



Grant Thornton

An instinct for growth™

Doing business in South Africa Guide



A dynamic alternative

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OVERVIEW

South Africa is strategically situated at the tip of the African continent, providing investment and marketing opportunities both within its borders, and to the rest of the African continent.

South Africa offers investors a well capitalised banking system, developed regulatory systems, an established manufacturing base, and abundant natural resources.

The following extract from the 2015 - 16 Global Competitiveness Report gives a good overview of South Africa's international standing:

“South Africa climbs seven places to reach 49th, reversing its four-year downward trend thanks largely to increased uptake of ICTs—especially higher Internet bandwidth—and improvements in innovation (up by five places to 38th), which establish the economy as the region's most innovative.

South Africa also hosts the continent's most efficient financial market (12th) and benefits from a sound goods market (38th), which is driven by strong domestic competition (28th) and an efficient transport infrastructure (29th).

It further benefits from strong institutions (38th), particularly property rights (24th) and a robust and independent legal framework.

Reducing corruption (76th) and the burden of government regulation (117th) and improving the security situation (102nd) would further improve institutions.

The country also needs to address its inefficient electricity supply (116th) and inflexible labour market (107th).

Even more worrisome are health (128th) and the quality of education (120th), where higher secondary enrolment rates will not be enough to create the skills needed for a competitive economy”.

General Facts about Republic of South Africa

Languages:	11 official languages of equal status: Afrikaans, English (language of commerce, banking, government and official documentation), isiNdebele, isiXhosa, isiZulu, Sesotho sa Leboa, Sesotho, Setswana, siSwati, Tshivenda, Xitsonga.
Capital cities:	Pretoria (administrative), Cape Town (legislative), Bloemfontein (judicial)
Form of State:	Federal state comprising a national government & nine provincial governments
Legal system:	Based on Roman-Dutch Law and the 1996 Constitution
Internet domain:	.za
Measures:	Metric system

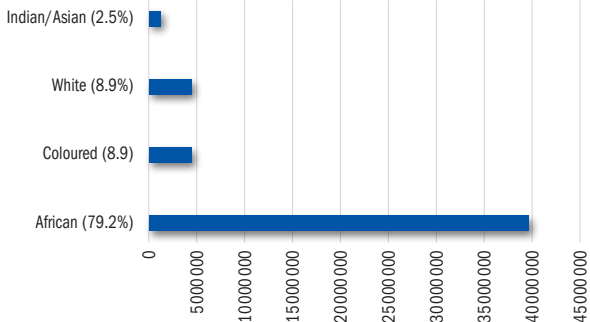
The South African Economy

Currency:	One Rand (R) = 100 cents. International symbol: ZAR
GDP:	312.80 billion US dollars
GDP Growth Rate:	3.3% q/q (Q2-2016)
PPI :	+7.4 % (y/y July 2016)
Consumer Price Index (CPI):	6.0 % (y/y July 2016)
Unemployment:	26.6% (second quarter 2016)
Key industries:	Mining (world's largest producer of platinum and chromium), automobile assembly, metal-working, machinery, textiles, iron and steel, chemicals, fertilizers, foodstuffs, commercial ship repair
Exports :	Gold, minerals, diamonds, metals and metal products, foods and automotive components
Imports:	Machinery, transport equipment, manufactured goods, chemicals, oil
Main trading partners:	Germany, USA, UK, China, Japan and France

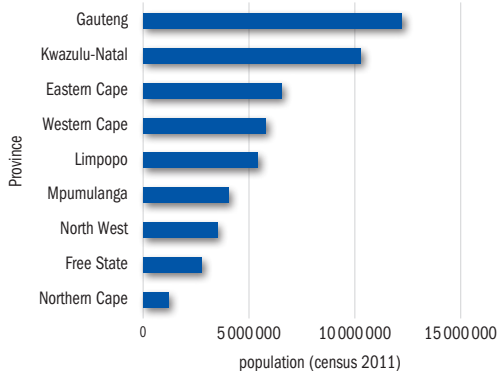
Interesting Statistics about South Africa

Population Groups in South Africa

(Total population: 51.77 million, census 2011)

