**Chapter 23:02  
Customs and Excise  
(Local Content) Regulations, 2000**

[*S. I. 314 of 2000*](dps://2000_314s)

IT is hereby notified that the Minister of Finance and Economic Development has, in terms of section 235, as read with [section 89 of the Customs and Excise Act [*Chapter 23:02*]](dps://ZS@2302#89), made the following regulations:—

**1**.  These regulations may be cited as the Customs and Excise (Local Content) Regulations, 2000.

**2**.  Subject to these regulations, the lower rates of duty mentioned in [section 89 of the Act](dps://ZS@2302#89) shall be allowed in respect of manufactured goods if the local content of such goods is not less than twenty-five *per centum.*

**3**.  The factory cost of manufactured goods shall be calculated in accordance with the First Schedule, and shall be representative of the cost arising from normal business practices, operating procedures and levels of production in the industry concerned, as ascertained over such period as the Commissioner may consider reasonable:

Provided that, if, in the opinion of the Commissioner, any cost, charge or expense has not been incurred by the manufacturer at the normal open market price, the Commissioner may assess the amount of the cost, charge or expense, and the factory cost shall be calculated in accordance with that assessment.

**4**.  For the purpose of determining the local content of any goods manufactured either wholly or partly from locally produced or manufactured materials or components, the local content of such locally produced or manufactured materials or components shall be determined and apportioned in such manner as the Commissioner may direct.

**5**.  For the purpose of determining the local content of any goods manufactured either wholly or partly from imported materials, the origin of any charges incidental to the delivery of the imported materials shall be deemed to be that of the imported materials.

**6**.  Any information which the Commissioner may require for the purpose of ascertaining the local content or factory cost of any goods shall be provided in such form and certified in such manner as the Commissioner may direct.

**7**.  The regulations specified in the Second Schedule are repealed.

**First Schedule** ([*Section 3*](NULL#3))  
CALCULATION OF FACTORY COST

**1**.  The following factual costs, charges and expenses shall be included in the factory cost of manufacturing goods—

(a)  the cost of imported materials, including the cost of waste materials and materials lost in the process of manufacture, as represented by the landed cost of those materials at the factory, including any charges incidental to the delivery of such materials to the factory but excluding any customs duty thereon:

        Provided that the cost of imported materials not imported by the manufacturer shall be their delivered price at the factory;

(b)  the cost of local materials, including the cost of waste materials and materials lost in the process of manufacture, as represented by their delivered price at the factory;

(c)  the cost of direct labour as represented by the wages paid to the operatives responsible for the manufacture of the goods;

(d)  the cost of direct factory expenses as represented by—

(i)  the operating cost of the machines used to manufacture the goods;

(ii)  the expenses incurred in the cleaning, drying, polishing, pressing or any other process, as may be necessary for the finishing of the goods;

(iii)  the cost of putting the goods up in their retail packages and the cost of such retail packages but excluding any extra cost of packing the goods for transportation or export and the cost of any extra packages;

(e)  factory overheads, or on cost, as represented by—

(i)  rent, rates and insurance charges directly attributed to the factory;

(ii)  indirect labour charges, including salaries paid to factory managers, wages paid to foremen, examiners and testers of the goods and fees paid to efficiency advisers;

(iii)  power, light, water and other service charges directly attributed to the cost of manufacture of the goods;

(iv)  consumable stores, including minor tools, grease, oil and other incidental items and materials used in the manufacture of the goods;

(v)  depreciation and maintenance of factory buildings, plant, machinery, tools and other items used in the manufacture of the goods;

(vi)  the cost of food supplied to factory workers, contribution to manufacturers’ association and to a social security scheme established in terms of the [National Social Security Authority Act [*Chapter 17:04*]](dps://ZS@1704) or any other similar scheme established for the benefit of the factory workers.

**2**.  The following costs, charges and expenses shall be excluded from the factory cost of manufacuted goods—

(a)  administration expenses as represented by—

(i)  office expenses, office rent and salaries paid to accountants, clerks, manager and other executive personnel;

(ii)  directors’ fees, other than salaries paid to directors who act in the capacity of factory managers;

(iii)  statistical and costing expenses in respect of the manufactured goods;

(iv)  investigation and experimental expenses;

(b)  selling expenses as represented by—

(i)  the cost of soliciting and securing of orders, including such expenses as     advertising charges and agents’ or salesmen’s commissions or salaries;

(ii)  expenses incurred in the making of designs, estimates and tenders;

(c)  distribution expenses, other than those provided for in paragraph (*a*) or (*b*), represented by all the expenditure incurred after the goods have left the factory, including—

(i)  the cost of any materials and payment of wages incurred in the packaging of the goods for export;

(ii)  warehousing expenses incurred in the storage of the finished goods;

(iii)  the cost of transporting the goods to their destination;

(d)  charges not directly attributed to the manufacture of the goods including—

(i)  any customs duty paid on the imported raw materials;

(ii)  any excise duty paid on raw materials produced in the country where the finished goods are manufactured;

(iii)  any royalties paid in respect of patents, special machinery or designs

**Second Schedule** ([*Section 7*](NULL#7))  
REPEALS

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| Customs and Excise (Local Content) Regulations, 1979 | 896/1979 |
| Customs and Excise (Local Content) (Amendment) Regulations, 1981 (No. 1) | 592/1981 |
| Customs and Excise (Local Content) (Amendment) Regulations, 1983 (No. 2) | 277/1983 |
| Customs and Excise (Local Content) (Amendment) Regulations, 1985 (No. 3). | 302/1985 |
| Customs and Excise (Local Content) (Amendment) Regulations, 1988 (No. 4) | 26/1988 |