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Global Mobility Services:
Taxation of International Assignees –South Africa

Taxation issues & related matters for employees 2017 (based on 2018 tax rates)

pwc

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Country: South Africa

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Global Mobility Country Guides

Introduction: International assignees working in South Africa

PwC is the world's leading provider of professional services. The People and Organisation Services group works together with its clients to find solutions for the challenges they encounter when transferring people from one country to another.

This brochure is intended to inform foreign nationals and their employers about tax, social security and immigration issues in South Africa.

This guide is not exhaustive and cannot be regarded as a substitute for professional advice addressing individual circumstances. Nevertheless, answers will be found to most of the questions raised by an expatriate or his/her employer. More detailed advice should be sought before any specific decisions are made about these issues.

More information can be obtained from our offices specializing in People & Organisation Services, Global Mobility (see Appendices).

Step 1:
Understanding basic principles

The scope of taxation in South Africa

1. A foreign national working in South Africa will, in general, become liable to South African tax. The main taxes applicable to assignees are:

   – Income tax;

   – Dividend withholding tax;

   – Withholding on sale of real property by non residents; and

   – Donations and inheritance tax.

The tax year

2. The tax year for individuals covers the period from 1 March to the last day of February the following year.

Spouses

3. The South African legislation will apply equally to the assignee's spouse, notwithstanding the fact that the spouse may not be employed or working in South Africa.

4. Depending on the duration of the assignment, the assignee's spouse may become tax resident in South Africa by fulfilling the criteria of the physical presence test. The effect is that the spouse may also become taxable on their worldwide income and capital gains.

5. Furthermore, the capital gains tax exit charge arising on the cessation of tax residence in South Africa will apply equally to the worldwide assets held by the spouse.

Determination of residence

6. Tax residents are subject to tax on their worldwide income (subject to certain exemptions); whereas nonresidents are subject to tax on South African source income.

7. Residents are subject to tax on worldwide gains (with certain exclusions). Nonresidents are subject to tax on gains arising on immovable property situated in South Africa and assets of a permanent establishment or fixed base in South Africa through which that person undertakes business activities in South Africa.

8. An individual will generally be considered resident in South Africa for tax purposes, if he or she meets one of two criteria.

9. Firstly, it is necessary to review whether an individual is considered 'ordinarily resident' in South Africa. If an individual is not ordinarily resident throughout the year of assessment under consideration, then it is necessary to review whether an individual is resident under the physical presence test *(see Appendix B)*.

10. The courts have held that a person's place of ordinary residence will be regarded as the country to which they would naturally and as a matter of course return to from their wanderings. In contrast with other countries it might be called their usual or principal country of residence and it would be described more aptly than other countries as their real home. Foreign nationals rendering services in South Africa on a time bound employment contract are unlikely to be considered ordinarily resident.

11. If an individual is not ordinarily resident in South Africa, it is necessary to consider whether that individual is tax resident by virtue of the physical presence test. A person is considered resident under the physical presence test for a year of assessment if, in respect of that year, that person spends or has spent the following periods of time in South Africa:

    i. More than 91 days in aggregate in the year of assessment under consideration; and

    ii. More than 91 days in aggregate during each of the five years of assessment preceding the year of assessment under consideration; and

    iii. More than 915 days in aggregate during the five preceding years of assessment.

12. An individual has to meet all three requirements before he or she is considered tax resident under this test for a particular year of assessment.

13. Individuals who are deemed to be exclusively resident in another country for the purposes of the application of a double tax agreement ("DTA") are regarded as not resident in South Africa in terms of the definition of a resident. Determining tax residence in terms of a double tax agreement is complex and professional advice should be sought in this regard.

Step 2:

Understanding the South African tax system

Taxation of resident vs non resident individuals

14. It is very important to determine an individual's tax residence position in South Africa as this determines the scope and extent of South African tax.