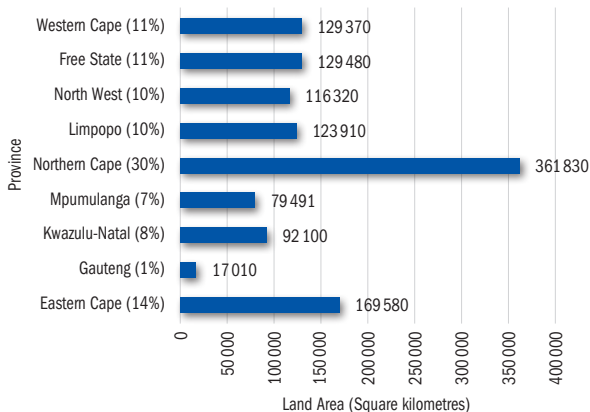


Population by Provinces

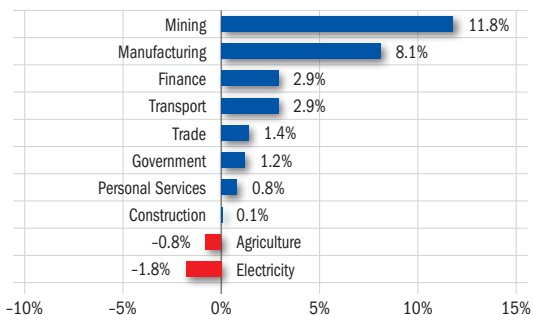


Size of Provinces in South Africa

(Total land area: 1 219 090 sq km)



South Africa's GDP Growth Rates by Sector: Second Quarter 2016



Source: Statistics South Africa

THE FINANCIAL INTELLIGENCE CENTRE ACT, 38 OF 2001

The Financial Intelligence Centre Act, 38 of 2001 (FICA) is a comprehensive piece of legislation dealing with money laundering controls, with the aim of fighting organized crime and terrorism, both locally and internationally.

In order to comply with FICA, South African banks have implemented customer identification measures to enable them to know who their customers are and to prevent criminals from using false or stolen identities to gain access to services.

The banks are required to obtain certain information and supporting documentation from new customers before bank accounts can be opened.

The information and documents required depends on whether the customer is a natural person, part of an entity, or whether he or she is a South African citizen or a foreign national permanently resident in South Africa, a private company, trust or other legal entity.

STANDARD FOR AUTOMATIC EXCHANGE OF FINANCIAL ACCOUNT INFORMATION IN TAX MATTERS

In recent years, governments and financial institutions have become much more aware of the large amounts of undisclosed wealth held in offshore accounts.

The Standard for Automatic Exchange of Financial Account Information in Tax Matters (also referred to as the Common Reporting Standard or CRS) creates a globally co-ordinated and consistent approach to the disclosure of financial accounts held by account holders. The agreement requires sharing of information between the tax authorities regarding accounts and investments.

South Africa is one of the early adopters of the CRS and is committed to commence exchange of information automatically on a wider front from 2017, together with over one hundred other jurisdictions.

SOUTH AFRICAN DEVELOPMENT COMMUNITY (SADC)

Foreign direct investment into Southern Africa continues to surge, despite continuing political, developmental and social challenges in these countries. Entrepreneurs and potential investors need to weigh the challenges of investing in these regions against the potential profitability of an investment.

The Southern African Development Community (SADC) was established in 1992. SADC is a regional economic community, comprising the following 15 member states:

Angola, Botswana, Democratic Republic of Congo, Lesotho, Madagascar, Malawi, Mauritius, Mozambique, Namibia, Seychelles, South Africa, Swaziland, Tanzania, Zambia and Zimbabwe.

SADC is committed to promoting sustainable and equitable economic growth and socio-economic development so that the region emerges as a competitive and effective player in international relations and the world economy.

The vision of SADC is one of a Common Future, a future within a regional community that will ensure economic well-being, improvement of the standards of living and quality of life, freedom and social justice and peace and security for the people of Southern Africa.

In order to fulfil the SADC mission statement, member states are guided by the following principles, as stated in Article 4 of the SADC Treaty:

- Sovereign equality of all member states
- Solidarity, peace and security
- Human rights, democracy and the rule of law
- Equity, balance and mutual benefit, and
- Peaceful settlement of disputes.

