Deloitte.

Redefining Resilience: Navigating an economic path to prosperity in South Africa

Quick Tax Guide 2024/25

MAKING AN IMPACT THAT MATTERS since 1845

Contents

Click on the titles to navigate

Individuals

Individuals

Tax rates and rebates

Individuals, Estates & Special Trusts (1) (Year ending 28 February 2025)

Taxable Income (R)	Rate of Tax
1 – 237 100	18% of taxable income
237 101 – 370 500	42 678 + 26% of taxable income above 237 100
370 501 – 512 800	77 362 + 31% of taxable income above 370 500
512 801 – 673 000	121 475 + 36% of taxable income above 512 800
673 001 – 857 900	179 147 + 39% of taxable income above 673 000
857 901 – 1 817 000	251 258 + 41% of taxable income above 857 900
1 817 001 and above	644 489 + 45% of taxable income above 1 817 000

Note (1): Trusts for the benefit of ill or disabled persons and testamentary trusts established for the benefit of minor children.

Rebates		
Primary Rebate:	All individuals	R17 235
Age Rebate(s) *:		
Secondary Rebate	Age 65 and older	R9 444
Tertiary Rebate	Age 75 and older	R3 145

* Additional to Primary Rebate.

Tax Threshold	
Below age 65	R95 750
Age 65 to below 75	R148 217
Age 75 and older	R165 689

Exemptions

Interest Exemption – Local Interest	
Individuals under 65 years of age:	R23 800 per annum
Individuals over 65 years of age	R34 500 per annum

Interest earned by a non-resident is exempt unless the non-resident was physically present in South Africa for more than 183 days during the 12-month period preceding the date on which the interest is received or accrued, or the debt from which the interest arises is effectively connected to a permanent establishment (PE) of that person in South Africa.

Dividends

Subject to certain exceptions, local dividends are fully exempt from income tax in the hands of the recipient. However, see comments below in respect of WHT on dividends in the form of a dividends tax. Dividends received by a South African resident individual from REITs (listed and regulated property-owning companies) are subject to income tax, while non-residents who receive these dividends are only subject to dividends tax. Foreign dividends are subject to income tax in the hands of a South African shareholder but exempt if the shareholder holds at least 10% of the equity shares and voting rights in the foreign company declaring the dividend. Foreign dividends received by individuals from foreign companies are taxable at a maximum effective rate of 20%. No deductions are allowed for expenses incurred to produce foreign dividends.

Tax-free investments

Amounts received by or accrued to an individual in respect of particular prescribed investment instruments and policies are exempt. Contributions to these prescribed investments/policies are subject to an annual limit of R36 000. Currently, a R500 000 lifetime limit applies.

Remuneration for services rendered outside South Africa

South African residents working abroad for more than 183 days in any 12-month period, and for a continuous period of more than 60 days during that period, are exempt from income tax on remuneration for services rendered while abroad, to the extent the remuneration does not exceed R1.25 million.

An employer can apply for a tax directive from SARS to vary the method to withhold or deduct PAYE on a monthly basis. This method would generally involve the potential foreign tax payable to be taken into account on a monthly basis when calculating the PAYE liability

Deductions and tax credits

Medical expenses

- Medical scheme fees tax credit:
  - Monthly credit of R364 each for the taxpayer and his/her spouse (or first dependant), and a further R246 for every additional dependant.
- Additional medical expenses tax credit:
  i. Taxpayers 65 years (or older) and taxpayers with a disability (taxpayer, spouse or child) is the sum of:
     - 33.3% of the amount of contributions to a medical scheme as exceeds 3 times the medical scheme fees tax credit; and
     - 33.3% of qualifying medical expenses paid and borne by the individual.
  ii. Taxpayers under 65 years:
     - 25% of the aggregate of the amount of fees paid to a medical scheme as exceeds 4 times the medical scheme fees tax credit and qualifying medical expenses as exceeds 7.5% of taxable income (before medical deduction and excluding retirement lump sum benefits).