15. As mentioned above, a resident individual will be taxable on their worldwide income and capital gains whereas a non-resident will only be taxable on their South African source income, and on gains arising on the disposal of certain South African based assets. In the case of an individual owning foreign assets and having income or capital gains from a non-South African source, the benefit of maintaining non-residence status could be substantial, especially where such foreign income/capital gains are subject to tax in the other foreign jurisdiction at a lower rate than in South Africa, or in some cases not taxed at all.

Employment income

16. Any amount, including a voluntary award, received by or accrued to a person in respect of or by virtue of rendering services or employment or the holding of office, will be considered employment income. It also includes the value of benefits or advantages granted in respect of services, employment or the holding of office. The benefits or advantages are generally referred to as fringe benefits. Employment income (remuneration) thus includes salaries, wages, bonuses, allowances, pensions, certain commissions, fee and annuities, gratuities, retiring allowance or stipend, lump sum payments and fringe benefits. Common examples of taxable fringe benefits include, amongst others:

    – Assets acquired from the employer at a value less than cost or market value;

    – Personal or private use of employer owned assets;

    – The settlement by the employer of an employee's debt; and the use of employer owned or leased motor vehicles.

    – The provision of insured benefits e.g. group life, disability insurance etc.

Source of employment income

17. Non-resident employees will be taxed on employment income derived from a South African source, irrespective of where, when and by whom their remuneration is paid. As a general rule, the source of employment income is where the relevant employment or services have been physically rendered. Where it is considered that the duties performed/services rendered overseas are merely incidental to those performed in South Africa, the dominant

originating cause of such income may be regarded as being South African source. In certain circumstances, DTAs exempt employment income from tax in South Africa.

18. Where a non-resident employee is required for the purposes of employment to render services both inside South Africa and abroad, then generally only that portion of the remuneration attributable to the services rendered inside South Africa will be from a South African source and taxable in South Africa (unless the services rendered abroad are incidental to the South African services). However, when the employee is tax resident in South Africa he or she will be subject to tax on their worldwide employment income, subject to relief by virtue of DTAs or section 10(1)(o)(ii) of the Income Tax Act (foreign employment exemption).

19. Under the terms of this foreign income exemption, any remuneration derived by the employee in respect of services rendered outside South Africa on behalf of any employer shall be exempt from tax in South Africa provided such income is subject to tax in another country and derived in the year of assessment and the qualifying period falls, at least in part, in the year of assessment in question and those services were rendered during that qualifying period. The qualifying period is defined as:

20. A period exceeding 183 full days in aggregate during a 12 month period commencing or ending during a year of assessment; **and**

    – a continuous period exceeding 60 full days during such period of 12 months.

Taxation of investment income

21. Foreign nationals working in South Africa who are not tax resident in South Africa are not taxed on their non South African source investment income. South African source investment income will be subject to South African income tax. A number of rules apply for determining the source of different kinds of investment income. Foreign nationals who are tax resident in South Africa will be taxable on their worldwide investment income. Subject to certain limitations, credit for foreign taxes paid on such income may be claimed against the South African tax liability or protection claimed under a DTA.

Interest

22. From 1 March 2015, a 15% withholding tax (final tax) is applicable to interest paid to non-residents. Interest on Government bonds, listed company loan stock and bank deposits is exempt from the withholding tax.

23. Expatriate employees that have been present in South Africa for more than 183 days in the 12 month period immediately preceding the payment of the interest are also exempt from the withholding tax, but subject to normal taxation on the interest income.

24. Expatriate employees that have been present in South Africa for less than 183 days in the 12 month period immediately preceding the payment of the interest are exempt from normal tax on interest, but subject to withholding tax as applicable.

25. There are specific tax concessions applicable for South African source interest income, irrespective of the person's tax resident status. These tax-free concessions are normally adjusted on an annual basis. For individuals under 65 years of age the first ***R23 800*** of interest income per annum is exempt from tax.

26. South African and Foreign source interest income will be taxable in South Africa for tax residents, subject to any relief under a DTA.