The Department of Trade and Industry (DTI)

The DTI provides financial support to qualifying companies in various sectors of the economy. Financial support is offered for various economic activities, including manufacturing, business competitiveness, export development and market access, as well as foreign direct investment. DTI Incentive Schemes include:

12I Tax Allowance Incentive (12I TAI): offers support for both capital investment and training for new industrial projects that utilise only new and unused manufacturing assets, as well as expansions or upgrades of existing industrial projects.

Automotive Investment Scheme (AIS): designed to grow and develop the automotive sector through investment in new and/ or replacement models and components.

People-carrier Automotive Investment Scheme (P-AIS): which provides a non-taxable cash grant of between 20% and 35% of the value of qualifying investment in productive assets.

Capital Projects Feasibility Programme (CPFP): a cost-sharing grant that contributes to the cost of feasibility studies likely to lead to projects that will increase local exports and stimulate the market for S.A. capital goods and services.

Critical Infrastructure Programme (CIP): aims to leverage investment by supporting infrastructure that is deemed to be critical, thus lowering the cost of doing business and stimulating investment growth.

Export Marketing and Investment Assistance (EMIA): aims to develop the export market for South African product and services and encourages new foreign direct investment into the S.A. but partially compensate exporters for costs incurred in respect of activities aimed at developing export market.

Film Incentives: a package of incentives to promote the film production and post-production industry. These include:

- Foreign Film and Television Production and Post-Production incentive
- South African Film and Television Production and Co-Production incentive
- The South African Emerging Black Filmmakers incentive
- Manufacturing Investment Programme (MIP): a reimbursable cash grant for local and foreign-owned manufactures who wish to establish a new production facility; expand an existing production facility; or upgrade an existing facility in the clothing and textiles sector.

Sector Specific Assistance Scheme (SSAS): a reimbursable cost-sharing incentive scheme whereby financial support is granted to organisations supporting the development of industry sectors and those contributing to the growth of South African exports.

The National Youth Development Agency (NYDA)

South Africa has a large population of youth (42% of the total population is aged between 14-35 years).

The NYDA was established by to address youth development issues and plays an important role in ensuring that all major stakeholder's, including government, the private sector and civil society, prioritise youth development and contribute towards identifying and implementing lasting solutions which address youth development challenges.

The NYDA offers grant finance in the form of micro-finance grants (to encourage youth entrepreneurship) and co-operative grants (to stimulate greater participation of youth in the co-operatives sector).

The Small Enterprise Development Agency (SEDA)

SEDA was formed to implement government's small business strategy by focusing on developing, supporting and promoting small enterprises to ensuring their growth and sustainability. Seda works together with various role players, including global partners, who make international best practices available to local entrepreneurs.

COMPANIES ACT, 71 OF 2008

The Companies Act, 71 of 2008 (hereinafter referred to as “The Companies Act”) came into effect in May 2011 and replaces the Companies Act, 61 of 1973. Companies registered under the 1973 Act continue in existence.

The Companies Act regulates the formation and registration, governance, winding up, deregistration and liquidation of all companies.

The Companies Act makes no distinction between locally owned or foreign-owned companies.

BUSINESS VEHICLES

The main business vehicles used for doing business in South Africa are:

- Partnership
- Sole proprietorship
- Business Trust
- Public company
- Private company
- Personal liability company
- External company (branch of a foreign company).

Tax and other considerations affect the choice of business vehicle.

The most commonly adopted forms of doing business by foreign investors are private companies and branches of foreign companies.

South African law used to provide for a business entity type called Close Corporations (CC's) until the Companies Act, 71 of 2008 came into force on 1 May 2011. While CC's may no longer be created, existing CC's will continue to operate.

The Companies Act is regulated by the Companies and Intellectual Property Commission which is situated in Pretoria and has jurisdiction throughout South Africa. Some of its main functions are:

- Registration and deregistration of companies
- Director appointments
- Registration of business names
- Registration of intellectual property rights
- Disclosure of information on its business registers
- Promotion and compliance with relevant legislation
- Monitoring compliance with and contraventions of financial reporting standards and making recommendations to the Financial Reporting Standard Council.

