

Global Rewards Update: South Africa – Change to Exchange Control forms

April 2014

Background

Where a South African Exchange Control resident individual wishes to remit funds outside of South Africa (using either their discretionary or foreign investment allowance), they are required to submit certain information to an Authorised Dealer (usually a commercial bank authorised on behalf of the South African Reserve Bank (SARB)). This information previously included the completion of Form MP1423.

It is often the case for employee share purchase plans that a company will submit this information on behalf of an employee under a power of attorney.

This Global Rewards Update discusses the removal of one of the administrative procedures (Form MP1423) required for individuals when wishing to transfer funds abroad.

Removal of Form MP1423 requirement

The SARB has removed the requirement for individuals (or companies acting on behalf of employees) to complete Form MP1423 when wishing to transfer funds abroad.

The abolishment of this form applies irrespective of an individual's Exchange Control status or allowance (foreign investment or discretionary) used.

Although Form MP1423 is no longer required, a South African Exchange Control resident individual who wishes to use either of their allowances is still required to submit the following information/documentation to an Authorised Dealer:

- a green barcoded ID book (as proof that the applicant is 18 years of age or older);
- proof of residence;
- power of attorney (if required);
- in the case of the investment allowance, a tax clearance certificate for Foreign Investment (FIA001); and
- the Authorised Dealer's specific forms.

Deloitte view

The removal of Form MP1423 will bring some administrative relief for employers and individuals who seek to use the individual's allowances to purchase foreign shares.

Companies should ensure that they continue to comply with the exchange control regulations in relation to the offering and operating of employee share plans in South Africa.

People to contact

For assistance with this matter, or any other issue related to the operation of your global rewards plans, please contact your local Deloitte global rewards consulting services adviser or email us at globalshareplans@deloitte.co.uk, and a global rewards consultant will contact you.

This Global Rewards Update information is also included in our biweekly GES newsletter, *Global InSight*, which you will receive directly if you are on the central distribution list.

If you are not on the central distribution list and received this communication by some other means, you can follow these few simple steps to be added to the central distribution list:

- Go to the [Deloitte Subscriptions Page](#) on Deloitte.com.
- Fill out your contact information.
- Make sure that, under Email Newsletters, "Global InSight" (which is under the Tax heading) is selected and click "Save Profile."
- Be sure to visit us at our website: www.deloitte.com/tax.

[Home](#) | [Security](#) | [Legal](#) | [Privacy](#)

© 2014 Deloitte LLP. All rights reserved.

This communication is from Deloitte LLP, a limited liability partnership registered in England and Wales with registered number OC303675. Its registered office is 2, New Street Square, London EC4A 3BZ, United Kingdom. Deloitte LLP is the United Kingdom member firm of Deloitte Touche Tohmatsu Limited ("DTTL"), a UK private company limited by guarantee, whose member firms are legally separate and independent entities. Please see www.deloitte.co.uk/about for a detailed description of the legal structure of DTTL and its member firms.

This communication contains information which is confidential and may also be privileged. It is for the exclusive use of the intended recipient(s). If you are not the intended recipient(s), please (1) notify it.security.uk@deloitte.co.uk by forwarding this email and delete all copies from your system and (2) note that disclosure, distribution, copying or use of this communication is strictly prohibited. Email communications cannot be guaranteed to be secure or free from error or viruses.

To the extent permitted by law, Deloitte LLP does not accept any liability for use of or reliance on the contents of this email by any person save by the intended recipient(s) to the extent agreed in a Deloitte LLP engagement contract.

Opinions, conclusions and other information in this email which have not been delivered by way of the business of Deloitte LLP are neither given nor endorsed by it.

 [Deloitte RSS feeds](#)