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Exchange Control

Charles R van Staden

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Single
Discretionary
Allowance

Single Discretionary Allowance

- R1 million per calendar year
- Could previously be used for 8 Categories
 - Travel Allowance (Omnibus Business Travel Allowance R20 million per calendar year)
 - Study Allowance
 - Donations to Missionaries
 - Maintenance Transfers
 - Monetary Gifts and Loans to non-residents and SA residents temporarily abroad
 - Alimony and child support
 - Wedding expenses, etc.
 - Foreign Capital Allowances – Tax Reference Number only
- As from 1 April 2015 – For any legitimate purpose
- SA residents temporarily abroad now qualify
- May only use it for purpose stated on Application Form



Foreign Capital Allowance

Foreign Capital Allowance

- 18 years and older
- Tax payer
- Tax Clearance Certificate – Foreign Investment
- Green SA ID Document/New SA ID Card
- R10 million per calendar year
- SA residents temporarily abroad qualify
- Authorised foreign asset

Conditions

- May not make available to another SA resident
- May not invest into Offshore Structure that re-invests or lends money back into CMA – Loop Structure
- At no recourse to other SA assets

Additional Foreign Capital Allowance

- SARS Tax Clearance Certificate
- Tax Review
- Application to FinSurv
 - Tax Clearance Certificate
 - Statement of Assets and Liabilities
 - Annual Report
- Remains a South African asset
- May not invest into an Offshore Trust



Foreign Investment
through
Institutional
Investors

Foreign Investment through Institutional Investors

- Rand Policies
- Quoted Stock
- FSCA (FSB) – Prudential Limits
- Remains a South African Asset



Common Monetary Area

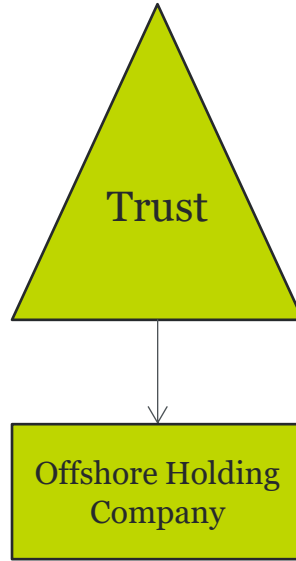
Common Monetary Area

- Member Countries
 - South Africa
 - Lesotho
 - Namibia
 - Swaziland (eSwatini)
- Exchange Control Authorities
- Exchange Control Policy
- Free movement of funds – local currencies



Offshore Trust Structure

Offshore Trust Structure



- Issues to be considered
 - Exclude South African Tax and Exchange Control residents as Beneficiaries



Foreign Investment by Corporates - FDI

Foreign Investment by Corporates - FDI

- Corporate only
- No Close Corporation or Trust
- Application to FinSurv if in excess of R1 billion
- Detail required
 - Applicant
 - Foreign Target Entity
 - Amount required and denomination
 - Capital Structure
 - Funding Structure

Foreign Investment by Corporates – FDI cont.

- Benefit to SA Inc.
 - Exports
 - Imports
 - Management Fees, License Fees, etc.
- 3 – 5 Year projection of the Income Expenditure Statement of the Target Entity
- Security, Guarantees
- Annual Report
- Dividends – 2004
- Validity of authority – unutilised portion of the capital amount may now be transferred during the next calendar year.



Emigration

Emigration

- MP 336(b)
- Allowances
 - Foreign Capital Allowance: (R10 million per individual or R20 million per family unit)
 - Travel Allowance: R1 million per individual and R200 000 per child under 18 years
 - Household and personal effects: R2 million – SARS Customs Declaration
- Remaining South African Assets
- Interest – Freely transferable, provided earned after date of emigration
- Additional Capital. Tax Clearance Certificate from SARS. FinSurv Application
- Listed Stock

Emigration continued

- Unlisted Investments
- Supporting Documentation
- Interest in Inter Vivos Trusts
 - Own Assets Trust
 - Third Party Funded Trust
- Funding
- Backdating of date of emigration. Evidence of actual Permanent Residency or last date of making use of South African foreign exchange facilities
- Must remain abroad for 5 years as an emigrant

Contact Details

Charles van Staden

- Head of Exchange Control
- Johannesburg
- T +2711 775 6359
- Charles.vanstaden@hoganlovells.com





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