CIPC Registration

All companies must register with CIPC. The registration process is relatively simple but comes with certain responsibilities (such as filing and annual return and paying an annual fee), irrespective of whether the business is trading or not.

Annual Returns

All companies and close corporations must file annual returns with the Commission within 30 business days after the anniversary date of incorporation.

The purpose for the filing of such annual returns is to confirm whether a company or close corporation is still trading.

If annual returns are not filed within the prescribed time period, it is assumed that the company or close corporation is inactive and CIPC will start the deregistration process to remove the company or close corporation from its active records. The legal effect of the deregistration process is that the juristic personality is withdrawn and the company or close corporation ceases to exist.

CATEGORIES OF COMPANIES

The Companies Act provides for two categories of companies:

Profit Company: a company incorporated for the purpose of financial gain for its shareholders; can be:

- A state-owned company (SOC)
- A private company (Proprietary Limited/(Pty) Ltd) – not state-owned and the Memorandum on Incorporation prohibits it from offering its securities to the public and restricts the transferability of its securities.
- A personal liability company (Incorporated/Inc.) – meets the criteria for a private company and the Memorandum of Incorporation states that it is a personal liability company). This type of company is registered by professionals such as Doctors, Lawyers and Engineers.
- A public company (Limited/Ltd) in any other case. Public companies are formed to raise funds by offering shares to the public.

Incorporation of a Profit Company

- One or more persons may incorporate, except for a SOC Ltd, which may also be incorporated by an organ of state
- One or more directors required, three or more for public (Ltd) companies
- No limit on number of shareholders
- A private company must have share capital, no minimum or maximum amount. Shares issued in accordance with the Companies Act do not have a nominal or par value.
- Any shares of a pre-existing company (which existed on or at 1 May 2011) that have been issued with a nominal or par value under the Companies Act 1973, continue to have the nominal or par value assigned to them unless they are converted to non-par value shares.

Non-Profit Company (NPC)

- Incorporated for a public benefit or an object relating to one or more cultural or social activities, or communal or group interests.
- Primary objective is to be a benefit to the public and not to make profit.
- Incorporated by at least 3 persons and must have a minimum of 3 directors.
- The income and property of a non-profit company must be applied solely to the promotion of the non-profit company's main object and may not be distributed to the incorporators, members, directors or officers.
- NPC without members can be incorporated and can have voting or non-voting members.
- Membership can be held by juristic persons, including profit companies
- A special set of fundamental rules for NPC's is set out in Schedule 1 of the Act.
- On dissolution, NPC's are restricted in terms of the distribution of any residual assets.
- NPC does not necessarily qualify for any particular treatment in terms of the Income Tax Act 1962, or any other legislation, unless that legislation provides otherwise. NPC can apply to the South African Revenue Service for a tax-exempt status, known as Public Benefit Organisation (PBO) status.

A Domesticated Company

A domesticated company is a foreign company whose registration has been transferred to South Africa from a foreign jurisdiction in which it was registered.

A foreign company may transfer its registration if the law of the jurisdiction in which the company is registered permits such a transfer, and the company has complied with all legal requirements relating to the transfer.

Once the foreign registration is transferred, a domesticated company exists as a company in terms of the Companies Act as if it had been originally incorporated and registered in South Africa.

Most foreign investors set up a private company, or an external company (branch of a foreign company).

An External Company

An external company means a foreign company (for profit or not for profit), which has been incorporated outside of South Africa, that intends to, or is conducting business or non-profit activities within South Africa. Section 23 of the Companies Act lists a series of activities which will be regarded as “conducting business” as follows:

The foreign company:

- Is a party to one or more employment contracts within South Africa, or
- Is engaging in a course of conduct or has engaged in a course or pattern of activities within South Africa over a period of at least six months, such as would lead a person to reasonably conclude that the company intended to continually engage in business or non-profit activities within South Africa.

Such a company remains primarily regulated by its country of origin or registration, even though it does business in South Africa as an external company.

An external company must register with the Commission within 20 business days after it first begins to conduct business or non-profit activities, as the case may be, within South Africa.

Private Companies

Private Companies are cheap to establish and there are no minimum or maximum share capital requirements.

SOC Ltd's and Public companies are statutorily subjected to enhanced accountability and transparency requirements, such as an audit, whereas private companies are not required to appoint an auditor unless the company passes a public interest score or unless it provides for an audit in its MOI.