Retirement fund contributions

- A taxable fringe benefit will arise in the hands of the employee in relation to an employer's contribution to a retirement fund.
- Amounts contributed (by the employer and employee) to pension, provident and retirement annuity funds during a year of assessment are deductible by members of those funds, subject to certain limits.
- Individuals will be able to claim a deduction limited to the lesser of:
  - R350 000; or
  - 27.5% of the higher of their remuneration or their taxable income* (both excluding retirement fund lump sums and severance benefits); or
  - Taxable income* (excluding retirement fund lump sums and severance benefits) before the inclusion of taxable capital gains

Subject to certain exceptions, any excess may be carried forward to the following tax year and is deemed to be a contribution made during that following year.

* Taxable income as determined before allowing a deduction in respect of contributions to retirement funds, foreign tax deductions and donations

Donations

Donations to certain approved public benefit organisations (PBOs) are tax deductible. The tax deduction is limited to 10% of taxable income before donations (excluding retirement fund lump sums and severance benefits). Any excess may be carried forward and is treated as a donation made in the subsequent year.

Benefits and allowances

Travel allowances

Rates per kilometre, which may be used in determining the allowance deduction for business travel against an allowance or advance where actual costs are not claimed, are determined using the table published on the SARS website www.sars.gov.za, under Legal Counsel / Secondary Legislation / Income Tax Notices.

At the date of publishing this Guide, the 2025 year of assessment information was not yet available from SARS. The SARS table below is for the 2024 year of assessment and sets out the three components of the rates which may be used in determining the cost of business travel, where actual costs are not used. PAYE is withheld from 80% of travel allowances (20% is allowed in some circumstances

Value of the vehicle (incl. VAT) (R)	Fixed cost (R p.a.)	Fuel cost (c/km)	Maintenance cost (c/km)
0 – 100 000	33 760	141.5	43.8
100 001 – 200 000	60 329	158.0	54.8
200 001 – 300 000	86 958	171.7	60.4
300 001 – 400 000	110 554	184.6	65.9
400 001 – 500 000	134 150	197.6	77.5
500 001 – 600 000	158 856	226.6	91.0
600 001 – 700 000	183 611	230.5	102.1
700 001 – 800 000	209 685	234.3	113.1
Exceeds R800 000	209 685	234.3	113.1

- If the travel allowance is applicable to a portion of the tax year, the fixed cost is reduced proportionately.
- Where the travel allowance is based on actual distance travelled by the employee for business purposes, no tax is payable on an allowance paid by an employer to an employee, up to the rate of 464 cents per kilometre regardless of the value of the vehicle. This alternative is not available if other compensation in the form of an allowance or reimbursement (other than for parking or toll fees) is received from the employer in respect of the vehicle.
- The logbook method to claim business travelling expenses is compulsory.

Company car fringe benefit

Determination of the taxable value for all vehicles provided by an employer is as follows:

No maintenance plan	3.5% per month x determined value (retail market value as determined by Regulation)
Maintenance plan	3.25% per month x determined value (retail market value as determined by Regulation)
Held under operating lease (per s23A)	Costs incurred by employer under the lease plus fuel costs

The value of the benefit will be reduced by any consideration paid by the employee (other than consideration relating to insurance, licensing, maintenance or fuel) for which there are specific deductions available.

On assessment, the individual can claim a deduction, against the value of the taxable fringe benefit, for business use where an employee can furnish accurate records of distances travelled for business purposes and total distances travelled. The taxable fringe benefit is also reduced where the employee has borne the full expenditure relating to maintenance, licensing, insurance or fuel in relation to the company car, and has kept accurate details thereof. 80% (or 20% in certain instances) of the fringe benefit will be included in remuneration for PAYE purposes.

Residential accommodation

The taxable fringe benefit will ordinarily be calculated by applying a prescribed formula, but it will comprise the lower of the formula and the expenses incurred in respect of the accommodation by the employer in circumstances where the employer supplied accommodation that was obtained under an arm's length transaction with an independent third party. Any consideration given by an employee for such accommodation may reduce the value of the taxable benefit which is subjected to tax.