Dividends

27. Dividends from a South African source are exempt from normal tax but are subject to final dividend withholding tax at 20%, subject to possible DTA relief if a person is treaty resident in another country.

28. Foreign dividends fall within the definition of foreign investment income. Foreign investment income is not taxable for persons who are not tax resident in South Africa.

29. For residents, foreign dividends are included in the taxable income of tax residents at an effective rate of 20% (15% previously).

30. Expenditure incurred in the production of local (South African) dividend income (e.g., interest on loans to purchase shares) is not deductible for income tax purposes, as it is not expenditure incurred in the production of income.

Rental income

31. For non-residents, rental income will generally be fully taxable if the income arises from a South African source. The general rule is that the source of rental income is where the relevant property is located.

32. Foreign rental income will be taxable in South Africa for resident individuals, unless DTA protection applies.

33. Generally speaking, expenditure incurred to produce rental income will only be deductible in so far as the rental income is taxable and to the extent that it is not capital in nature.

Capital gains

34. Tax on capital gains applies in respect of disposals and deemed disposals of capital assets on or after 1 October 2001. The legislation is intended to tax only the capital gains arising after 1 October 2001, and therefore the base cost of the asset on the implementation date is of great importance. A capital gain arises where the proceeds exceed the base cost of the assets. A capital loss arises where the base cost exceeds the proceeds.

35. Different rules apply for assets acquired before 1 October 2001 and those acquired on or after this date; generally taxpayers who dispose of assets which were acquired before the valuation date (i.e. 1 October 2001) may (subject to certain criteria) determine the base cost of the assets on the basis of:

- Market value on 1 October 2001; or
- 20 percent of disposal proceeds; or
- A time-based apportionment i.e. the total gain is apportioned over the period the asset was held before and after 1 October 2001.

36. Taxpayers are well advised to give careful consideration to the method they elect to determine the base cost of the asset particularly as the time based apportionment method can only be applied once the asset is disposed of, which may be several years after 1 October 2001. There was a two-year window (extended by a further year to 30 September 2004) to prepare market valuations of assets held as at 1 October 2001. Taxpayers who have not been able to obtain market valuations within the above time constraint will not be able to adopt the market value method. The taxpayer will only be able to compare the gain based on time based apportionment and market value (assuming this applies) after the disposal of the asset. Losses arising as a result of market valuations are restricted.

37. Currently, 40% of the capital gain is included in taxable income for individuals and thus the maximum effective rate of tax on capital gains is 18% (i.e. 40% x 45%).

38. There is an annual exemption *of* R40,000 which includes gains (or losses) arising. On death, all an individual's assets subject to capital gains tax are deemed to have been sold at their market value (subject to certain exemptions such as assets passed to a surviving spouse). There is an increased annual exemption of R300,000 in the year of death.

39. A non tax resident that disposes of immovable property situated in South Africa is subject to a non-final 7.5% withholding tax on remittance of the proceeds.

Exchange controls

40. South Africa has exchange control regulations. The commercial banks in South Africa (commonly referred to as “authorized dealers”) are agents of the South African Reserve Bank (“SARB”) for certain foreign exchange purposes. When all necessary declarations are lodged with such agent, they permit foreign nationals to deal freely with their foreign assets and not require the transfer to South Africa of income earned on such assets. Foreign nationals are free to purchase residential property, although borrowing restrictions may apply. Foreign nationals in possession of valid work or temporary resident permits allowing them to work, may borrow funds locally only subject to bank risk assessment and prevailing banking practice.

41. Contract and tour-of-duty workers are, for exchange control purposes, treated as residents of South Africa. That means, for example, that foreign nationals temporarily working in South Africa can keep South African bank accounts or obtain funds from financial institutions for the purchase of a house in the same way as a resident. However, such persons are also treated as non-residents with regard to foreign assets and repatriations.

42. When a person ceases to be a contract worker (for example on return to their home country), it will be necessary to ensure that local borrowing restrictions (applicable to non-residents) are not breached. This may happen, for example, should a person purchase property when working in South Africa and have a bank borrowing that exceeds 50% of the cost of the property when that person leaves South Africa.

