Taxation and Investment in South Africa 2011

Reach, relevance and reliability

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Contents

1.0 Investment climate
1.1 Business environment
1.2 Currency
1.3 Banking and financing
1.4 Foreign investment
1.5 Tax incentives
1.6 Exchange controls

2.0 Setting up a business
2.1 Principal forms of business entity
2.2 Regulation of business
2.3 Accounting, filing and auditing requirements

3.0 Business taxation
3.1 Overview
3.2 Residence
3.3 Taxable income and rates
3.4 Capital gains taxation
3.5 Double taxation relief
3.6 Anti-avoidance rules
3.7 Administration
3.8 Other taxes

4.0 Withholding taxes
4.1 Dividends
4.2 Interest
4.3 Royalties
4.4 Branch remittance tax
4.5 Wage tax/social security contributions
4.6 Other

5.0 Indirect taxes
5.1 Value added tax
5.2 Capital tax
5.3 Real estate tax
5.4 Transfer tax
5.5 Stamp duty
5.6 Customs and excise duties
5.7 Environmental taxes
5.8 Other taxes

6.0 Taxes on individuals
6.1 Residence
6.2 Taxable income and rates
6.3 Inheritance and gift tax
6.4 Net wealth tax
6.5 Real property tax
6.6 Social security contributions
6.7 Compliance

7.0 Labor environment
7.1 Employees' rights and remuneration
7.2 Wages and benefits
7.3 Termination of employment
7.4 Labor-management relations
7.5 Employment of foreigners

8.0 Deloitte International Tax Source

9.0 Office locations

1.0 Investment climate

1.1 Business environment

South Africa is a constitutional democracy with a two-chamber parliament and an indirectly elected executive president. The National Assembly is elected by proportional representation; the National Council of Provinces consists of indirectly elected representatives of the nine provinces.

South Africa has moved from an economy historically dominated by mining and agriculture to one where manufacturing, real estate and financial services contribute the larger share of Gross Domestic Product (GDP). Mining, nevertheless, remains an important foreign exchange earner. Services are the most important contributor to GDP. The country's financial structure is sophisticated, with a large and active stock exchange.

South Africa has a relatively open economy. Most exports to industrialized countries consist of primary and intermediate commodities. A large proportion of exports consist of unprocessed raw materials; the mining industry contributes the most to the country's total exports. However, South Africa is increasingly adding value before exporting. The country is a major exporter of coal, gold, diamonds, platinum, wool, sugar, manganese and chrome ores, as well as base minerals such as iron ore. It is also an exporter of fruit and animal hides and skins. Exports of chemicals, metal products, machinery, transport equipment and manufactured goods have increased, particularly into the rest of Africa, in recent years.

South Africa is a member of the Cairns Group, an informal association of 19 agriculture exporting members of the WTO that supports free and fair trade in agricultural markets and the lowering of agricultural tariffs by developed countries. South Africa (along with Lesotho, Swaziland and Namibia) is part of the Common Monetary Area (CMA). The country is also a member state of the OECD.

Price controls

The government has eliminated price controls on all but a few items, such as petrol, coal, paraffin, pharmaceuticals and utilities.

Intellectual property

South Africa is a member of most international conventions for the protection of intellectual property. Patents, trademarks, copyrights and industrial designs and models are legally recognized in South Africa, which was one of the first signatories to the Trademarks Law Treaty of the World Intellectual Property Organization (WIPO) in 1994. The National Intellectual Property Management Office (NIPMO) of South Africa oversees intellectual property rights within the country.

The Intellectual Property Laws Amendment Act and the Counterfeit Goods Act reflect South Africa's determination to uphold its commitments under the World Trade Organization (WTO) and to protect the rights of local and foreign companies. The Acts promulgation ensures compliance with the Trade-Related Aspects of Intellectual Property (TRIPs) agreement of the Uruguay round of the General Agreement on Tariffs and Trade (GATT).

The Intellectual Property Laws Amendment Act further provides for compliance with the TRIPs agreement by amending the Patents Act, making it compatible with the Patent Co-operation Treaty. Amendments to the Patents Act removed uncertainties about the payment of renewal fees for patents, the assessment of damages and the principle of privilege regarding communications to and by patent agents. TRIPs compliance requires more amendments to the Copyright Act on technological advances, extending copyright to computer programs and adjusting the term of copyright in film. The Patents Act covers early working and specifications in line with the TRIPs agreement.

The patentee or an exclusive licensee may initiate proceedings for infringement. Licensees may institute defensive proceedings in their own name if, after two months, the patentees refuse to take action themselves. All processes applicable to trade or industry, along with products resulting from such processes, can be patented (except for simple mixtures). Know-how cannot be patented. Patent rights granted in South Africa are effective only in South Africa.

Individuals, companies, associations and other entities are eligible to register trademarks that they are using or propose to use. Registration gives the owner exclusive rights to the trademarks, which last for 10 years and are renewable for the same period.

1.2 Currency

The currency in South Africa is the Rand (ZAR).

1.3 Banking and financing

The South African Reserve Bank (SARB, the central bank) performs all central banking functions and is independent from the government.

The South African financial services sector is backed by a sound regulatory and legal framework with dozens of domestic and international institutions providing a full range of financial services, such as commercial, retail and merchant banking, mortgage lending, insurance and investment. The banking system comprises the central bank, a few large and financially strong banks and investment institutions, and a number of small banks.

Johannesburg is South Africa's main financial center, although most large insurance companies are based in Cape Town.

1.4 Foreign investment

The government has removed nearly all investment approval processes and there are few limitations on incoming direct investment in South Africa. The government has an investment promotion agency called Trade and Investment South Africa (TISA), a subdivision of the Department of Trade and Industry. The larger provinces also have investment promotion agencies

Local and foreign-owned companies are treated equally, with two main exceptions: (1) there are local equity requirements for banks and financial institutions; and (2) businesses with nonresident ownership or control equal to or greater than 75% are restricted in their local borrowings. South Africa's thin capitalization rules apply where the nonresident lender is a connected person in relation to the South African borrower or is entitled to participate in at least 25% of the South African company's dividends, profits or capital, or exercise at least 25% of the votes in the South African recipient.

With the exception of banking and insurance companies, any foreign company may establish a place of business and conduct its activities in South Africa without forming a separate locally incorporated company. The establishment of a branch requires registration as an "external company" within 21 days of the establishment of a place of business. Registration requirements are similar for public and private companies, although the branch structure may incur a higher tax rate in certain circumstances. For South African exchange control purposes, a branch is treated as a separate legal entity.