No taxable fringe benefit will apply in certain circumstances, including in the case of accommodation provided to employees who are away from their usual place of residence within South Africa or their usual place of residence outside South Africa (i.e. in respect of expatriate employees), subject to certain conditions and limitations.

Subsistence allowances

Subsistence allowances are tax-free if they are granted to an employee who is obliged to spend at least one night away from his or her usual place of residence whilst on business and if they do not exceed the following amounts:

Meals and incidental costs per day (Republic)	Meals and incidental costs per day (outside Republic)	Incidental costs per day
R548	Varying amounts	R169

In addition, a tax-free amount, of R169 per day may be provided to an employee who is allowed by his/her employer to incur costs on meals and other incidental costs while he/she is by reasons of his/her duties of employment obliged to spend a part of a day away from his/her usual place of work or employment.

Interest-free or low-interest loans

The difference between interest charged at the official rate of interest* and the actual amount of interest charged, is to be included in gross income as a taxable benefit.

* The official rate of interest changes periodically.

Retirement fund lump sum withdrawal benefits

Lump sum benefits in consequence of the withdrawal of membership of a retirement fund, including amounts assigned in terms of divorce settlements in certain circumstances, other than death/retirement lump sum benefits, are taxed according to the following table:

Taxable income from withdrawal benefits	Tax payable
R1 - R27 500	0% of taxable income
R27 501 – R726 000	18% of taxable income above R27 500
R726 001 – R1 089 000	R125 730 + 27% of taxable income above R726 000
R1 089 001 and above	R223 740 + 36% of taxable income above R1 089 000

Note: Taxable income is cumulative and includes all lump sum payments whether on retirement (after 1 October 2007) or withdrawal (after 1 March 2009), or a severance benefit (after 1 March 2011).

Severance benefits and retirement fund lump sum benefits

Severance benefits are lump sums received by employees from employers in respect of the relinquishment or termination of employment for the following reasons:

- Attaining the age of 55 years.
- Due to incapacity through sickness, accident, injury or infirmity of mind/body.
- Retrenchment due to cessation of trade by employer or general reduction in staff (or particular class of staff).

Severance benefits and lump sum awards following death, retirement or retrenchment are taxed according to the following table:

Taxable income from severance benefits	Tax payable
R1 – R550 000	0% of taxable income
R550 001 - R770 000	18% of taxable income above R550 000
R770 001 – R1 155 000	R39 600 + 27% of taxable income above R770 000
R1 155 001 and above	R143 550 + 36% of taxable income above R1 155 000

Note: Taxable income is cumulative and includes all lump sum payments whether on retirement (after 1 October 2007) or withdrawal (after 1 March 2009), or a severance benefit (after 1 March 2011).

Companies and trusts

Companies and trusts

Tax rates

(Unless otherwise stated, financial years ending on any date between 1 April 2024 and 31 March 2025)

Basic rate (other than entities specified below)	27%
Companies in certain special economic zones	15%
Trusts (other than special trusts)*	45%

* Years of assessment ending during the period of 12 months ending on 28 February 2025.

Implementing global minimum corporate tax:

The 2023 Budget Review outlined the two pillars of this global framework which South Africa has now started to implement:

- The first pillar focuses on the digital economy and the coherent tax treatment of multinationals. It will be implemented through a multilateral convention to ensure that the biggest and most profitable multinationals reallocate part of their profit to all countries where they sell their products and provide their services.
- The second pillar introduces the global minimum tax. It ensures that any multinational with annual revenue exceeding €750 million will be subject to an effective tax rate of at least 15 per cent, regardless of where its profits are located.
- Government proposes to introduce two measures to effect the global minimum tax in South Africa – an income inclusion rule and a domestic minimum top-up tax – for qualifying multinationals from 1 January 2024.