A private company is also not required to appoint a company secretary or hold an Annual General Meeting.

Registration of a private company is effected by signature of the Memorandum of Incorporation (MOI) by the requisite number of persons, and by filing it together with the prescribed Notice of Incorporation at the Commission, together with payment of the prescribed fee.

Business Registration

All companies must register with the Companies and Intellectual Property Commission (CIPC).

Income Tax Registration with the South African Revenue Services (SARS)

- All businesses must register within 60 days of starting a business in order to obtain an income tax reference number.
- Companies which are registered with CIPC are automatically registered as tax payers with SARS.
- Provisional tax payer registration must be done where applicable (e.g. sole proprietors, partners, directors).

Other Important Business Registrations

- VAT (Value Added Tax)
- PAYE (Employee Tax)
- Skills Development Levy (SDL)
- Unemployment Insurance Fund (UIF)
- Regional Service Council (RSC) – RSC levy applies to all registered companies, even if there are no full-time employees.
- Registration with Department of Labour in terms of Compensation for Occupational Injuries and Diseases Act (COIDA).

COIDA replaced the Workmen's Compensation Act in 1993, and protects employers from personal liability in instances where employees are injured/killed/contract disease directly as a result of their work.

Directors

In terms of the Companies Act, the business and affairs of a company must be managed by or under the direction of its board, which has the authority to exercise all of the powers and perform any of the functions of the company.

Directors are ultimately responsible for acts committed in the name of the company even though the routine running of the company is often delegated to management.

Directors do not need to be South African residents or nationals. The Act requires that the register of directors reflects each directors' nationality and passport number if they are not South African. There are no restrictions on foreign managers.

The King Report distinguishes between two types of directors:

- Executive director: a full time salaried employee and under a contract of service with the company who is involved in the daily running of the business.
- Non-executive director: a part time director who is not an employee of the company and is not involved in the day to day running of the business. A non-executive director is independent from management and can therefore offer objective judgement.

Prescribed Officers

A prescribed officer is any person who fulfils the role of a director but who operates under a different designation, including anyone who:

- Exercises general executive control over and management of the whole, or a significant portion, of the business and activities of the company, or
- Regularly participates to a material degree in the exercise of general executive control over and management of the whole, or a significant portion, of the business and activities of the company.

It is important that the board of directors can identify the prescribed officers.

Prescribed officers are subject to the same codified duties and liabilities as directors and they need to understand the implications and potential consequences of this role.

Provisions of the Companies Act Relating to all Directors and Prescribed Officers

Section 76: The Codified Standard of Conduct

The codified standard applies to all directors, prescribed officers or any other person who is a member of a board committee irrespective of whether or not that the person is also a member of the company's board. In terms of this standard, powers and duties must be exercised:

- In good faith and for a proper purpose
- In the best interest of the company
- With the degree of care, skill and diligence that may reasonably be expected of a person carrying out the same functions and having the general knowledge, skill and experience of that director.

Directors have a fiduciary duty to act in the best interest of the company as a whole and the codified standard of conduct applies in addition to the duties of the director of a company under the common law.

Section 75: Conflict of Interest

The Companies Act makes clear provision for dealing with a director's use of company information and conflict of interest. These provisions also apply to prescribed officers and members of board committees (even if those persons are not directors).

Non-compliance may render certain transactions and agreements void.

Section 30: Disclosure of Remuneration

The Companies Act requires disclosure of remuneration paid to directors and all prescribed officers on an individual basis in the annual financial statements.

Section 77: Liability of Directors and Prescribed Officers

A director or prescribed officer is jointly and severally liable with any other person who is or may be held liable for the same act.

Any person with a claim can thus bring it against all the directors or any one particular director.

Action to recover loss, damages or costs may not commence more than three years after the act or omission.

In terms of the Companies Act, a director or prescribed officer of a company may be held liable for any loss, damages or costs sustained by the company as a direct or indirect consequence of:

- Any breach of a duty laid out in the codified standard of conduct
- Failure to disclose a personal financial interest in a particular matter
- Any breach by the director or prescribed officer of a provision of the Companies Act or the company's Memorandum of Incorporation.