If an organization is to be involved in import and export activities, additional approval is required.

Foreigners do not need permission to invest in South African shares, bonds, money market instruments or other portfolio investments. Nonresidents may purchase both listed and unlisted securities. These transactions do not require the permission of the SARB.

1.5 Tax incentives

The government offers a variety of incentives (both tax and nontax), including the following:

R&D incentives*:* A deduction of 150% applies for expenditure incurred on or after 2 November 2008 with respect to the discovery of novel, practical and non-obvious information or devising, developing or creating an invention, design or computer program or any knowledge essential to the use of the invention, design or computer program. As from 1 January 2011, the taxpayer must obtain approval from the Department of Science and Technology before claiming the R&D tax incentive.

Depreciation: Special depreciation allowances apply to plant and machinery, hotel equipment, buildings and farming in order to encourage investment in capital assets.

Urban development allowance: All taxpayers refurbishing a building within a designated urban development zone or taxpayers constructing a new commercial or residential building in such a zone are entitled to the urban development allowance. The following are available:

- *Construction of new buildings or extensions or additions* – the allowance is equal to 20% of the costs incurred and is deductible in the year of assessment in which the building is brought into use solely for the purposes of the taxpayer's trade, and 8% of that cost in each of the following 16 years of assessment. The total cost can therefore be claimed over 11 years.
- *Improving an existing building* – the allowance is equal to 20% of the costs incurred and is deductible for the first time in the year of assessment in which the improved part is brought into use solely for the purposes of the taxpayer's trade, and 20% for each succeeding year of assessment. The total cost can therefore be claimed over five years.

Infrastructure development: Taxpayers involved in the construction of pipelines, transmission lines and railway lines may be entitled to a tax deduction for new or unused assets. The allowances are 10% of the cost per annum for pipelines used to transport natural oil and 5% of the costs per annum for all other relevant assets.

Public private partnerships: Grants may be available to encourage the private sector to invest in infrastructure in partnership with the public sector, specifically to effect improvements to state-owned property. The grant is exempt from tax, and a tax allowance is available in respect of the improvements actually effected by the taxpayer.

Nontax incentives include support for innovative activities. Cash incentives are available for critical infrastructure such as transport, telecommunications networks, electricity transmission, and waste disposal and fuel-supply systems. The incentives cover between 10% and 30% of the cost of infrastructure development. To qualify, the infrastructure must be deemed "critical."

Finally, incentives exist for large investment projects (ZAR 200 million in the case of greenfield (i.e. new) projects and ZAR 30 million in the case of brownfield (i.e. expansion) projects). Proposed projects that achieve "qualifying status' are able to deduct from taxable income 35% of the costs of investment in manufacturing assets, up to a maximum of ZAR 550 million. "Preferred status" projects are able to deduct 55% of the cost of investment in manufacturing assets (up to a maximum of ZAR 900 million). An additional training allowance of ZAR 36,000 per employee is also deductible from taxable income, up to a maximum of ZAR 20 million for "qualifying" projects and ZAR 30 million for "preferred" projects.

1.6 Exchange controls

South Africa maintains exchange control regulations that restrict the free flow of capital in and out of the country. The exchange control regulations are administered by the SARB, although it delegates routine transactions to approved private sector banks, which include most of the larger domestic and foreign banks. The banks report all transactions related to foreign exchange to the SARB.

The SARB does not target any particular level for the exchange rate, but it monitors the currency against a basket of the leading trading currencies—the U.S. dollar, Euro, pound sterling and yen. It can intervene if sharp movements in the exchange rate threaten to undermine its main goal of ensuring moderate levels of inflation.

The exchange control regulations target domestic companies and residents, but there are some special implications for foreigners. Long-term insurers, pension funds and fund managers may maintain foreign assets of up to 15% of total assets, and unit trusts may have 20% foreign assets. The SARB's exchange control department reserves the right to require a staggered transfer of such funds to maintain stability (even though, under current policy, the SARB approves most transactions).

As noted above, South Africa is part of the CMA; no exchange controls exist within the CMA. South Africa also belongs to the Financial Action Task Force, an international organization charged with combating money laundering.

2.0 Setting up a business

2.1 Principal forms of business entity

Under the new Companies Act, 71 of 2008, in effect since 1 May 2011, companies are classified as profit or nonprofit companies. With regard to profit companies, the Companies Act distinguishes between four different types of companies:

- *Private Company (Pty) Ltd* – a company that is not a state-owned company and its memorandum of incorporation (MOI) prohibits it from offering any of its securities to the public and restricts the transferability of its securities.
- *Personal Liability Company Inc* – a company and the directors are jointly and severally liable for any debts and liabilities of the company.
- *State-Owned Company* – an enterprise registered as a company that is listed as a public entity under the Public Finance Management Act or is owned by a municipality.
- *Public Company Ltd* – a company that is not a state-owned company, private company or personal liability company.

Most foreign companies setting up South African subsidiaries use the private company form, but they can also register as an "external company."

The Companies Act contains provisions relating to governance and reporting standards that bring the South African Companies Act in line with international best practices.

Formalities for setting up a company

The articles of association and memorandum of incorporation (MOI) govern a company's internal affairs and deal with share transfers, borrowing powers, voting rights, meetings, etc. A company must amend its MOI within two years of enactment of the new Companies Act to align it with the act.

A company must retain a document containing each director's written consent to act as a director and providing personal details, including the names of all other companies of which the person is a director. The company also must keep on file a register of directors, the auditors' consent and a certificate to commence business.

Private and public companies may allot shares for contributions other than cash, but the registrar of companies (which must be informed of any allocation of shares within 20 days) must receive a document reflecting the details of the new allotted shares.

It is mandatory for public companies to appoint company secretaries, and specified duties and directors' fees must be disclosed.

Legislation specifies the procedural requirements for companies to acquire their own shares. If authorized by its MOI, a company may authorize the purchase of its own shares.

The registration process for private or public companies begins with the reservation of a company name. A preliminary name search may be conducted online at the CIPRO website. Following approval, the name will be reserved for two months, during which time additional documentation must be submitted. Legal and other professional fees to register a company depend on the complexity of the individual application.

Registration applications must be submitted to a notary, who will lodge the application with the Office of the Registrar. If there are no errors or omissions, the application will be processed in approximately one month. The application package includes various forms, such as a power of attorney, memorandum and articles of association, certificate of incorporation, certificate to commence business, register of directory and appointment of an auditor.

Standard versions of an MOI are included in the Companies Act. A company may choose to submit its own version, but this may slow down the approval process, since it would require closer examination by the Office of the Registrar.

