



Africa Tax Alert

Further tax developments in South Africa

30 June 2017

Binding Private Ruling (BPR) No. 274 – Venture capital company investing in generation of solar electricity

This ruling deals with a number of issues relating to the special deductions permitted in respect of shares acquired in a “venture capital company” in terms of section 11J of the Income Tax Act and the allowances claimable by the underlying operating company.

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Binding Private Ruling (BPR) No. 275 – Security arrangements in respect of home loans

The ruling determines certain tax implications arising out of the implementation of security arrangements in respect of home loans.

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Binding Private Ruling (BPR) No. 276 – Dividends tax and tax treaty clause

The ruling determines whether dividends tax must be withheld when a dividend is paid to the beneficial owner that is a resident of the Kingdom of Sweden. The tax treaty between Sweden and South Africa includes a ‘most favoured nation’ clause.

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Multilateral Instrument (MLI)

The OECD released the reservation and notification statement for South Africa to the Multilateral Convention (2016) (MLI) on 7 June 2017.

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Exchange of Information Agreement with Monaco

Notice has been given that an exchange of information agreement relating to tax matters with the Principality of Monaco has been approved by Parliament.

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Exchange of Information Agreement with Costa Rica

Notice has been given that an exchange of information agreement relating to tax matters with Costa Rica has been approved by Parliament.

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Pienaar Brothers (Pty) Ltd and CSARS and Minister of Finance*

The High Court issued a judgment on 29 May 2017 dealing with the constitutionality of retrospective tax legislation enacted by South Africa in 2007. The case concerned a legislative amendment to close a loophole that allowed unintended avoidance of secondary tax on companies in respect of rollover tax relief applicable to amalgamation transactions.

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SARS Annual Performance Plan 2017 – 2018

SARS has released its annual report, containing information on SARS' performance in administering the taxation system and customs.

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SARS Summary of DTA withholding tax rates

SARS has recently released an updated summary of the withholding tax rates applicable under Double Taxation Agreements currently in force with South Africa.

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***References:**

Comments by Prof. Johann Hattingh, University of Cape Town

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