



SARB Exchange Control Change

SARS

23 February 2021

Foreign Investment Allowance

The effective date for these changes are **01 March 2021**

In Principle the Foreign Investment Allowance process remains unchanged except for those changes specifically mentioned below:

- ❑ All fund transfers off-shore, above the discretionary allowance limit. requires a TCS in respect of Foreign Investment Allowance from SARS.
 - This includes all transfers from SA residents as well as Non-residents.
 - The SARB will still apply control in respect of transfers above 10million as per current rules and a more stricter verification process
- ❑ The current process of controlling or blocking an Emigrant's remaining assets in a special “blocked funds account” will fall away and all transfers from these will be handled as normal fund transfers in line with any other FIA transfer.
- ❑ All transfers of listed securities from an exchange inside South Africa to an exchange outside South Africa will require a TCS in respect of FIA before such transfer can occur.
 - This is applicable to Residents and Non-residents (CGT may still be required for Non-residents, where this was not accounted for at the time of transfer)
 - These transfers form part of the annual limits of all transfers (therefore combined with cash transfers to determine limits in terms of discretionary allowance and the above or below 10million)

Emigration

The effective date for these changes are **01 March 2021**

The concept of “emigration” and the SARB’s approval process (via MP336b) will fall away and is replaced by the concept of the individual “ceasing to be a resident for tax purposes” in SA.

- ❑ All applications where the applicant had their Form MP 336(b) attested by an Authorised Dealer on or before 28 February 2021 will still be able to apply for a Tax Compliance Status in respect of “Emigration”, in the ensuing months after 28 February 2021, in terms of the current procedure dealing with emigration for exchange control purposes.
- ❑ All applications from Monday, 1 March 2021 onwards will be processed by SARS based on a new dispensation of confirming that the taxpayer has ceased to be a resident for tax purposes. SARS will not require a Form MP 336(b) as part of the TCS application process.
 - All individuals that cease to be a resident would have to request a TCS in respect of “emigration” from SARS before Authorised Dealers may be permitted to transfer any funds in this regard.
 - All the Assets and Liabilities of the taxpayer must still be completed per TCS application form.
 - At present the “emigration” terminology will remain in our system until the system can be changed.
 - The SARB will still apply control in respect of transfers above 10million as per current rules and a more stricter verification process
- ❑ From 1 March 2021 onwards, taxpayers will be able to access their applicable retirement benefits if they can prove to the fund that they have been non-resident for tax purposes for an uninterrupted period of three years and an applicable Tax Directive is issued to the Fund by SARS. It will be required that taxpayers will provide to the Authorised Dealers, the applicable Tax Compliance Status from SARS as well as documentation from the fund indicating/ confirming the final amount paid out to the taxpayer, before any transfers can be effected.

Thank you
Re a leboha
Re a leboga
Ndza Khensa
Dankie
Ndi a livhuwa
Ngiyabonga
Enkosi
Ngiyathokoza