Forms of entity

Requirements for public and private companies

Capital. *Both*: No legal limits.

Founders, shareholders. *Public*: The MOI permits them to offer shares to the public but restricts or negates their right of pre-emption. *Private*: Minimum one, maximum 50. *Both*: No limitations on nationality/residence of shareholders or directors.

Board of directors. *Public*: There must be at least three directors. There is no nationality or residence requirement except for the public officer, who must be a South African resident. *Private*: A private company must have at least one director. Again, there are no nationality or residence requirements, but a South African resident must be appointed as the public officer to handle income tax matters.

Management. *Both*: No limits on nationality or residence.

Taxes and fees. *Both*: A registration fee between ZAR 175 and ZAR 475 is payable, in addition to ZAR 250 for a change to a company's MOI to increase its share capital.

Types of shares. *Public*: New authorized share capital will not have a nominal or par value. Shares may be bearer or registered (although use of the former is rare). *Private:* The same rules as for a public company apply, but shares must be registered. A private company may not offer its shares to the public or receive other financing from the public. A private company's right to transfer shares is restricted.

Control. *Both*: A simple majority suffices for most decisions, although in some cases a 100%, 95% or 75% majority is required for "special resolutions." A quorum is normally 25% of the shareholders, but varies with company articles and always is subject to the Companies Act requirements in respect of special resolutions.

Branch of a foreign corporation

South Africa does not consider a branch to be a separate legal entity.

The rules and procedures for establishing a branch are similar to those for setting up a locally incorporated company. In certain cases, it may be more beneficial to register as a South African company for a stronger domestic profile. It may also be an advantage when obtaining government contracts. However, although a branch of a foreign resident company is exempt from the 10% secondary tax on companies (STC) on the excess of dividends declared over dividends received, it pays a 33% tax rate, as compared with a 28% rate for a local company. A branch pays no withholding tax on profits remitted to its head office.

The establishment of a branch requires registration as an "external company" within 21 days of opening for business. Unless granted an exemption by the Registrar of Companies, branches must file annual financial statements.

2.2 Regulation of business

Mergers and acquisitions

Under the Competition Act 89 of 1998, parties to a proposed merger that qualifies as an intermediate or a large merger may not implement the merger without the approval of the Competition Commission (for an intermediate merger) and the Competition Tribunal (for a large merger). If the relevant authority determines that the merger is likely to prevent or lessen competition substantially, it must prohibit the merger. This decision must be made after examining a number of factors that could affect the level of competition in the market.

The Competition Commission has the authority to require parties to small mergers (falling below the notification threshold) to give notice if it believes the merger might substantially prevent or lessen competition, or if it is not justifiable on public interest grounds.

Merger filing fees are payable to the Competition Commission for the notification of a merger or acquisition, for an exemption application and for the provision of an advisory opinion. Merger filing fees are based on the value of the combined annual turnover or gross assets of the parties involved in the transaction.

Takeovers and mergers on the Johannesburg Securities Exchange are supervised by the Securities Regulation Panel, a takeover panel with statutory powers to secure the public interest.

The “corporate rules,” provide relief for transactions between group companies or between founding shareholders and their company. An intragroup merger or acquisition may be structured under these provisions and qualify for relief from income tax and capital gains tax and possibly securities transfer tax.

Monopolies and restraint of trade

The Competition Act 89 of 1998 provides clear definitions of prohibited practices and extensive regulation of mergers. Restrictive practices can be “horizontal” or “vertical.” A restrictive horizontal practice is one in which the parties are in a horizontal (competitor) relationship and where the effect of an agreement is substantially to prevent or lessen competition in a market. The agreement may involve price fixing, production quotas, restricting technical innovation or development, avoiding or restricting investment, dividing markets and collusive tendering. Restrictive vertical practices are ones between parties in a vertical relationship where they would substantially prevent or lessen competition in a market. Minimum resale-price maintenance is prohibited. Both horizontal and vertical prohibited practices are unlawful unless those who are party to such practices can prove a technological or efficiency gain outweighing that effect.

Abuse of dominant position rules refer to abuse of market power. The rules define a company as dominant in a market where it is the leader, with either at least 45% of that market or less if it has “market power” (a concept not defined in the act). However, it appears that market power and dominance are determined on a case-by-case basis.

The act prohibits dominant firms from engaging in a range of practices, including limiting output or technological development to the detriment of consumers; charging excessive prices; engaging in any act that impedes or prevents competitors’ entry or expansion into the market; and selling a product or service on condition that the buyer purchase a separate product or service. Some exclusionary acts can be defended if the company can show technological, efficiency or other pro-competitive gain that outweigh the anti-competitiveness of the action. Price discrimination also is prohibited.

The Competition Commission has authority to grant exemptions to prohibited practices if they can be shown to be required to attain specified goals, such as promotion of exports and promoting the ability of small firms controlled by previously disadvantaged persons to become competitive.

2.3 Accounting, filing and auditing requirements

South Africa has been harmonizing its Statements of Generally Accepted Accounting Practice (GAAP) with international standards. In 2004, the South African Institute of Chartered Accountants (SAICA) announced its decision to adopt the text of IFRS without any amendments. The Regulations prescribe the application of IFRS, International Financial Reporting Standards for Small and Medium Enterprises (IFRS for SMEs) or South African Statements of Generally Accepted Accounting Practice (SA GAAP), depending on the classification of the company.

All companies must file an “annual return” with the Companies and Intellectual Properties Companies Commission within 20 business days after their incorporation anniversary date, along with specified documentation.

New audit requirements became effective on 1 May 2011 through the new Companies Act. The Companies Act prescribes a certain level of oversight and auditor review based on the classification of a company, although not all companies are required to have their financial statements audited. Companies that are not required to have audited financial statements must have their financial statements independently reviewed.

The Companies Act requires public companies and state-owned companies to have audited financial statements. The regulations to the act set out additional categories of companies that are required to have their annual financial statements audited, based on activities and size.

3.0 Business taxation

3.1 Overview

South Africa's taxation system has been residence-based, rather than source-based, since 2001. Companies in South Africa are subject to income tax, the secondary tax on companies (STC) donations tax, dividends tax (proposed effective date 1 April 2012), withholding tax on royalties, nonresident entertainers and sportspersons and the purchase of immovable property from nonresidents. Other taxes include the skills development levy, turnover tax, VAT, transfer duty, securities transaction tax, customs and excise duty.

