Guideline to Export Formalities (for Exporters)

Exchange Control Division

August 2014

1. INTRODUCTION

1.1.1. As part of the current account liberalisation, most of the administrative controls which relate to prior approval of Forms CD1 were removed. The primary objective under the liberised environment is to ensure that the country's export earnings are fully accounted for and that Zimbabwe realizes the true and fair value from its exports[1].

1.1.2. All corporate entities, Government, Non-Governmental Organizations, International Organizations, Embassies and individuals are allowed to freely transact (to buy and sell goods and services) in foreign currency, using multi-currencies as defined.

[1] With current account liberalization, exporters are entitled to 100% retention of proceeds for an indefinite period and can use such funds in their FCAs freely for both local and external obligations. The accounting of proceeds should ensure foreign exchange market liquidity and immense benefits for the country.

2. STAKEHOLDERS

2.1. In understanding the work processes, procedures and the administration of the export facilitation documentation in the Department, it is important to note the roles of the following key players in export facilitation: -

i. Reserve Bank of Zimbabwe (Exchange Control Division)

ii. Authorized Dealers

iii. ZIMRA (Zimbabwe Revenue Authority)

iv. Exporters (Corporate entities and individuals)

v. Government Line Ministries

vi. NECI (National Economic Conduct Inspectorate)

3. GOVERNING STATUTES

3.1. Reserve Bank of Zimbabwe Act [Chapter 22:15]

3.2. Exchange Control Act [Chapter 22:05];

3.3. Customs and Excise Act [Chapter 23:02]

3.4. Exchange Control Statutory Instruments 109 and 110 of 1996 (The statutory instruments have been amended to be consistent with the liberalization of the exchange control framework and are awaiting promulgation through the Government Gazette)

4. ABBREVIATIONS AND DEFINITION OF TERMS

Authorised Dealers	:	Local Commercial and Merchant banks licenced by the Exchange Control to deal in foreign currency.
CEPECS	:	Computerised Exports Payments Exchange Control System
Denominated Currencies	:	Austrian Shilling, Australian Dollar, Belgian Franc, Norwegian Kroner, British Sterling, Portuguese Escudo, Canadian Dollar, Japanese Yen, Danish Kroner, Spanish Peseta, Dueutsche Mark, Swedish Kronor, French Franc, Swiss Franc, Italian Lire, United States Dollar, EURO Netherlands Guilder
Exchange Control	:	Exchange Control arm of the Reserve Bank of Zimbabwe, unless otherwise stated.
FCA	:	Foreign Currency Account
Form CD1	:	Currency/ Customs Declaration Form specifying the value of exports, commissions and freight.
Exporter	:	A person whether body corporate or individual permanently domiciled in Zimbabwe, who causes movement of goods to foreign country.

5. BRIEF POLICY ON EXPORT FACILITATION

5.1.1. No goods of any description may be exported, in any manner, unless payment for the goods has been made in an approved manner, or will be so made within three months (90 days) from date of export, or when contractually due, or such other period as Exchange Control may direct, and that the amount of the

payment reflects the true current market value of the goods which is, in all circumstances, satisfactory in the interest of Zimbabwe.

5.1.2. Authorized Dealers are required to facilitate export shipments through the completion of the Form CD1 in CEPECS. The completion of the Form CD1 in the system shall represent the declaration by the exporter of the export and undertaking that payment shall be received within the stipulated period. In the absence of a properly completed Form CD1 and other supporting documents, the ZIMRA authorities may prohibit the export.

5.1.3. Every new exporter of goods or services must be registered in CEPECS through their respective Authorized Dealers.

6. ADMINISTRATION OF CEPECS FORMS CD1

6.1. Customs Declaration Form number 1 (Forms CD1) is an Exchange Control Form used by Exporters to facilitate the export of goods in pursuance of a contract of sale, performance of an external contract, gifts, emigration, repair and return, exhibitions, samples etc. The administration of Forms CD1 is subject to User Guide for CEPECS users, Guidelines and Formalities to the Completion of Forms CD1 and privileges accorded to each user in the system,

6.2. Form CD1 Administrative Processes

6.2.1. The exporter approaches Authorized Dealer (Merchant/Commercial Bank) who captures the relevant information of the export onto the computerized form CD1 in CEPECS.

6.2.2. The Authorized Dealer authorizes the Form CD1, in Section 22, quoting the relevant Section in the 3rd Schedule of Statutory Instrument 110 of 1996, and submits the Form CD1 to the RBZ.