Small business corporations (annual turnover of R20 million or less):

Years of assessment ending on any date between 1 April 2024 and 31 March 2025

Taxable income	Rate of tax
R1 – R95 750	0 % of taxable income
R95 751 – R365 000	7% of taxable income above R95 750
R365 001 – R550 000	R18 848 + 21% of taxable income above R365 000
R550 001 and above	R57 698 + 27% of the amount above R550 000

Turnover tax for micro-businesses (qualifying annual turnover of R1 million or less):*

Taxable turnover	Rate of tax
R1 – R335 000	0% of taxable turnover
R335 001 – R500 000	1% of taxable turnover above R335 000
R500 001 – R750 000	R1 650 + 2% of taxable turnover above R500 000
R750 001 and above	R6 650 + 3% of taxable turnover above R750 000

*Years of assessment ending on any date between 1 March 2024 and 28 February 2025

- **Long-term insurers:**
  - Individual policyholder fund 30%
  - Company policyholder fund and risk fund 27%
  - Corporate fund 27%
  - Untaxed policyholder fund 0%
- **Gold mining companies:**
  - On gold mining income 33 - (165/x)*

    * Where "x" is the ratio of taxable income from gold mining to income from gold mining, expressed as a percentage.
  - On other income 27%
- **PBOs and recreational clubs*:** 27%

*Annual trading income exemption for PBOs and recreational clubs are greater of 5% of total receipts/accruals or R200 000 and 5% of total membership / subscription fees or R120 000 respectively.

Capital allowances

*Buildings**

- Industrial (manufacture or similar process):
  - Commenced 1/7/96 – 30/9/99 10%
  - After 1 January 1989 5%
  - Other 2%
- New and unused commercial buildings (and improvements): 5%

* At present, the s13quat urban development zone tax incentive is expected to apply until 31 March 2025.

Intellectual property (see also research and development)

- Costs incurred in acquiring (i.e. other than developing or creating):
  - Inventions, patents or copyrights 5%
  - Designs 10%

Note: Costs not exceeding R5 000 may be deducted in full. No deduction is available in respect of trademarks.

Research and development (R&D)

Costs incurred in any year of assessment:

In respect of qualifying expenditure	150%
In respect of qualifying assets	50%/30%/20%

Note: The R&D must be approved by the Minister of Science and Technology in advance to qualify for the enhanced allowance of 150%. To the extent that government grants are received to fund R&D, the expenditure so incurred does not qualify for the additional 50% allowance. Certain activities are excluded.

New energy vehicles

It is proposed that current automotive incentives will be supplemented with the introduction of a 150% tax allowance for the production of new energy vehicles (electric and hydrogen-powered) from 1 March 2026.

Plant and machinery

Manufacturing or similar process (new only)	40%/20%/20%/20%
Industrial policy projects (additional investment allowance):	
- Preferred status	*55%*
- Preferred status in IDZ (SEZ)	*100%*
- Other	*35%*
- Other in IDZ (SEZ)	*75%*
Renewable energy technology equipment*	125%
Small business corporations:	
- Manufacturing assets	*100%*
*- Other depreciable assets***	*50%/30%/20%*

* Applicable for qualifying assets brought into use on or after 1 March 2023 and before 1 March 2025.

** General depreciation regime optional.

Movable capital assets

Assets that are not subject to other capital allowances: Wear-and-tear at rates in terms of Interpretation Note No.47 (Issue 5) may apply. Any asset costing R7 000 or less may be written off in the year in which it is acquired.

Older buildings, plant, aircraft and ships and R&D assets

These may be subject to allowances at different rates.

Use of assessed losses

Aligned to the reduction in the corporate tax rate from 28% to 27%, for years of assessment ending on or after 31 March 2023, the utilisation of historic assessed losses is now limited to the higher of R1million and 80% of taxable income in a specific year of assessment. Special ordering rules apply for companies engaged in mining operations.

Employees' tax (PAYE)

PAYE is withheld by an employer from any remuneration paid to an employee.

Note: All allowances paid to an employee, with certain limited exceptions, are subject to PAYE in full or according to a prescribed formula.