3.2 Residence

Legal entities, including companies and trusts, are resident in South Africa if they are incorporated, established or formed in South Africa or have their place of effective management in South Africa. Under an Interpretation Note issued by the South African Revenue Service (SARS), effective management means the day-to-day operational management of the business activities of an entity.

3.3 Taxable income and rates

Resident companies are subject to corporate tax on their worldwide taxable income. Nonresidents are subject to tax only on South Africa-source income.

The basic corporate tax rate of 28% applies to the worldwide income of South African companies, including subsidiaries of foreign companies. Branches of foreign companies, however, are subject to a 33% rate. Small business corporations (those that comply with various requirements and have a gross income of less than ZAR 14 million) pay tax at rates between 0% and 28%.

The STC is levied on net dividends declared by South African companies (i.e. the STC is levied on the company rather than the shareholders). The tax, which is designed to encourage the retention of capital for investment, is 10% on the excess of dividends declared over dividends received. Any excess of dividends received over dividends declared may be carried forward and offset against future dividends declared to arrive at the "net amount" subject to the 10% tax.

Certain distributions made by companies are deemed to be dividends for STC purposes; for example, loans to shareholders (except when a market-related rate of interest is charged). Branches (external companies) of foreign companies are exempt from the STC, but the exemption is offset by the higher tax rate of 33% (versus the 28% rate applicable to resident entities).

Legislation has been enacted to phase out STC and replace it with a more conventional and internationally better understood dividend withholding tax; the dividends tax is expected to come into effect on 1 April 2012. Under the dividend withholding tax regime, dividends paid to individuals and foreign persons will be subject to a 10% withholding tax (subject to the application of an applicable tax treaty) and amounts distributed will be treated as dividends except to the extent the distributions reduce "contributed tax capital" (the consideration received or accrued to that company for the issue of shares). Dividends paid to domestic companies will not be subject to withholding tax.

Gold-mining companies are taxed according to a special formula. Such companies can elect an exemption from STC, but this will affect the rate at which non-mining income is taxed. Companies that are not exempt are subject to the 28% tax rate on non-mining income; those that are exempt pay tax at a rate of 35% on non-mining income. As from 2009, gold mines pay a royalty to the government on their mining rights. Companies mining for oil and gas are taxed at the normal corporate rate (28%).

Taxable income defined

Taxable corporate income generally includes all income (e.g. business profits, interest, royalties and rent) of a South African resident company less non-capital expenditure and losses incurred in an income-producing year.

Taxable income is computed as gross income less exempt income and allowable deductions, plus taxable capital gains. Gross income of a resident is the total amount (in cash or another form) received by, or accrued to, the resident during the tax year, excluding receipts or accruals of a capital nature. Gross income of a nonresident is the total amount (in cash or another form) received by or accrued to the nonresident during the tax year from a source within or deemed to be within South Africa, except for receipts or accruals of a capital nature.

Dividends received by a South African company from another South African company are exempt from tax (although the STC is due by the payer company). Foreign dividends received by a South African resident company are taxable in South Africa, subject to certain exceptions. For example, foreign dividends received are exempt where the shareholder holds at least 20% of the total equity share capital and voting rights in the company declaring the dividend. Foreign dividends are not deducted in determining the "net amount." Currently taxed profits can be remitted in full by a South African branch to a foreign head office without a deduction for withholding tax.

Deductions

Deductions are allowed for all expenditure incurred to produce revenue in the year of assessment. Capital expenditure is not deductible but can give rise to a number of allowances. Additional deductions are available for motor vehicle expenses, legal expenses, medical and dental expenses, bad and doubtful debts, and contributions to pension and provident funds and retirement annuities. Lease premiums may be written off for the period of the lease.

Municipal rates may be deducted from taxable income.

Depreciation

The ITA contains a number of provisions in terms of which capital allowances may be deducted against taxable income. For example, new machinery and equipment used directly in manufacturing may be depreciated over four years, with 40% of the cost of the assets deducted in the first year, and 20% per year for the next three years. Taxpayers may claim losses from ordinary revenue on the sale of devalued depreciable business assets with short useful lives.

Machinery used in farming operations (including bio-fuel equipment) may be depreciated by 50% in the first year, 30% in the second year and 20% in the third year.

New industrial buildings may be depreciated on a straight-line basis over 20 years (i.e. at 5% per year). If an employer builds housing for employees, an initial allowance of 10% of cost is available, with an annual allowance of 2%.

Hotel refurbishment qualifies for 20% annual depreciation. Depreciation allowances are based on original cost, plus installation charges.

In areas designated for urban development, special depreciation allowances are made to address "urban decay." If a building within a designated area is refurbished, a 20% straight-line depreciation allowance over five years will be granted.

For new commercial or residential buildings in a designated urban development zone, a write-off over a 17-year period is permitted at 20% in the first year and 5% per year for the 16 years thereafter. Aircraft may be written off over five years at 20% per year and oil pipelines over 10 years in equal installments. Electricity transmission lines, water pipelines for electrical power generation, telephone transmission cables, railway tracks, and certain port and airport facilities may be written off over 20 years at 5% per year.

Companies or persons that purchase patents, designs, copyrights or similar rights can claim an allowance of 5% of the expenditure per year in the case of a patent, copyright or similar property, and 10% of the expenditure per year in the case of a design or similar property (other than a trademark). Where the asset is acquired from a connected person, the allowance is based on the lesser of the cost to the connected person of acquiring, devising, developing or creating the invention, patent, etc., and the market value when acquired by the taxpayer.

An allowance is granted of 150% of expenditure incurred directly for purposes of research and development (R&D). For R&D expenses to qualify, the activity must be undertaken within South Africa and must be performed for the purposes of:

- The discovery of novel, practical and non-obvious information; or

- The devising, developing or creation of an invention, a design or a computer program; or
- Knowledge essential to the use of such invention, design or computer program;

if it is of a scientific or technological nature and is intended to be used by the taxpayer in the production of its income.

Accelerated capital allowances for buildings, plant, machinery, implements or articles used for R&D purposes apply at the rate of 50%/30%/20%.

Losses

Losses may be carried forward indefinitely for offset against income derived in future tax years, in cases where the company is trading. The carry back of losses is not permitted.

Group relief

South Africa does not have a system for group relief relating to losses.

3.4 Capital gains taxation

Capital gains tax, introduced in South Africa in 2001, applies to the worldwide assets of South African residents, including those held by controlled foreign companies. Nonresidents are subject to the tax in respect of the disposal of immovable property situated in South Africa, or any direct or indirect interest or right in immovable property situated in South Africa. In addition, the business assets of a nonresident that trades through a PE in South Africa also falls into the capital gains tax net.

