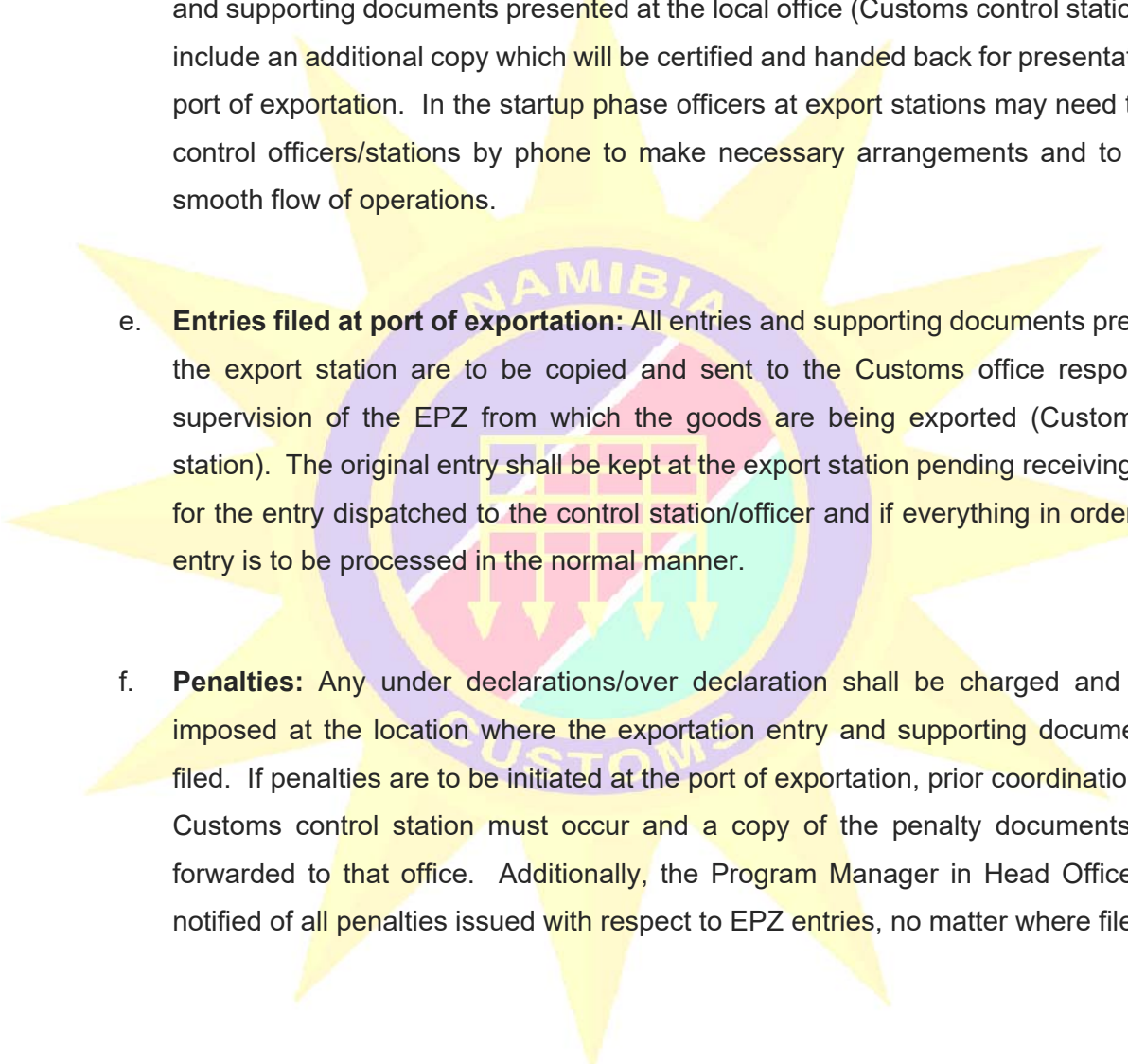
Some by-products, waste and scrap, although liable to duty because they have not been exported may be charged at their own rate. This means the duty charged will be at the rate appropriate had they been imported in their present state and not at the rate applicable to the original goods imported. Customs and Excise will discuss the production process during the initial phase of establishing controls and will give directions for dealing with scrap and waste. Authority may be given to waive charges where these are minor.

25. Exportation of products of an EPZ

- a. **Export Entry** Goods manufactured in and subsequently leaving the Exporting Processing Zone must be entered with Customs using form SAD 500/501 and copies of the forms for each export must be retained in the traders' records. Customs documents for goods exportation outside the SACU group of countries may be presented either at the port of shipment (port of exportation) in Namibia or the designated Customs office for the EPZ (Customs Control Station).

The Customs entry for goods which are intended for use in Namibia or another SACU country must be presented at the designated Customs Office for the EPZ. The Customs Procedure Codes (CPC) to be entered in Box 25 of the SAD 500/501 is as follows:

- a. for goods being exported to countries outside the SACU region the Customs Procedure Code to be entered in box 25 on the SAD 500/501 is **C981**.
 - b. Goods for use in Namibia must be identified by CPC **C982** and
 - c. Goods for use in other SACU states must be identified by **C983**
 - i. Goods intended for a destination and use within Namibia or another member state of SACU will be subject to the payment of Customs Duties and where necessary internal Namibian taxes.
- b. Actions to be taken at port of export (export station)**
- a. Verification All routine export control are to be applied to EPZ export entries and the EPZ certificate number quoted on the entry checked against the list supplied by head office.
 - b. Examination Goods ex EPZ's for export should not normally be physically examined at the export station. In the startup phase one in 10 entries could be sent for physical examination, at the export station, or if facilities don't exist then removed under seal to the traders premises or any other suitable unloading location as agreed between Customs and the EPZ representative. This startup phase could be one year or until fifty entries have been processed. Any reasons for selecting an entry for physical examination or suspicions aroused shall be notified to the relevant Customs control station/officer on the entry copy or otherwise. The truck driver may be given a copy of the entry suitably sealed in an official envelope marked for the attention of the relevant control station/officer when entries are sent for physical examination.
 - c. **Register of Controlled Entries:** A Register of Controlled Entries shall be maintained by export stations for EPZ entries processed as shown at the conclusion of this chapter.

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- i. A certified entry or receipt from the Customs control station should be received within one month of dispatch of the copy of the entry to that section/officer.
 - ii. Export stations are to follow-up instances of non-receipt copy entries.
 - iii. Officers should write off the register of controlled entries by inserting the date of return of the copy entry or receipt and their names.
- d. **Entries filed at Customs Control Station (local office supervising EPZ)** All entries and supporting documents presented at the local office (Customs control station) should include an additional copy which will be certified and handed back for presentation at the port of exportation. In the startup phase officers at export stations may need to contact control officers/stations by phone to make necessary arrangements and to ensure a smooth flow of operations.
- e. **Entries filed at port of exportation:** All entries and supporting documents presented at the export station are to be copied and sent to the Customs office responsible for supervision of the EPZ from which the goods are being exported (Customs control station). The original entry shall be kept at the export station pending receiving a receipt for the entry dispatched to the control station/officer and if everything in order then the entry is to be processed in the normal manner.
- f. **Penalties:** Any under declarations/over declaration shall be charged and penalties imposed at the location where the exportation entry and supporting documents were filed. If penalties are to be initiated at the port of exportation, prior coordination with the Customs control station must occur and a copy of the penalty documents shall be forwarded to that office. Additionally, the Program Manager in Head Office shall be notified of all penalties issued with respect to EPZ entries, no matter where filed.