A director is liable for any loss, damages or costs sustained by the company as a direct or indirect result of having:

- Knowingly acted in the name of the company without authority
- Carried on the company's business despite knowing that it was being conducted in a reckless manner.
- Been party to an act or omission by the company despite knowing that the intention was calculated to defraud a creditor, employee or shareholder of the company, or had another fraudulent purpose
- Signed or consented to the publication of any financial statements that were materially false or misleading or a prospectus which contained an untrue statement, despite knowing that the statement was false, misleading or untrue
- Been present at a meeting or for knowingly consenting to or failing to vote against the issue of unauthorised shares or securities; the granting unauthorised options; the provision of financial assistance to a director or any person for the acquisition of securities of the company despite knowing that the provision was inconsistent with the Companies Act or the company's MOI; a resolution approving a distribution that was contrary to the requirements of the Companies Act; the acquisition by the company of any of its shares or the shares of its holding company despite knowing that the acquisition was contrary to the Companies Act; an allotment by the company despite knowing that the allotment was contrary to any provision of the Companies Act.

Section 20 (4) and (5): Restraining Orders

One or more shareholders, directors or prescribed officers or the trade union representing employees of the company may apply to the High Court for an appropriate order to restrain a company from doing anything inconsistent with the Act, or from doing anything that is inconsistent with any of the limits, restrictions or qualifications of the MOI.

Each shareholder may have a personal claim for damages against any person, including a director, who intentionally, fraudulently or due to gross negligence causes the company to do anything inconsistent with the Act, or to do anything that is inconsistent with any of the limits, restrictions or qualifications of the MOI (unless the action does not contravene the Act and has been ratified by shareholders).

Section 218: Civil Actions

A shareholder (and any other stakeholder) can also have a claim against the directors or any person who contravenes the Act for damages for any loss or damaged suffered as a result of that contravention. The action does not need to be fraudulent or carried out with gross negligence for a valid claim in terms of this Section.

The Act does however provide some form of relief to directors – by way of Indemnity and Insurance for Directors.

In terms of the Act, a possible defence is open to a director who asserts that he/she had no financial conflict, was reasonably informed and made a rational business decision in the circumstances. This is known as “the business judgement rule”.

Sections 20 and 218 of the Act enable shareholders to sue directors/officers for civil damages, or any losses suffered by them.

If a company is a personal liability company, the directors (including past directors) are jointly and severally liable together with the company for any debts and liabilities of the company that contracted during their respective periods of office.

KING REPORT AND CODE OF CORPORATE GOVERNANCE

Since 1994, there have been several versions of the King Report. Each version has been built on the underlying principles of the previous report. The latest version, King IV™, was released on 1 November 2016 and completely replaces King III™.

King IV™ recognises that good corporate governance and ethical leadership are essential in society today, irrespective of the size or nature of the entity. King IV™ has been designed to encourage broader participation by all industry sectors, including municipalities and state-owned entities.

King IV™ has been simplified and made more user-friendly, and is an essential tool for successful, responsible and effective corporate governance. King IV™ takes the form of a report which includes the Code, and separate sector supplements for SME's, NPO's, State-Owned Entities, Municipalities and Retirement Funds. All organisations and governing bodies should follow the principles and practices laid down in this document.

King IV™ is voluntary (unless prescribed by law or by a Stock Exchange listings requirement). Some of the principles have been legislated. If a conflict occurs, the law prevails.

The King IV Code provides 17 principles, as well as a large number recommended practices, to help governing bodies and organisations achieve 'good corporate citizen' status and governance outcomes.

Unlike the previous reports which were rules-based and followed a 'tick-box' approach, King IV™ is principles-based and outcomes-based. King IV™ encourages organisations to have a more 'hands-on' approach to principles, so that practices can be clearly linked to outcomes in an "apply and explain" approach. This gives governing bodies more flexibility when implementing the recommended practices, but requires them to be transparent when disclosing how they achieved their goals.

King IV™ is effective in respect of financial years commencing on or after 1 April 2017.