6.2.3. The Exports Department only approves the submitted Form CD1 in terms of the relevant authorities, directives and statutes where such goods cannot be approved at Authorised Dealer level. The list of goods is availed and updated from time to time.

6.2.4. The Authorized Dealer prints at least two copies of the approved CD1 form: one for the exporter, and one for his files and other for own circulation. Both are signed by the exporter or his duly appointed representative.

6.2.5. The exporter then proceeds to ZIMRA, who give the final permission for the goods to leave the country, by stamping and discharging the relevant Form CD1.

6.2.6. ZIMRA discharges the CD1 in CEPECS, or forward the offline CD1 Template to RBZ for processing within CEPECS.

6.2.7. NECI are responsible for monitoring transfer pricing and view the CD1 from the point it is approved by Authorised Dealers or RBZ.

6.2.8. The Authorized Dealer retains the CEPECS copy until full export proceeds have been received in Zimbabwe, through normal banking channels and pre-acquits the form, attaching documentary proof of receiving the export proceeds, through normal banking channels.

6.2.9. Exchange Control verifies the information provided before making the final acquittal of the CD1 in CEPECS.

6.3. Sections of the CD1 Form and their completion

6.3.1. Section 1

Full name and address of consignee N/B No abbreviations should be used e.g. R.B.Z. The full name Reserve Bank of Zimbabwe must be used.

6.3.2. Section 2

Full name and physical address of exporter.

6.3.3. Section 3

The country of final destination of the consignment

6.3.4. Section 4

The name and branch of the exporter's bank in Zimbabwe

6.3.5. Section 5

Are goods being exported in pursuance of a contract of sale? Yes/No (i.e. are we going to receive money in return for the goods being exported?)

6.3.6. Section 6

If the answer in Section 5 is contract of sale, the applicant should:

- Indicate whether the sale is FOR, FOB, C&F, CIF etc.
- Indicate the place (i.e. FOB-Durban, and an example is when the exporter pays for freight from Harare to Durban, the portion from Durban to the country of final destination will be the responsibility of the consignee. Freight paid by the exporter i.e. Harare to Durban is recoverable and should be shown in Section 15(b) of the Form CD1.

6.3.7. **Section 7**

If the export is for any reason other than contract of sale, e.g. repair and return, temporary export, replacements or goods being returned for credit, Section 7 is completed.

This goes hand in hand with Section 16 and Section 25. The approximate date of return should be shown.

6.3.8. **Section 8**

This is the foreign currency amount for which the goods will have been paid for in cases where cash would have been paid up front or to be paid.

Only goods amounting to the official exchange rate value may be exported and players in the Form CD1 cycle have the mandate to query amounts which do not reflect the full value of the goods being exported.

6.3.9. **Section 9 & 10**

The amount and denomination of foreign currency to be received in Zimbabwe is shown in Section 9 and the rate of exchange used for calculation will be shown in Section 10.

These sections normally apply for contract of sale transactions.

6.3.10. **Section 11 & 12**

Credit terms agreed to under the contract

In Section 11, the credit period, which is in accordance with the Exchange Control Regulation, is 90 days.

However, exemptions and extensions may be made only after permission has been sought from the Exchange Control.

The applications for exemptions and extensions should be accompanied by confirmation from the relevant authorities e.g. letter of support from the Ministry of Agriculture for agricultural exports and Ministry of Mines for miners.

If payment is to exceed 90 days, from the date of export, the relevant Exchange Control authority number and the date of

approving such terms should be indicated in section 12.

6.3.11. **Section 13**

The final date (clock date) for receipt of the sale proceeds in Zimbabwe is usually the date which is three months (90 days) from the date of export or more days for bulk and consignment shipments. The clock date starts to count 5 days after approving the relevant CD1.

The clock date for Bulk and Consignment Exports is the Bill of Lading date, if the mode of transport to the buyer involves the use of a sea vessel and the clock date for regional bulk and consignment export is the date of the first "minor CD1" under the bulk CD1.

6.3.12. **Section 15**

Export value in relation to contracts of sale means the price of such goods to the purchaser including all costs, charges and expenses incidental to the sale thereof and to the placing thereof on board the means of transport by which they will be removed from Zimbabwe, but excluding any subsequent costs, charges or expenses incurred in connection with the delivery of such goods to their destination.

Charges payable by exporter for freight storage etc are added to (a) above.