A foreign tax credit is granted for residents that incur foreign tax on capital gains relating to assets outside South Africa. Capital gains or losses are calculated as the proceeds from the disposal of an asset less the base cost of the asset. A disposal is essentially any event that results in the creation, variation, transfer or extinction of an asset, and there may be a deemed disposal in certain circumstances.

The gains or losses on all disposals are then aggregated, which applies to both gains and losses. The aggregate capital gain for the year of assessment is reduced by any assessed capital loss brought forward to arrive at a net capital gain. An aggregate capital loss for a year, together with any assessed capital loss brought forward, is carried forward as an assessed capital loss for set-off against future capital gains, but cannot be set off against ordinary taxable income in any tax year. There are attribution rules for gains made by trusts or as a result of donations, settlements and other dispositions.

A portion of any net capital gain is added to taxable income. In the case of companies and trusts, 50% of the net capital gain is included in taxable income.

3.5 Double taxation relief

Unilateral relief

Relief from international double taxation is obtained both unilaterally under domestic law and bilaterally under tax treaties.

A resident that is taxable in South Africa on income received from a foreign country and that is liable for tax in the foreign country on that income may be entitled to a credit or deduction for the foreign tax paid against the South African tax liability.

Tax treaties

South Africa has a broad tax treaty network, with most treaties following the OECD model treaty. The treaties generally provide for relief from double taxation on all types of income, limit the taxation by one country of companies resident in the other and protect companies resident in one country from discriminatory taxation in the other. Many treaties provide for the credit method to avoid double taxation where credit is granted in one country for taxes deducted at source in another.

The South African tax treaty network is set out below. The South African tax authorities are in the process of re-negotiating various tax treaties, in view of the dividends withholding tax that is proposed to come into effect on 1 April 2012.

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

3.6 Anti-avoidance rules

Transfer pricing

Transfer pricing legislation relies on the arm's length concept to dictate acceptable pricing practices, with guidance issued by SARS based largely on the OECD guidelines. Definitions of the arm's length principle, principles of comparability and transfer pricing methods are based on these guidelines. Acceptable methodologies for calculating transfer prices include the comparable uncontrolled price method, resale price method, cost-plus method, transactional net margin method and the profit-split method.

SARS may adjust taxable income if the price paid or charged for goods or services (including financial services) acquired from or supplied to a nonresident related party is not arm's length, with the adjusted amount treated as a dividend potentially subject to STC (and potentially dividend withholding tax as from 1 April 2012).

Thin capitalization

Thin capitalization provisions limit the deduction of interest payable by South African companies on debt provided by a nonresident connected person in relation to the South African borrower or entitled to participate, directly or indirectly, in not less than 25% of the company's equity. As a general rule, SARS will not apply the thin capitalization provisions if the financial assistance/fixed-capital ratio does not exceed 3:1. Any interest disallowed on excessive debt will be re-characterized as a dividend subject to STC (and dividend withholding tax as from 1 April 2012).

Under the Draft Taxation Law Amendment Bill, 2011, interest will not be deductible by a South African resident if the level of debt received by a South African resident from a nonresident connected person would not have economically existed had the financing been arranged at arm's length between independent parties. Furthermore, a secondary adjustment, in the form of a dividend paid to the foreign connected person will be triggered. Dividends withholding tax will be imposed on the deemed dividend. It is proposed that this arm's length principle will come into effect on 1 April 2012.

Controlled foreign companies

South Africa has controlled foreign company (CFC) legislation, under which an amount equal to the net income earned by a CFC in relation to a South African resident is subject to tax in the hands of the South African resident unless one of the exemptions applies. A CFC for these purposes is defined as a foreign company in which one or more South African residents hold, directly or indirectly, more than 50% of the total participation rights or more than 50% of the voting rights of the company.

Where a South African resident holds participation rights in a CFC, an amount equal to the resident's proportional amount of the "net income" of the CFC, including its capital gains, will be included in the resident's South African taxable income, unless specific exemptions apply.

The income is grossed up and tax paid in the foreign country may be offset against the South African tax payable. There are rules in respect of interest, royalties, rental and income of a similar nature paid to a CFC by another CFC, and in respect of exchange differences between such parties where the CFCs form part of the same group of companies.

There also are other exclusions from the CFC rules, such as where the net income of a CFC is attributable to a "business establishment" in a foreign country, provided the business establishment effectively operates at arm's length (subject to certain restrictions).

The Draft Taxation Law Amendment Bill, 2011, proposes major changes to simplify the CFC legislation.

General anti-avoidance rule

Domestic legislation provides a general anti-avoidance rule (GAAR) for "impermissible avoidance arrangements." All of the following requirements must be met for the provision to apply:

- There is an avoidance arrangement that results in a tax benefit;
- The sole or main purpose of the arrangement is to obtain a tax benefit; and
- The avoidance arrangement is abnormal, lacking in commercial substance, carried out in a manner not normally employed for bona fide business purposes or would result in the misuse or abuse of the law.

The purpose test is subjective and there is a rebuttable presumption that an arrangement was entered into for the sole or main purpose to obtain a tax benefit. The Commissioner has absolute discretion as to the tax consequences that may be applied to an impermissible avoidance transaction, including disregarding any steps in an arrangement and recharacterizing income and expenditure, etc.

3.7 Administration

Tax year

A company's year of assessment is its financial year.

Filing and payment

Companies are required to file their returns within 12 months following the financial year end.

Companies also are required to make two advance payments of tax each year, based on estimates of the final tax amount, the first during the first six months of the company's financial year and the second before the end of the year. To avoid an interest charge where the provisional tax payments are less than the final tax liability, a third provisional tax return may be submitted, accompanied by an additional payment of provisional tax, within six months after the end of the tax year.

Consolidated returns

South Africa does not allow for taxation on a group or consolidated basis. Each company in a group of companies is a taxpayer in its own right. Thus, tax losses incurred by group companies cannot be set off against the taxable income of other companies in the group. There are provisions in the Income Tax Act that allow for deferral of tax in certain intragroup transactions, but anti-avoidance rules apply to counter any attempt to transfer taxable income between companies in the same group.

Statute of limitations

The standard statute of limitations is three years from the date of the original assessment. No statute of limitations applies in the case of fraud, misrepresentation or nondisclosure of material facts. The period of prescription in respect of any tax debt due to the state is 30 years.

Tax authorities

The South African Revenue Service or SARS is established by legislation to collect revenue and ensure compliance with tax law. It is an administratively autonomous organ of the state; it is outside the public service, but within the public administration. SARS manages the tax regime in South Africa set by National Treasury.

