

## **GUIDELINES FOR EXPORTERS PARTICIPATING IN THE FORM F178 PILOT PROJECT**

### **1. The Unique Consignment Reference (“UCR”) number**

- 1.1 The use of a proper UCR number is critical to the success of the pilot project.
- 1.2 The exporter (or his agent) must generate a UCR number for each export consignment.
- 1.3 Each export consignment must have a different UCR number with a consignment being identified as “the total number of items specified in the commercial contract between the supplier and the customer and transported in a single or multiple shipments”.
- 1.4 The UCR attribute/ field is made up as follows:
  - a) It has a minimum length of 12 and a maximum length of 35 characters.
  - b) The first character is reserved for the last digit of the calendar year in which the exports took place. For example, if the exports took place in 2004, the first character will be reflected as a 4.
  - c) The next 2 characters will be reserved for the UNLCODE/SWIFT country code of the country from where the exports originated. These 2 characters may be defaulted to “ZA” for export purposes, but will not necessarily be “ZA”.
  - d) The next 8 characters will be reserved for the customs client number as allocated to the exporter by the South African Revenue Service (SARS). Where the customs client number consists of only five digits, such as 11111, the 8 character requirement will be made up by placing three zero (0's) in front of the number 11111.
  - e) The last 24 characters must reflect the unique reference number of the document generated by the company that will link the export proceeds to the export consignment. This number may be an invoice number, consignment number, order number, etc., and may be between 1 and 24 characters in length. (Exporters are strongly advised to study the 21 character UCR number which has been developed to address the problems of bulk payments and the like. The possible adoption of the 21 character UCR number will require an alternative format for the UCR number from the 12<sup>th</sup> character onwards).
  - f) The UCR field is Alpha-Numeric and should not contain any special characters, such as spaces, hyphens, forward or backward slashes. Therefore exporters or their agents should not use special characters when creating a UCR number.
- 1.5 While the exporter may use his forwarding, freight or shipping agent to complete the UCR number on the DA 550, it is the responsibility of the exporter to ensure that the UCR number, in all its aspects, is correct and

the exporter is ultimately responsible for the correctness of the UCR number.

## **2. The amended DA 550**

- 2.1 The DA 550 has been amended to include in the top right hand corner four additional fields that are required to be completed by exporters for the purposes of Exchange Control Regulations, 1961.
- 2.2 The four additional fields are UCR, 'Trans Value', 'Adv Payment' and Credit Terms.
- 2.3 Completion of the UCR field is compulsory and each exporter or his agent must generate a UCR number for each export consignment.
- 2.4 'Transaction Value' or 'Trans Value' means the full foreign currency proceeds paid or payable in terms of a particular export consignment and must be inserted in the first space next to the 'Trans Value' field.
- 2.5 The currency code must also be supplied in the second space next to the 'Trans Value' field after the amount has been completed and means the SWIFT currency code applicable to the foreign currency proceeds paid or payable to the exporter.
- 2.6 The 'Adv Payment' field must be completed in respect of payments received in advance for the export consignment and must be inserted in the first space next to the 'Adv Payment' field.
- 2.7 The currency code of the total advance payments must also be supplied in the second space next to the "Adv Payment" field after the amount of the advance payments has been completed and means the SWIFT currency code applicable to the foreign currency proceeds paid or payable to the exporter.
- 2.8 The 'Credit Terms' field refer to the period between date of shipment and the anticipated date for the receipt of outstanding payments.
- 2.9 In this field the exporter must specify the number of days between the date of shipment and the anticipated date for the receipt of outstanding payments.
- 2.10 The minimum length is one character and the maximum length is three characters. In this regard, we may mention that where no credit terms are applicable, a '0' should be indicated in the "Credit Terms" field.
- 2.11 The example used to complete the four fields below assumes that the exporter sent an export consignment abroad with a transaction value of R12 million in January 2004 and that his customs client number is 11111

and that he uses his invoice number 222 as his link. His UCR in this instance will be 4ZA00011111222. In addition, the example assumes a fixed exchange rate of \$1 = R6 and that the overseas client had paid \$1 million dollars (R6 million) in advance resulting in an amount of R6 million (\$1million) still being owed to the SA exporter for which credit terms of 90 days have been granted.

For Exporter / Agent Use		
UCR	<b>4ZA00011111222</b>	
Trans Value	<b>12,000,000.00</b>	<b>ZAR</b>
Adv Payments	<b>1,000,000.00</b>	<b>USD</b>
Credit Terms	<b>090</b>	

### 3. Advance payments

- 3.1 Where the exporter receives advance payments in respect of a particular consignment and a UCR has already been generated at the time of the receipt of such advance payments, the UCR in question must be supplied to the bank through which the funds will be received.
- 3.2 Where the exporter receives advance payments in respect of a particular consignment and a UCR has not been generated and there is no reference number or document against which to generate a UCR number, the exporter is strongly encouraged to consider the following example:
- a) Use the client number, customer code or dealer code, such as for example KNN040, as the 4<sup>th</sup> component of the UCR number. The exporter must then use the following three digits to indicate the sequence of the export in question. If it is the 1<sup>st</sup> export to that particular client, then the UCR number will be **4ZA00011111KNN040001**. If it is the 125<sup>th</sup> export to that particular client then, then the UCR number will be **4ZA00011111KNN040125**. (Refer to the 21 character UCR document).
- 3.3 Exporters must ensure that whenever they receive advance payments, category 101 must in all instances be marked on the integrated form of the bank or Authorised Dealer (“AD”) in foreign exchange through which the funds will be received.

#### **4. Integrated or BOP forms and the reporting systems of banks**

- 4.1 All ADs or banks are required to report all export and other relevant foreign exchange related transactions to the South African Reserve Bank (“SARB”).
- 4.2 These ADs or banks use integrated or application forms to buy foreign currency to process these transactions and to gather the required information that will be submitted to the SARB. Some ADs use other formats, such as telephonic confirmations and other IT programmes, to gather the relevant information that will be submitted to the SARB.
- 4.3 The exporter must ensure that, whenever he receives payments in terms of export consignments, the correct UCR number is provided to the bank or AD through which such funds are received.

#### **5. Part payments and part shipments**

- 5.1 Where exporters receive part payment/s in terms of a particular export consignment, they must always ensure that the relevant UCR number for that export consignment is submitted to the bank involved in the transaction every time a part payment is received. It remains the responsibility of the exporter to ensure that the total ‘Transaction Value’ is received within the required period.
- 5.2 Where a consignment is to be exported to the consignee in multiple shipments, the same UCR reference number must be stated on each DA 550. In addition, the full ‘Transaction Value’ of the entire export consignment must be indicated on each DA 550 used at every stage and not the value of the shipment at each stage.

#### **6. Audit trail**

- 7.1 Every exporter must ensure that all transactions related to a particular export consignment in its accounting system or records are linked to the relevant UCR number.
- 7.2 There must in all cases be a clear audit trail between all payments (advance or other) received and a particular export consignment so that the exporter can demonstrate clearly that the full foreign currency proceeds due in terms of each export consignment has been repatriated and/or accounted for.

7. **General**

71. Please address all your queries and comments to your banks and freight agents who, in turn, will forward them to the Exchange Control Department of the SARB if necessary.