Source:

The King IV Report on Corporate Governance for South Africa 2016, Institute of Directors S.A.
For more information, see <http://www.iodsa.co.za/?page=AboutKingIV>

Key Concepts of King IV™

Organisations do not function in isolation, but operate within the wider context of the economy, society and the environment. As an integral part of society, organisations should not just be concerned with their economic bottom line, but they also need to be aware of the wider impact of their operations on the environment and on broader society.

Because of the interdependence of organisations and wider society, board decisions should not be made in isolation. Integrated thinking, where the board of directors considers all issues affecting the organisation when making decisions, is fundamental to the long-term sustainability of the organisation through the sustained creation of value for stakeholders. Integrated thinking reinforces the way the company operates as an integral part of society, and underpins sustainable development, integrated reporting and the stakeholder inclusive approach.

Sustainable Development – an approach to development which balances the different, and often competing needs of the company against an awareness of the environmental, social and economic limitations of society. It is regarded as the primary moral and economic imperative of the 21st century. The board should develop a strategy which includes accounting for sustainability issues and reporting these to stakeholders.

Corporate Citizenship – the company should be a responsible “citizen”, involved with social, environmental and economic issues, respect for human rights, effective management of stakeholder relationships, resource management with an eye on future needs, and ensuring a positive impact on the community within which it operates.

Stakeholder-Inclusive Approach – the board should consider and balance the legitimate needs, interests and expectations of all stakeholders in making decisions in the best interests of the company. Active stakeholders play a crucial role in the governance process because they are entitled to hold the board and the company accountable for their actions and disclosures.

Source:

The King IV Report on Corporate Governance for South Africa 2016, Institute of Directors S.A.
For more information, see <http://www.iodsa.co.za/?page=AboutKingIV>

King IV™ in a Nutshell

Governance



Strategy

Policy

Oversight

Accountability



Benefits



Ethical
Culture

Good
Performance

Effective
Control

Legitimacy

Source:

The King IV Report on Corporate Governance for South Africa 2016, Institute of Directors S.A.
For more information, see <http://www.iodsa.co.za/?page=AboutKingIV>

King IV™ Principles of Good Governance

The board of directors should:

- Lead ethically and effectively
- Govern ethics and establish an ethical culture
- Ensure responsible corporate citizenship
- Appreciate that the company's core purpose, its risks and opportunities, strategy, business model, performance and sustainable development are all inseparable components of the value creation process
- Ensure that reports allow stakeholders to make informed assessments about the organisation's performance and its short, medium and long-term prospects
- Serve as the focal point and custodian of corporate governance
- Have the appropriate balance of knowledge, skills, experience, diversity and independence
- Delegate within the board to promote independent judgement, and assist with the balance of power and effective discharge of duties
- Evaluate board's performance and support continued improvement and effectiveness
- Appoint and delegate to management in a way that contributes to role clarity and the effective exercise of authority and responsibilities
- Govern risk in line with strategic objectives
- Govern information and technology in line with strategic objectives
- Comply with applicable laws and adopted, non-binding rules, codes and standards
- Remunerate fairly, responsibly and transparently
- Use assurance services and functions to enable an effective control environment which supports the integrity of information
- Adopt a stakeholder-inclusive approach
- Practise responsible investment which promotes good governance and the creation of value (applies to institutional investor organisations)

Source:

The King IV Report on Corporate Governance for South Africa 2016, Institute of Directors S.A.
For more information, see <http://www.iodsa.co.za/?page=AboutKingIV>"

Some Key Provisions of the Companies Act

Section 28: Accounting Records

All companies are legally required to keep, at their registered office, accurate and complete accounting records in one of the official languages of South Africa.

Section 29: Financial Statements

All financial statements must comply with the requirements of the Companies Act. (e.g. must not be false or misleading in any material respect or incomplete in any material, summaries must be in prescribed format).

Section 30: Annual Financial Statements

All companies are required to produce annual financial statements:

- Within 6 months after the end of their financial year
- Must include an auditor's report if the statements are audited
- Must include a report of directors in the prescribed format
- Be approved by the board and signed by an authorised director
- Be presented to the first shareholders meeting after the statements have been approved by the board.

Annual General Meeting Requirement

The Act only requires a public company and SOC Ltd to call an AGM within eighteen months of its date of incorporation and thereafter once in every calendar year, but no more than fifteen months of the date of the previous AGM to present the audited annual financial statements to the shareholders.