SARS is led by its Commissioner, the chief executive officer and accounting officer. The Commissioner may delegate powers or duties to SARS employees but not the responsibility attaching to those powers or duties.

Rulings

A taxpayer may apply for a binding private ruling in accordance with the Advance Tax Ruling System. The system is intended to promote clarity, consistency and certainty in respect of the interpretation and application of the tax laws to which it applies. A binding private ruling allows the taxpayer to obtain clarity and certainty on the interpretation and application of the tax laws on proposed transactions. Provided the taxpayer has fully and accurately disclosed the facts in connection with the proposed transaction and actually carries it out as described in the application, the ruling will generally be binding on the Commissioner when the taxpayer is assessed on that proposed transaction.

3.8 Other taxes

Micro business turnover tax

A simplified tax system applies to micro businesses and serves as an alternative to the income tax, provisional tax, capital gains tax, secondary tax on companies and VAT systems, but a micro business still has the option to use those regimes. A person qualifies as a micro business if the qualifying turnover for the tax year does not exceed ZAR 1 million.

4.0 Withholding taxes

4.1 Dividends

South Africa does not currently levy a withholding tax on payments of dividends to nonresidents. As explained above, dividends are subject to STC in the hands of the company declaring the dividends. Legislation has been enacted to abolish STC and replace it with a more conventional dividend withholding tax as from 1 April 2012. Under the dividend withholding tax regime, dividends paid to individuals and foreign persons will be subject to a 10% withholding tax (subject to the provisions of an applicable tax treaty) and amounts distributed will be treated as dividends except to the extent the distributions reduce "contributed tax capital" (the consideration received or accrued to that company for the issue of shares). Dividends paid to domestic companies will not be subject to withholding tax.

4.2 Interest

South Africa does not currently levy withholding tax on interest paid to nonresidents. However, such a tax will be introduced as from 1 January 2013. The new withholding tax will be levied at a rate of 10% and will be payable within 14 days after the end of the month in which the interest is paid. Certain exemptions will apply (e.g. for interest on government bonds, listed debt, debt owed by a local bank, local dealer and brokerage accounts and local collective investment schemes and interest paid by headquarter companies). The 10% withholding tax will not apply to nonresidents that are currently not eligible for the interest exemption (i.e. nonresident companies carrying on business through a South African PE).

4.3 Royalties

A 12% withholding tax is levied on the payment of royalties to a nonresident, unless the rate is reduced under a tax treaty.

4.4 Branch remittance tax

South Africa does not levy a branch profits tax, but branches of foreign corporations are taxed at a higher rate of corporate tax (i.e. 33%).

4.5 Wage tax/social security contributions

Employers must contribute the equivalent of 1% of gross income for each employee, plus a 1% deduction from the employee, to the Unemployment Insurance Fund up to a determined maximum.

Employers (except those with payroll costs below ZAR 500,000) also must make a 1% payroll levy ("skills development levy").

4.6 Other

Foreign entertainers and sportspersons

South African residents who are liable to pay amounts to foreign entertainers and sportspersons for their performances in South Africa must deduct or withhold tax at a rate of 15% from the gross payments and pay it to SARS on behalf of the foreign entertainer and sports person before the end of the month following the month in which the tax was withheld. Failure to deduct or withhold and to pay it to SARS will render the resident taxpayer personally liable for the tax. Where it is not possible for the withholding tax to take place (e.g. the payer is not a resident of South Africa), the entertainer or sportsperson who is not a resident of South Africa will be held personally liable for the 15% tax and must pay it to SARS within 30 days after the amount is received by or accrued to the foreign entertainer or sportsperson. The 15% tax is a final tax, which means there will be no need to submit an income tax return.

Payments to nonresidents on sale of South Africa immovable property

A withholding tax is payable by a person that acquires immovable property in South Africa from a seller, who is not a resident of South Africa. The purchaser is required to withhold from the amount to be paid for the property an amount equal to 5% of the amount payable if the nonresident seller is an individual; 7.5% of the amount payable if the nonresident seller is a company; or 10% of the amount payable if the nonresident seller is a trust.

The seller may apply for a directive that no amount or a reduced amount be withheld if certain conditions are satisfied. The amount withheld is an advance (credit) against the seller's income tax liability for the tax year in which the property was disposed of. The withholding tax is not payable if the total amount payable for the immovable property does not exceed ZAR 2 million.

5.0 Indirect taxes

5.1 Value added tax

VAT is charged on the supply of goods or services made by a vendor in the course of doing business, and on the importation of goods or services. The tax is levied at two rates: a standard rate of 14% and a zero rate. The zero rate applies to, among other items, the international transport of passengers or goods and the insurance or arrangement of those services; various services rendered directly to nonresidents that are not registered for South African VAT purposes; the export of goods; the sale of a going concern to a registered vendor; and various basic foodstuffs. In addition, certain goods and services are exempt from VAT, including the lending of money, financial services, educational services, the letting of residential accommodation, the local transport of passengers by road or rail, and the provision of retirement and medical benefits.

A person making standard or zero-rated supplies of more than ZAR 1 million per year is required to register as a vendor for VAT purposes.

VAT returns are generally submitted every two months, but businesses with an annual turnover in excess of ZAR 30 million must submit monthly returns. Returns must be submitted within 25 days after the end of the tax period. Payment in full must accompany the return.

5.2 Capital tax

South Africa does not levy capital duty.

5.3 Real estate tax

Municipal taxes are levied on the assessed value of land and property.

5.4 Transfer tax

Securities transfer tax is levied at a rate of 0.25% on every transfer of securities issued by a close corporation or company incorporated, established or formed in South Africa and foreign incorporated companies listed on a licensed exchange.

Real estate transactions that are not subject to VAT are subject to transfer duty. For property acquired under purchase agreements concluded on or after 23 February 2011, the transfer duty rates are:

- 0% – first ZA 600,000;
- 3% – ZAR 600,001 to ZAR 1 million;
- 5% – ZAR 1,000,001 to ZAR 1,500,000; and
- 8% – excess over ZAR 1,500,000.

5.5 Stamp duty

Stamp duty was abolished on 1 April 2009.

5.6 Customs and excise duties

Customs and excise duties are levied on a number of items, although South Africa is part of the Southern African Customs Union (along with Botswana, Lesotho, Namibia and Swaziland). South Africa also operates a warehouse regime that provides for the deferral of customs duties and import VAT on goods subject to customs duty.