Skills Development Levy (SDL)

SDL is levied at 1% the "leviable amount". Generally, the "leviable amount" is the total value of remuneration, which is subjected to PAYE, but it excludes amounts paid to independent contractors, severance benefit, reimbursement payments to employees, pensions paid and remuneration of learners under contract. Employers with annual payroll of less than R500 000 are exempt, as well as certain approved PBOs.

Unemployment Insurance Fund (UIF) contributions

UIF contributions are payable monthly by employers on the basis of a contribution of 1% by employers and 1% by employees, based on employees' remuneration below a certain amount. The remuneration threshold for the contribution is R17 712. Employers not registered for PAYE or SDL purposes must pay the contributions to the Unemployment Insurance Commissioner.

Employment Tax Incentive (ETI)*

Employers of qualifying employees (e.g. employees between the age of 18 and 29 years) may be eligible for a rebate, against the PAYE payable as follows:

- First twelve months of qualifying employee's employment:
  - 75% of an employee's monthly remuneration up to R2 000 per month. (This would only be applicable if the minimum wage prescribed by the relevant sector determination or bargaining council agreement was less than R2 000 per month).
  - For an employee with a monthly remuneration of between R2 000 and R4 500, the incentive will be R1 500 per month.
  - For employees with monthly remuneration of between R4 500 and R6 500, the value of the incentive will be between R1 500 and zero per month, as determined in terms of a formula.
- Second twelve months of qualifying employee's employment: Half of the amounts mentioned above.

*Various amendments have been made to the ETI Act to curb abuses by employers who were claiming the ETI when they were not entitled to. We would therefore suggest that employers seek tax advice should it consider claiming an ETI as the abovementioned commentary merely represents high-level commentary on the ETI provisions.

Other taxes, duties and levies

Other taxes, duties and levies

Withholding Taxes (WHTs)

Dividends tax

Dividends tax (DT) must be withheld from dividends at a rate of 20% by local companies and foreign companies on shares listed on the Johannesburg Stock Exchange (JSE). The rate may be reduced in terms of Double Taxation Agreements (DTAs). Exemptions apply for domestic retirement funds, PBOs and domestic companies. Certain requirements have to be complied with in order for the exemption or reduced rate to apply.

Other payments to non-residents#

Royalties*	15%
Interest**	15%
Foreign sportspersons and entertainers who perform in SA	15%
Fixed property acquired in SA from a seller that is a non-resident:	
- If the non-resident is a natural person	*7.5%*
- If the non-resident is a company	10%
- If the non-resident is a trust	*15%*

Note: WHT is not payable on fixed property if the total amount payable for the immovable property does not exceed R2 million.

Certain of these rates may be reduced by DTAs.

* The WHT on royalties is a final tax levied at 15%. The WHT does not apply to amounts derived by non-resident companies from a branch or agency in South Africa, or to amounts relating to the use of certain copyrights in printed publications, or royalties paid to any controlled foreign company.

** Certain exemptions apply (e.g. government bonds, listed debt and local collective investment schemes).

Note: South Africa does not levy withholding tax on service fees. Certain transactions may however give rise to a requirement to formally report the arrangement to SARS.

Capital Gains Tax (CGT)

Inclusion rates	
Individuals, special trusts and individual policyholder funds	40%
Other taxpayers	80%

Exclusions	
Individuals, special trusts and individual policyholder funds	R40 000
Companies	Nil
Individuals in year of death	R300 000
Primary residence exclusion on the disposal of a primary residence	R2 million gain/loss
Small business assets (persons at least 55 years of age and market value of assets not more than R10 million)	R1.8 million

Value-Added Tax (VAT)

Rates: 15% and 0%

The VAT registration threshold is R1 million of taxable supplies per annum. A vendor making taxable supplies of more than R50 000, but not more than R1 million per annum, may apply for voluntary registration. Non-residents that carry on an enterprise in South Africa are required to register. Certain supplies are zero-rated or exempt from VAT.