Any discounts or commissions are deducted at source, provided they were stated on the CD1 at the time of exporting. Normally they should not exceed 7.5% and in Africa up to 10% of FOB value. (SI 110 of 1996 refers for commissions) Currently, specific application for discounts must be submitted to Exchange Control, in terms of a Directive issued to Authorised Dealers, regardless of the discount falling within the permitted limit.

This is the amount to be received in settlement, which should be equal to the amount in Section 9, converted into Zimbabwe dollars at the official exchange rate. The splits according to the prevailing "Carrot and Stick" FCA retention apply on receipt of the export proceeds.

6.3.13. **Section 16**

This is the section in which the amount is shown if the goods being exported are for purposes other than sale.

6.3.14. **Section 17, 18 & 19**

In these three sections, the exporter indicates the serial numbers, number of packages and description of goods; according to the requirements of the sector specific CD1s.

6.3.15. **Section 20**

In this section, the exporter makes a declaration that the particulars contained in the application are true and correct, and binds himself under the Exchange Control Act.
The exporter signs and dates the application form.

6.3.16. **Section 22**

In section 22, the Authorized Dealer approves the export and states the relevant Exchange Control authority or section of the Exchange Control (General) Order, Statutory Instrument 110 of 1996 under which the export is being authorized.

6.3.17. **Section 23**

When export proceeds are received, the Authorized Dealer completes section 23 by showing the foreign currency amount, the rate of exchange and the Zimbabwe dollar equivalent. (Clerks at RBZ confirm that these facts are correct before acquitting a CD1)

6.3.18. **Section 24**

If the amount received is not the same as the amount shown in Section 9, the Authorized Dealer should state the reasons for the difference. (Exchange Control analyses the variance before

acquitting a CD1)

6.3.19. **Section 25**

If the export is not a contract of sale, the Authorized Dealer completes this section after they have been satisfied:

By the production of Customs Stamped documentary evidence that

a. the goods detailed in Section 7, were re-imported or are replacements imported into Zimbabwe indicating the date the transaction took place.

b. an appropriate Exchange Control approved original Credit Note has been exhibited.

c. the Form CD1 requires special acquittal in terms of an Exchange Control Authority.

6.4. Roles of Players in the Form CD1 Administration

6.4.1. Authorized Dealers' responsibilities

(a) Capture the information in terms of the User Guide and Service Level Agreement

(b) Check and submit the information to RBZ.

(c) Print the approved Form CD1 and ensure that the declaration form is signed by the exporter.

(d) Pre-acquit the CD1 when funds come in.

(e) Attach proof of receiving payment in Zimbabwe and send to RBZ for final acquittal of CD1.

(f) Advise exporters in writing, of the status of their CD1s, after 30 and 60 days with a reminder that the exporters have only 60 and 30 days respectively to acquit the CD1s.

(g) Exporters should also be advised in writing after 90 days that the CD1s are now due.

(h) Remind exporters that failure to acquit CD1s within the stipulated period will attract penalties including prosecution.

6.4.2. **ZIMRA**

a) Clearance of the CD1, verification of goods declared on CD1s. Ensuring that the relevant support documents i.e. Bill of Entry (export) invoice, relevant permits, rail advice notes, road manifest, airway bills etc are attached to the Form CD1.

b) Check if the CD1 declaration is in line with supporting documents.

c) Inspect if what is declared is what is in the shipment.

d) Discharge/clear the CD1 at port of exit, to enable the clock to start counting

6.4.3. **NECI's (National Economic Conduct Inspectorate)**

(a) View NECI copy in CEPECS real time.

(b) Verify prices (values) of goods declared by the exporters

(c) Makes the relevant comments on-line in CEPECS if there is any query

(d) Investigate the under pricing of exports by the exporters.

6.4.4. **Exporter Responsibilities**

(a) Compile the CD1 information to be captured, ensuring that correct details are declared correctly.

(b) Ensure repatriation of Export proceeds within the stipulated credit terms, through normal banking channels.

(c) Comply with the Exchange Control regulations with regard to the completion of the CD1 as well as those for the operation of Foreign Currency Accounts.

7. Queries

7.1. Any queries on CEPECS user accounts or Forms CD1 can be forwarded to RBZ Exports through the following email: exports@rbz.co.zw or dchirata@rbz.co.zw or ddimingo@rbz.co.zw or gmukamba@rbz.co.zw

7.2. Tel: 04-703000 (RBZ Main Line)

THE END