5.7 Environmental taxes

South Africa is introducing a carbon tax policy and should announce its implementation during the 2012 budget speech.

5.8 Other taxes

The Financial Services Board imposes various levies on financial institutions.

Donations (gift) tax is payable by a donor at 20% of the value of property donated by South African residents (non-public companies). There are exemptions for donations up to ZAR 10,000 per year in the case of donors other than individuals. Certain other donations also are exempt.

6.0 Taxes on individuals

Individuals in South Africa are subject to several taxes, including personal income tax, VAT, estate duty, donations tax and capital gains tax.

6.1 Residence

The term "resident" refers to individuals who are ordinarily resident in South Africa and to individuals who are not at any time during the relevant tax year ordinarily resident in South Africa, but who are physically present in South Africa for at least 91 days during each of the current and preceding five tax years, and physically present in South Africa for a period exceeding 915 days in aggregate during the five preceding years ("physical presence test").

The term "ordinarily resident" is not defined in the Income Tax Act, but the South African tax courts have held that a taxpayer will be ordinarily resident in the place where that taxpayer's real permanent home is and the place to which the taxpayer will return. Although an individual's subjective intention underlies an assessment whether he/she regards him/herself as ordinarily resident in South Africa, SARS will consider a number of factors to determine whether a person's stated intention is objectively justifiable.

Where an individual is also a resident of another country, the tiebreaker rules in a tax treaty between South Africa and that other country must be applied to determine the country of exclusive tax residence.

6.2 Taxable income and rates

Residents are taxed on their worldwide income and capital gains, with a foreign tax credit for taxes paid in the country of source (subject to a tax treaty or bilateral reciprocity). Nonresidents are taxed on all income derived from a South African source or deemed South African source and on capital gains made on the disposal of immovable property situated in South Africa.

The source of income is determined by the location of the originating cause of the income and not by the location of the payer. For example, the source of remuneration is generally considered as the place where the services relating to such remuneration were rendered and not where or by whom the remuneration is paid or where the employment contract was entered into.

Taxable income

South African residents are subject to tax in South Africa on their worldwide income and capital gains. Nonresidents are taxed only on their South Africa-source income and capital gains on immovable property or assets of a PE situated in South Africa. Interest from a South African source paid to a nonresident will not be taxable in South Africa if the individual is outside South Africa for more than 183 days in the tax year and does not conduct a business in South Africa.

The rules for determining the taxable income of corporate taxpayers also apply to individuals. Additional rules apply for, among other things, the taxation of fringe benefits and the deduction of employees' tax (PAYE).

Taxable income is gross income less exempt income and allowable deductions. Gross income from employment includes all remuneration in cash or in kind, including bonuses, allowances and taxes reimbursed or paid on the employee's behalf. It is sometimes advantageous to receive remuneration via fringe benefits rather than the cash equivalent.

Capital gains tax applies to individuals. A capital gain is the difference between the proceeds received when disposing of an asset and the base cost of that asset. After deducting the ZAR 17,500 (ZAR 20,000 for the 2012 tax year) annual exclusion applicable to individuals, 25% of the capital gain will be included in the individual's taxable income and taxed in the individual's hands. For capital gains tax purposes, there is a primary residence exclusion of ZAR 1.5 million on the disposal of a primary residence or on the disposal of a primary residence for a gross amount of ZAR 2 million or less.

Dividends from South African companies currently are tax-free, although as explained above, a 10% dividend withholding tax is expected to apply as from 1 April 2012.

Lump sum amounts received from retirement funds are taxable at various rates.

Deductions and reliefs

Deductions include the following:

- Taxpayers under the age of 65 may claim their monthly medical aid contributions up to ZAR 670 (ZAR 720 for the 2012 tax year) for the taxpayer, plus ZAR 670 (ZAR 720 for the 2012 tax year) for the first dependent, plus ZAR 410 (ZAR 440 for the 2012 tax year) for each additional dependent, less employer contributions that are not considered a fringe benefit. In addition, the balance of contributions and medical expenses not recovered exceeding 7.5% of taxable income (before the medical deduction) may be claimed.

  Where the taxpayer, his/her spouse, child or stepchild is a handicapped person (as defined) or if the taxpayer is 65 years or older, he/she may claim the full amount of his/her expenses.
- Contributions to an approved pension fund at the greater value of 7.5% of retirement funding employment income or ZAR 1,750. As from 1 March 2012, an employer's contribution to a retirement fund on behalf of an employee will be a taxable fringe benefit in the hands of the employee. As from that date, individuals will be allowed to deduct up to 22.5% of their taxable income in respect of contributions to pension, provident and retirement annuity funds, with a minimum annual deduction of ZAR 12,000 and a maximum of ZAR 200,000.
- Current retirement annuity fund contributions limited to the greater of: (a) 15% of net income, excluding income derived from "retirement funding employment" (i.e. pensionable earnings); or (b) ZAR 3,500 less deductible current pension contributions; or (c) ZAR 1,750. Reinstatement contributions are deductible at ZAR 1,800 per year.
- Charitable donations to certain public benefit organizations up to 10% of taxable income (before deductions for medical expenses and donations).
- Allowances for travel and motor vehicle expenses, subject to restrictions excluding non-business use and taxation on the unexpended portion; and
- Entertainment expenses if an employee is paid on a commission basis.

6.3 Inheritance and gift tax

Estate duty is payable at the rate of 20% on the worldwide net estate of an individual who dies while ordinarily resident in South Africa, with a standard deduction of ZAR 3.5 million per estate. Certain other deductions are allowed, the most important of which is the deduction for assets accruing to the surviving spouse. Estate duty is also payable on the net South African estate of a person who dies while not ordinarily resident in South Africa. The same deductions and exemptions are applicable.

Donations tax is levied on donations made by a tax resident, at a rate of 20% on the aggregate value of donations made during a tax year. Certain exemptions are applicable, such as ZAR 100,000 per annum, donations between spouses and donations to approved public benefit organizations.

6.4 Net wealth tax

There is no net wealth tax in South Africa.

6.5 Real property tax

A transfer duty is paid on the acquisition of immovable property where the transaction is not subject to VAT. Transfer duty is payable on the acquisition of residential property through an interest in a company, close corporation or trust. It is levied progressively and the rate varies from

0% for consideration up to ZAR 600,000 and 8% in respect of consideration in excess of ZAR 1,500,000.

6.6 Social security contributions

Employers must contribute the equivalent of 1% of gross income for each employee, plus a 1% deduction from the employee, to the Unemployment Insurance Fund up to a determined maximum.