43. A foreign national who has taken up permanent

residence in South Africa or is domiciled in South Africa, will generally be regarded as resident for exchange control purposes and therefore subject to the same restrictions as other exchange control residents.

Employees' tax

44. Employees' tax is income tax an employer must deduct from remuneration paid to an employee, and pay over to SARS. All South African employers paying remuneration have an obligation to account for employees' tax. In the case of an employer who is not resident in South Africa, any agent of such employer in South Africa having authority to pay remuneration is required to assume the obligations of the non-resident employer. Penalties and interest are imposed by SARS if employees' tax is not paid timeously.

45. In terms of the Pay As You Earn ("PAYE") system, an employer is obliged to deduct income tax from remuneration as it is paid, and to pay the tax over to the SARS. The amount of PAYE tax deducted is calculated in accordance with prescribed tables.

46. An additional levy is payable only by the employer at 1% of remuneration payable. This is known as a Skills Development Levy

Social Levies

47. The traditional concept of Social Security does not apply in South Africa. The equivalent could be seen as the Unemployment Insurance Fund (UIF) Contributions. These contributions are payable monthly at 1% by employers and 1% by employees, based on the employees' remuneration. The amounts are capped with the maximum contribution currently being ZAR 148,72 per month for each of the employer and employee.

48. Expatriates that will be returning to their home country at the end of their employment do not need to contribute to UIF.

49. South African firms typically then provide access for employees to contribute to private medical schemes, private life cover and disablement schemes.

50. An additional levy due by employers is the Skills Development Levy (SDL) which is a levy imposed to encourage learning and development in South Africa and is determined by an employer's salary bill.

51. The SDL due is equivalent to 1 % of the total amount paid in salaries to employees (including overtime payments, leave pay, bonuses, commissions and lump sum payments).

52. The amounts deducted or withheld by the employer must be paid to SARS on a monthly basis, by completing EMP201.

53. It must be paid within seven days after the end of the month during which the amount was deducted.

54. See appendices.

Deductions, Credits and Allowances

Medical expenses

55. Medical scheme fees

- A monthly credit of R303 for the taxpayer and a further R303 for his/her spouse (or first dependent), and a further R204 for each additional dependent.
- Taxpayers under 65 years can exempt 25% of the sum of the fees paid to a medical scheme that exceeds four times the medical scheme fees tax credit and the same applies to qualifying medical expenses that exceeds 7.5% of taxable income

Persons over the age of 65 years or disabled years can exempt 33.3% of the sum of the fees paid to a medical scheme that exceeds three times the medical scheme fees tax credit 33.3% of other qualifying medical expenses.

Retirement funds

56. Contributions to a retirement funds by an individual are tax deductible subject to a limit of 27.5% of remuneration / taxable income. The maximum annual deduction is R350,000. Employer contributions to provident funds are considered to be a taxable benefit in the hands of the employee. However the first R350,000 (or 27.5% of remuneration/taxable income (whichever is the lower) is deemed to be a tax deductible contribution by the employee.

57. Foreign nationals contributing to a non South African scheme, may be able to claim tax relief in terms of a relevant Double Tax Treaty, otherwise there is no tax relief in SA for personal contributions to foreign retirement funds**.**

Travel allowances

58. There are three methods to calculating the cost of business travel, where actual costs are not used. Pay-As-You-Earn (PAYE) is withheld from 80% of travel allowances. Please see appendices.

Donation deductions and donation tax

59. Tax deductions are available for donations to approved public benefit organisations (PBOs). This is capped to 10% of taxable income. Any amount that exceeds this 10% cap can be rolled forward and treated as a donation made in the subsequent year.

60. Donations tax is tax payable at a flat rate of 20% on the value of property disposed of by a donation (excluding donations to approved PBOs and aggregate donations below R100,000 per annum). Non tax-residents are not subject to donations tax.