Provisional tax

A provisional taxpayer is a company or any person (other than a company) that earns income other than remuneration or an allowance/advance payable by the person's principal. It also includes any person (other than a company) who earns remuneration from an employer not registered for PAYE in South Africa. Deceased estates are not provisional taxpayers.

An individual is not required to pay provisional tax if he/she does not carry on any business, and the individual's taxable income:

- Will not exceed the tax threshold for the tax year; or
- From interest, dividends, foreign dividends, rental from the letting of fixed property and remuneration from an unregistered employer will be R30 000 or less for the tax year.

Provisional tax payments (made twice per annum, with a voluntary third payment) represent tax on expected taxable income. For taxpayers with taxable income of less than R1 million, the second provisional payment must equal the lower of the "basic amount" (calculated with reference to the previously assessed income for the latest tax year) or 90% of actual taxable income. For taxpayers with taxable income of more than R1 million, an estimate that is equal to at least 80% of the taxable income for the year is required for the second provisional tax payment. A penalty will be levied if the estimate does not meet the required percentage of actual taxable income. In addition, a penalty for late payment or underpayment of tax may be levied.

Donations tax

Value of donation	Rate
R0 to R30 000 000	20% on the value of property donated since 1 March 2018
Exceeding R30 000 000	25% on the value of property donated since 1 March 2018

The first R100 000 of property donated in each year by a natural person is exempt from donations tax. For taxpayers who are not natural persons, the exempt donations are limited to casual gifts not exceeding R10 000 per annum in total.

Dispositions between spouses, SA group companies and donations to certain public benefit organisations, are exempt from donations tax.

Estate duty

Value of estate	Rate
R0 to R30 000 000	20% of the dutiable amount of a deceased estate
Exceeding R30 000 000	25% of the dutiable amount of a deceased estate

Estate duty is levied on the dutiable amount of a deceased estate (property of residents and South African property of non-residents). Deductions include a standard deduction of R3.5 million per estate (R7 million for a married couple) and certain other deductions, the most important of which is the deduction for property accruing to a surviving spouse.

Transfer duty

Paid on acquisition of immovable property where the transaction is not subject to VAT. Transfer duty is also payable on the acquisition of residential property through an interest in a company or trust. The rates of duty are as follows:

Value of property	Rate
R1 to R1 100 000	0% of property value
R1 100 001 to R1 512 500	3% of property value above R1 100 000
R1 512 501 to R2 117 500	R12 375 + 6% of property value above R1 512 500
R2 117 501 to R2 722 500	R48 675 + 8% of property value above R2 117 500
R2 722 501 to R12 100 000	R97 075 + 11% of property value above R2 722 500
R12 100 001 and above	R1 128 600 + 13% of property value exceeding R12 100 000

Securities Transfer Tax (STT)

STT is a tax levied on the transfer or cancellation of any listed and unlisted security. The STT rate is 0.25%.

Tax on international air travel

An amount of R190 is imposed per passenger departing on international flights, excluding flights to Botswana, Namibia, Lesotho and eSwatini, in which case the tax imposed is R100 per passenger.

Carbon tax

The carbon tax rate on taxable greenhouse gas (GHG) emissions increased from R159 to R190/tCO_2e effective from 1 January 2024. This increase is reflected in a higher fuel levy (effective from 3 April 2024), bringing the total carbon tax related fuel levy to 11c/litre petrol and 14c/litre diesel.

A further alignment between the Department of forestry, Fishers and Environment's (DFFE) Methodological Guidelines for Quantification of Greenhouse Gas Emissions (Methodological Guidelines) is proposed for fuel combustion emission factors and net calorific values. The density factors for petrol and diesel are amended to align with the DFFE Methodological Guidelines with effect 1 January 2024. Schedule 1 of the Carbon Tax Act (2019) will be amended accordingly.

Additional fugitive emissions categories will be introduced with effect from 1 January 2024 based on the 2019 refinements to the 2006 Intergovernmental Panel on Climate Change Guidelines for National Greenhous Gas Inventories.