6.7 Compliance

The tax year for individuals runs from 1 March to the end of February of the following calendar year.

Tax returns must be filed by a date published by the SARS Commissioner. An individual whose income from employment does not exceed ZAR 120,000 per year from one employer (total salary income before tax) and who is not in receipt of any allowances or other income does not generally need to file a return. PAYE contributions made by the employer count towards the final tax liability of the individual.

Individuals who receive income other than employment income may have to make provisional tax payments. As such, they must make additional payments at six-month intervals during the tax year and a final payment six months after the end of the tax year.

An assessment will be issued after an individual's tax return is filed and will detail any additional tax due (shortfall between the PAYE withheld and provisional taxes paid). The assessment is payable within 30 days after the due date provided in the notice of assessment.

7.0 Labor environment

7.1 Employees' rights and remuneration

The Labor Relations Act (LRA) defines the rights of employees and employers and sets out procedures for dispute resolution. It contains a section dealing with collective employment matters, which aims to make collective bargaining procedures more cooperative by introducing a dispute resolution system that relies on compulsory arbitration and mediation. The LRA provides for the creation of workplace forums (in companies with more than 100 employees), where employees consult with employers, share information and take a joint role in decision-making. On a collective basis, the LRA regulates trade union rights, freedom of association, agency and closed shops, and industrial action.

The LRA also addresses individual employment law issues, largely relating to fair labor practice pre-employment, during employment and on termination of employment. Employment may be terminated fairly on grounds of misconduct, incapacity, poor performance and for operational reasons (retrenchments).

The Basic Conditions of Employment Act provides for a 45-hour work week and extends other minimum employment rights and benefits relating to working hours, overtime, leave and remuneration. The Employment Equity Act provides that companies with 50 or more employees must develop employment equity plans and, after consulting with employees, outline methods to eliminate discrimination and ensure a diverse and representative labor force. These plans contain affirmative action goals, and companies must submit results each year to the Department of Labor until the goals have been reached. The Commission for Employment Equity monitors compliance, which it can enforce by exclusion from state tenders, fines or by order of the Labor Court.

7.2 Wages and benefits

South Africa does not have a national minimum wage, but the Minister of Labor can make sectoral determinations, which may include a basic remuneration level. Legislation differentiates between urban and rural areas. Certain industries are self-regulated by Bargaining Councils, which may include minimum wages and conditions specific to the industry.

Social insurance

The state-run Unemployment Insurance Fund provides tax-free benefits for the unemployed using a formula based on whether wages were paid weekly or monthly. The length of time the individual will receive benefits also depends on a formula. Benefits are available for illness, maternity and survivors of deceased workers. The government, employers and employees contribute to the fund. For all employees, employers and employees each contribute 1% of wages; the government's contribution rate is not prescribed.

Employers are required to insure employees against industrial accidents and disabling or fatal illness. Employers contribute to the Workers' Compensation Fund for staff earning up to a set annual amount. Benefits also apply to domestic and seasonal workers.

Other benefits

Annual paid leave is three weeks (15 work days). Around 10 days per year are allowed for sick leave. An employer may request a medical certificate for an absence of more than two consecutive days. There is provision for three-day family responsibility leave and for births and deaths in the family. Female employees are granted four months' unpaid maternity leave by law, although most medium to large employers pay their employees for this period.

There are 12 paid national holidays per year. Many companies close from Christmas until New Year's Day. Although not legally required to do so, many companies pay a 13th month salary as a bonus and support pension funds for employees. Performance-based incentive schemes are used for management employees.

Benefits packages provided by foreign employers vary. One common feature is the provision of private medical insurance; South Africa has no system of national medical insurance.

7.3 Termination of employment

The LRA regulates the grounds and procedures required for a fair termination of employment, and the Basic Conditions of Employment Act (BCEA) deals with the notice periods required in instances of a no-fault termination of employment (resignation, incapacity and retrenchment). Four weeks' notice is required, in writing, for an employee with more than one year of service, although a collective agreement may reduce this to not less than two weeks. Termination payments include accumulated annual leave due as at the date of termination. The BCEA also provides for severance pay for retrenchments, namely a minimum of one week for every completed year of service. Most employers pay on average two weeks for every completed year of service. A Code of Good Practice on Dismissal for Operational Requirements deals with retrenchment dismissals and describes the procedural and substantive obligations of the employer, but it is not a binding legal document. The code suggests consultation with employees and full disclosure on matters relevant to the consultation process. Trade unions have the right to initiate a strike action in relation to retrenchments.

7.4 Labor-management relations

Most industries are governed by bargaining councils, through which employers and unions negotiate minimum wages and conditions for the industry. The LRA outlines various procedures for settling a dispute prior to initiating a strike. The LRA has reconstituted the Labor Court, with wider powers established for the Commission of Conciliation, Mediation and Arbitration, formalizing the system of arbitration. All disputes go to independent conciliation or arbitration before the parties involved resort to strikes or lockouts. Moreover, the dispute must have lasted for at least 30 days before workers can strike or employers can lock out workers, and written notice must be given 48 hours before any action. Nonunionized labor during employer-initiated lockouts is prohibited.

7.5 Employment of foreigners

South Africa does not impose limits on the employment of foreign nationals. Responsibility for the control of foreigners lies with the workplace, and schools and providers of accommodation bear the burden of not providing service to persons illegally in the country. The basic assumption underlying the legislation is that jobs should be given to South Africans where possible. So, for a general work permit, a company must show that it has not been able to identify a qualified South African.

There are four other types of permits that do not require this search:

- A company may apply for a quota work permit if it requires a foreigner to perform a job designated by the Minister of Home Affairs in conjunction with the Minister of Labor, if that year's quota of work permits has not been filled. These would be for very specific work categories, such as electrical and civil engineers.
- An exceptional-skills permit is designed to attract persons with skills that are considered exceptional, such as researchers and academics.
- An intra-company transfer work permit is applicable where a person employed abroad is required to work at a branch or affiliate in South Africa for up to two years. This period is being increased to allow four years of residence.
- Corporate work permits allow a company to employ a number of foreign workers as allowed by the Department of Labor for large-scale or ongoing projects.

Foreign nationals should apply to the South African embassy in their home country or the Department of Home Affairs in South Africa for all permits.

8.0 Deloitte International Tax Source

Professionals of the member firms of Deloitte Touche Tohmatsu Limited have created the Deloitte International Tax Source (DITS), an online resource that assists multinational companies in operating globally, placing up-to-date worldwide tax rates and other crucial tax material within easy reach 24/7.

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