61. After making a donation, form IT144 is required to be completed and submitted to SARS. Related payments can only be paid via SARS E-filing, payment must be made within 30 days after the donation was made.

62. Other donations that are exempt from this tax include:

– Donations between spouses.

– Bona fide maintenance payments.

– Donation of property or a right in property situated outside South Africa if acquired by the donor either before becoming resident in South Africa for the first time or if the overseas property was acquired by inheritance or donation from a non-resident.

Estate Duty

Rates of Estate Duty

63. Estate Duty is payable on the estate of every person who dies and whose estate is in excess of R3, 5 million. It is charged at the rate of 20%.

64. The payment is due within 1 year of date of death. If SARS issues an assessment within 1 year of death the payment is due 30 days from the date of issue.

65. Estate duty is due on the entire estate of a deceased person who was ordinarily resident in South Africa. The estate refers to all property of the deceased, but does not include any amounts payable from a pension, provident fund or retirement annuity fund on death. Nor would the estate include the proceeds from life-insurance policies received by beneficiaries of those policies. For persons that are not ordinarily resident the estate includes all South Africa assets.

66. There is no duty imposed on the amount of the estate that is given to a surviving spouse or a public benefit organization.

Step 3:
What to do before you arrive in South Africa

Work permit and visa requirements

67. The South African immigration legislation has changed substantially. Some of the most important changes include:

    – An "Authorization to work" is now issued for only three months maximum without the option of renewal;

    – Intra-company visas now require a detailed skills transfer plan and are issued for a maximum of 4 years;

    – The Department of Home Affairs generally does not extend Inter-company Transfer work visas);

    – The category of "general work visas" has become much more complicated.

    – A new "critical skills" category has been introduced.

    – The critical skill category requires a letter of verification of skills by a professional body;

    – Nearly all categories of work visas (except Intra-Company Transfer) require an evaluation of foreign qualifications, which will cause a delay of 3-4 weeks;

    – If a foreign national overstays his visa by 1 day, he will be declared undesirable and will not be permitted to return to South Africa whilst having "undesirable" status;

    – Home Affairs offices and Consulates will request a police clearance by the applicant from the South African Police Services, should they have previously resided in South Africa for periods exceeding 1 year;

68. South Africa has strict visa and work visa requirements.

69. All former permit categories are now referred to as visas.

70. All foreign nationals wishing to work in South Africa should apply for a work visa from their country of residence and must await the outcome of the application in their country of residence. Individuals are not entitled to work in South Africa prior to obtaining a work visa. Such application should be accompanied by applications for the rest of the family that will be accompanying the individual, as well. Work visas are issued for up to 5 years at a time and must be kept valid at all times. They are issued company and position specific and are not transferable, in most cases.

71. Applications for work visas may take up to 2 months to prepare, as a result of new requirements, which can cause delays. These include the evaluation of foreign qualifications by a single authority in South Africa.

72. Intra-Company Transfer applications can still be prepared within 3 weeks and take approximately 10 -30 working days at consular offices.

73. Applications for renewal need to be submitted at least 60 days before a visa lapses.

74. It is possible to change from one employer to another in certain visa categories.

Step 4:
What to do when you arrive in South Africa

Registration as a taxpayer

75. A foreign national rendering services in South Africa is liable to register as a taxpayer with the local office of SARS. This registration should take place within 21 business days of becoming a South African taxpayer.

76. Application for registration may be made in person at a SARS branch office, but providing certain supporting documents to SARS. Alternatively, your PwC tax consultant can assist with the registraion. Upon registration, SARS will allocate you an income tax reference number.

77. Alternatively, your employer can obtain this tax reference number via the SARS' 'e@syfile'.

Registration as a provisional taxpayer

78. Certain taxpayers are required to register as provisional taxpayers. In order to register as a provisional taxpayer, the application is made via the SARS E-filing system and your PwC consultant will obtain the necessary documents from you. This registration should take place within 30 days of becoming a provisional taxpayer.