An amendment is being proposed to the renewable energy deduction allowed for electricity producers. It is proposed that electricity producers are allowed to continue claiming the renewable energy premium deduction where power purchase agreements are ceded to the National Transmission Company of South Africa. The effective date of the amendment is 1 January 2024.

The 2022 Budget proposed a gradual reduction in the basic tax-free allowance from 1 January 2026 to 31 December 2030. The reduction of the basic tax-free allowance on emitters' carbon tax liability is significant. A discussion paper will be published for comment later in the year to provide policy certainty on the reduction of the basic tax-free allowance.

Exchange control

Exchange control

In the 2020 Budget it was announced that a modernisation of the foreign exchange system would be phased in over the ensuing twelve months to maximise trade and investment benefits. It was envisaged that a new system would be in place by the end of February 2021. This did not materialise and, in the 2022 Budget, National Treasury merely confirmed its commitment to modernising the foreign exchange system.

The 2024 Budget confirms that National Treasury, the South African Reserve Bank (Reserve Bank), the Prudential Authority and the Financial Sector Conduct Authority (FSCA) will evaluate the impact of the reforms proposed in the 2020 Budget on the prudential, fiscal and monetary policy frameworks. The evaluation is intended to improve alignment of the frameworks and will affect the timeline of the proposed reforms.

The 2024 Budget outlines the following proposed capital flows management reforms to foster business growth, promote investment and support greater trade, amongst other things:

- Authorised dealers will be permitted to process requests by unlisted companies operating in the fields of technology, media, telecommunications, exploration and other research and development to establish an offshore company and/or have their primary listing offshore to raise foreign loans and capital for their operations, up to a limit of R5 billion, without prior approval from the Reserve Bank.

  Investments exceeding R5 billion per company per calendar year, as well as investments by unlisted companies that do not operate in the aforementioned sectors, will be required to apply to the Financial Surveillance Department of the Reserve Bank for prior approval. The offshore transfer of intellectual property and the use of the share-swap mechanism will require prior approval from the Financial Surveillance Department.
- Authorised dealers will be permitted to authorise South African private equity funds that are licensed with the FSCA to invest up to R5 billion offshore without prior approval from the Reserve Bank. Investments exceeding R5 billion and investments by private equity funds that are not licensed with the FSCA will require prior approval from the Financial Surveillance Department.
- Authorised dealers will be given greater discretion over the following payment arrangements for customer foreign currency accounts:
  - ***Settlement of transactions:*** Authorised dealers will be permitted to process transactions for customer foreign currency accounts for all current account payments
  - ***Export proceeds:*** Local agents of exporters of goods from South Africa will be able to settle export proceeds due to the local exporters via the customer foreign currency accounts
  - ***Import payments:*** Authorised dealers will be permitted to authorise resident entities purchasing goods via a local subsidiary of an offshore supplier (that has to import components from abroad) and/or agents to settle only the cost of the imported components in foreign currency through the respective customer foreign currency accounts
  - ***Related party agreements:*** Authorised dealers will be permitted to process all related party agreements relating to current account payments if applicants provide suitable documentary evidence confirming that the agreements are in accordance with the transfer pricing rules set out in section 31 of the Income Tax Act and the OECD Guidelines

Prior to authorising the abovementioned transactions, the authorised dealers will have to be satisfied that the relevant transactions are legitimate and must view suitable documentary evidence. These payment arrangements will be subject to reporting to the Financial Surveillance Department.

Contacts

Contacts

Itireleng Kubeka
Managing Director, Deloitte Africa Tax & Legal
Email: ikubeka@deloitte.co.za

Gauteng:
Alex Gwala
Global Business Tax Services Leader, Deloitte Africa Tax & Legal
Email: agwala@deloitte.co.za

KwaZulu-Natal:
Mark Freer
Regional Leader, Deloitte Africa Tax & Legal
Email: mfreer@deloitte.co.za

Western Cape:
Anthea Scholtz
Regional Leader, Deloitte Africa Tax & Legal
Email: ascholtz@deloitte.co.za

www.deloitte.co.za