79. A provisional taxpayer includes:

- Any person notified by SARS that he or she is a provisional taxpayer;
- Any person who derives taxable income, in excess of a certain threshold, which is not remuneration or income from employment. This would include income such as rental income, interest income, partnership or self-employment income.

80. In some cases, certain exemptions to register may be applicable.

81. The 2016 budget speech anounced that expatriate workers will be regarded as provisional taxpayers. For expatriate employees that receive all their remuneration under deduction of South African pay as y0u earn, and are not tax resident, this change should not impact on them. Foreign national employees that get paid overseas and have prior to 1 March 2017 paid their tax on assessment (often up to 11 months after the end of the taxyear) will with effect from 1 March 2017 have to pay tax 6 monthly thrugh the provisioinal tax system.

Provisional tax

82. Provisional tax is the payment of the income tax liability for a tax year in installments. This avoids having to make substantial tax payments on assessment after the end of the tax year. Provisional tax may be compared to employees' tax deducted from the remuneration of an employee, except that the individual and not the employer is responsible for the payment thereof.

83. Provisional tax payments are based on estimated taxable

income for the tax year and are made no later than the last day of August and February of each tax year. Provisional taxpayers with taxable income in excess of R50,000 may make a third voluntary (top up) payment no later than seven months (i.e. 30 September) after the end of the tax year, to avoid interest on the underpayment of income tax for the tax year. For these taxpayers, an underpayment of provisional tax will result in interest being charged on the underpayment. In addition, significant penalties will be applicable if at least 80% of the actual tax liability is not settled by the last day of the tax year (28/29 February).

Important tax compliance dates to remember

- The due date for the submission of the annual income tax return (IT12) is generally the last Friday in November, following the end of that tax year (for non-provisional taxpayers) or 31 January of the following calendar year if the taxpayer is a provisional taxpayer. Submission of 1st provisional tax return (IRP6): 31 August (six months before the end of the year of assessment).
- Submission of 2nd provisional tax return (IRP6): 28/9 February (end of the year of assessment).
- Submission of 3rd (voluntary) provisional tax return (IRP6): 30 September (seven months after the end of the year of assessment).

84. Failure to account for provisional tax in a timely manner can lead to penalties in the region of 20% plus interest.

Step 5:

What to do at the end of the tax year

Tax returns

85. Individuals should collate all records necessary to complete the tax return including those forms detailing remuneration for the tax year (form IRP5). Even if an individual is not paid in South Africa there may still be a requirement for the employer to prepare and submit these, and other year-end forms to SARS.

86. Your PwC tax consultant will prepare the tax return for you, if authorised to do so. In order to prepare the tax return, the tax questionnaire should be completed and returned to your PwC tax consultant.

Notice of assessment

87. An income tax assessment should be issued by SARS after submission of an income tax return.

88. Objections may be lodged against the assessment, within 30 days of the date of assessment, if the individual does not agree with the calculation of the taxable income, the tax assessed or the tax rebates allowed. Each notice of objection should clearly state the grounds for the objection.

Payment of taxes

89. Where the final tax liability in the notice of assessment exceeds the tax paid, the balance of the tax will be due and payable within 30 days from the 'first date' shown on the assessment. If the outstanding amount is not settled by that date, interest will be charged by SARS on the outstanding amount calculated from the ‘first date’ shown on the assessment.

Step 6:
What to do when you leave South Africa

Ceasing tax residence

90. Tax residents may face an unexpected tax bill when they cease to be tax resident in South Africa.

91. An individual on foreign assignment in South Africa who has become tax resident in South Africa would normally cease to be tax resident in South Africa on repatriation to their home country following termination of their assignment.

92. Tax residence obtained under the physical presence test may be lost through one of the following ways:

    – The individual fails to meet one of the criteria under the physical presence test (for example, more than 91 days of required presence in South Africa in the year of assessment); or

    – The individual becomes exclusively treaty resident in another country by virtue of the application of a double taxation agreement; or

    – The individual leaves South Africa and remains physically outside South Africa for a continuous period of at least 330 full days following the date of departure.

93. An individual who ceases to be tax resident in South Africa is deemed to have disposed of their worldwide assets (falling within the scope of the capital gains tax charge) on the day prior to ceasing to be resident and will be taxed on the increase in value of those assets from the date of obtaining tax residence in South Africa (or 1 October 2001, if later) to the date of cessation of tax residence in South Africa. This is often referred to as the capital gains tax exit charge. Excluded from the exit charge are direct and certain indirect interests in South African immovable property and assets of a South African permanent establishment, these assets being subject to capital gains tax on actual disposal of the assets.

94. The taxable capital gain on a foreign asset purchased and disposed of in the same foreign currency is generally calculated by determining the capital gain in foreign currency and converting this into South African Rands using the average (or spot) rate for the tax year (or date) of disposal of that foreign asset.

95. The calculation of the gain and resulting charge is very complex as different valuation rules apply to difference assets. Planning at the early stages of the assignment and avoiding tax residence may prevent this charge.

Appendix A:
Rates of tax

Personal income tax rates for tax year 1 March 2017 to 28 February 2018

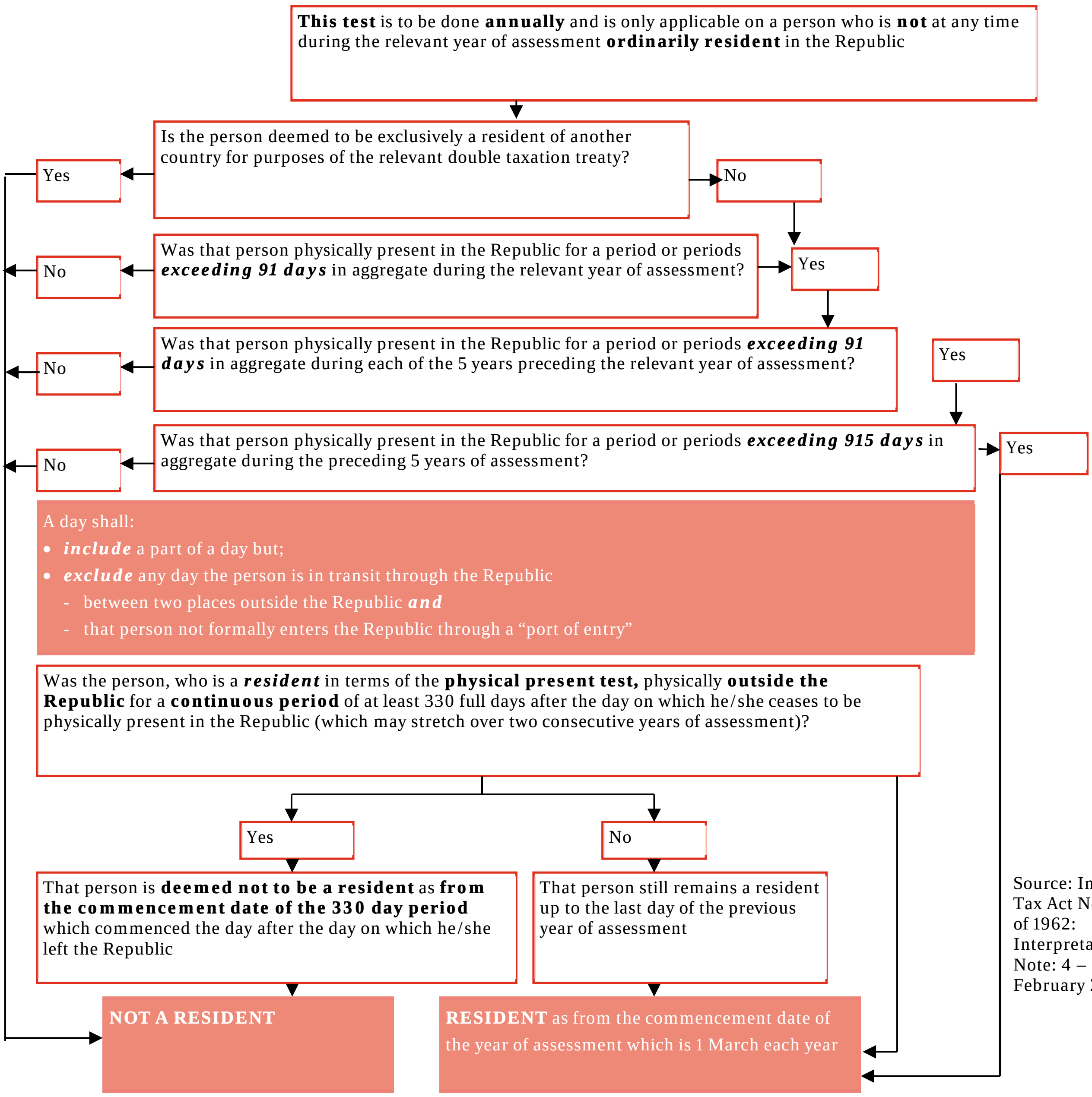
The amount of tax due is calculated by applying the following progressive tax rate schedule to taxable income:

Bracket	Taxable income over	Not over	Income Tax rate (%)
1	0	189,880*	18%
2	189,881	296,540	26%
3	296,541	410,460	31%
4	410,461	555,600	36%
5	555,601	708,310	39%
6	708,311	1,500,000	41%
7	1,500,001 +		45%

*For individuals under the age of 65, a primary rebate of R13,635 (equivalent to the first R75,750 of taxable income) is granted. For individuals over the age of 65 this rebate is R21,114 (equivalent to the first 117,300 of taxable income)and for those over the age of 75 the rebate is R23,607 equivalent to the first 131,150 of taxable income.

Appendix B:

Physical Presence Test



Source: Income Tax Act No.58 of 1962: Interpretation Note: 4 – 8 February 2006

Appendix C:
Double-taxation agreements

Countries with which South Africa has double-taxation agreements

Algeria	Germany	Malaysia	Seychelles
Australia	Ghana	Malta	Sierra Leone
Austria	Greece	Mauritius	Singapore
Belarus	Grenada	Mexico	Slovak Republic
Belgium	Hungary	Mozambique	Spain
Botswana	India	Namibia	Swaziland
Brazil	Indonesia	Netherlands	Sweden
Bulgaria	Iran	New Zealand	Switzerland
Canada	Ireland	Nigeria	Taiwan
China	Israel	Norway	Tanzania
Croatia	Italy	Oman	Thailand
Cyprus	Japan	Pakistan	Tunisia
Czech Republic	Kenya	Poland	Turkey
Denmark	Korea	Portugal	Uganda
DRC	Kuwait	Qatar	Ukraine
Egypt	Hong Kong	Romania	United Arab Emirates
Ethiopia	Lesotho	Russian Federation	United Kingdom
Finland	Luxembourg	Rwanda	United States
France	Malawi	Saudi Arabia	Zambia
			Zimbabwe

Appendix D:

Compliance Timelines

Withholding taxes (dividends, royalties and interest	Last day of the month following the month in which the dividend is paid		
Provisional tax	February year-end	1st payment	6 months before year-end (31 Aug)
		2nd payment	At year end (end of February)
		3rd payment	7 months after year end (30 Sept)
PAYE and SDL	7th day of each month		

Percentage based and Fixed penalties

Type	Reason	Penalty
Provisional	1st or 2nd payment late	10%
Provisional	3rd payment late	Interest may be due
Provisional	Underestimate	20%
Employee's tax	Late payment	10%

Taxable Income (R)	Monthly penalty (R)
Loss – 250,000	250
250,001 - 500,000	500
500,001 – 1,000,000	1,000
1,000,001 – 5,000,000	2,000
5,000,001 – 10,000,000	4,000
10,000,001 – 50,000,000	8,000
50,000,001 and above	16,000

Appendix E:
South Africa contacts and offices

Contacts

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