The Act does not require a private company to have an AGM. However, the Board is required to approve the annual financial statements, and these are required to be presented to the first shareholders meeting after they have been so approved (there is no time frame stipulated), unless exempted.

Regulation 28: Categories of Companies Required to be Audited in Terms of the Companies Act

Unless exempted in terms of Section 30(2A), the following categories of companies are required to have an audit, conducted by a registered auditor:

- A public company (listed and unlisted)
- State owned companies (SOC Ltd)
- Any profit or non-profit company, if, in the ordinary course of its primary activities holds assets in a fiduciary capacity for persons who are not related to the company and the aggregate value of such assets held at any time during the financial year exceeds R5 million
- Any non-profit company, if it meets the requirements test as per the Regulations of the Act.
- Any other company whose public interest score, for the particular financial year as calculated in accordance with Regulation 26(2) is:
 - ◆ 350 or more, or
 - ◆ at least 100, if its annual financial statements for that year were internally compiled.

Annual financial statements of private companies and personal liability companies may also be audited if so is required by that company's MOI, or by a shareholder's or director's resolution, or in terms of an agreement.

S30(2A) of the Amendment Act: Exemption of Owner-Managed Companies

If, with respect to a particular company, every person who is a holder of, or has a beneficial interest in, any securities issued by that company is also a director of the company, that company is exempt from the requirements in this section to have its annual financial statements audited or independently reviewed.

This exemption does not apply to the company if it falls into a class of company that is required to have its annual financial statements audited.

This exemption does not relieve the company of any requirement to have its financial statements audited or reviewed in terms of another law or in terms of any agreement to which the company is a party.

ASSURANCE LEVELS AND THE PUBLIC INTEREST SCORE (PIS)

The PIS is intended to reflect how much responsibility the company has towards the public and determines whether the company will need a financial audit, independent review or nothing at all.

Every company must calculate its public interest score for each financial year.

A company's PIS is calculated using a standard formula which takes into account criteria such as the number of employees, annual turnover and the number of individuals who have a direct or indirect interest in the company's securities.

Every company (including CC's) must disclose its public interest score each year on its annual return.

If the company has a Public interest Score:

Over 350

the company will need an audit. This applies even where the company is owner managed, non-owner managed or is a close corporation.

Between 100 and 349

The company will need an independent review where the financial statements are independently compiled (externally), and it is not owner-managed.

The company will need an audit where the financial statements are internally compiled (applies even where the company is owner managed, non-owner managed or is a close corporation).

The company will not need an audit, or independent review where the financial statements are independently compiled (externally), and it is an owner-managed company or close corporation.

Lower than 100

Independent review required where it is not an owner-managed company.

In all other cases, there is no requirement for an independent review or for an audit for owner managed companies or close corporations, unless required by the company's MOI.

The National Credit Act (hereinafter referred to as “the NCA”) became fully operative on 1 June 2007 and is designed to protect the consumer against unlawful credit provision.

The National Credit Regulator (the Regulator) is responsible for the registration of industry participants, research, public education, investigation of complaints and enforcing NCA compliance.

The NCA creates a responsibility on credit providers to refuse to give the consumer (borrower) credit if he cannot afford it.

The NCA generally applies to every written credit agreement between parties dealing at arm’s length and made in, or having effect in, South Africa. A credit agreement is defined as a credit facility, credit transaction, credit guarantee, or any combination of the three.

The Regulations of the NCA specify the maximum interest rates and transaction fees that can be charged on credit agreements or loans.

Registration of Industry Participants

All industry participants (credit providers, credit bureaux and debt counsellors) must be registered with the Regulator. If they have not registered as such, they cannot extend credit or trade as a credit provider.

Further Consumer Rights

- The right to apply for credit
- To be protected against discrimination in the granting of credit
- To be informed of the reason why the application for credit was refused, if requested
- To receive a credit agreement in plain and understandable and an official language
- To receive a copy of the credit agreement and a replacement copy when requested.

CONSUMER PROTECTION ACT, 68 OF 2008

The Consumer Protection Act, 68 of 2008, and Regulations (hereinafter referred to as the CPA) is intended to promote fair business practices by governing all transactions and services that occur in South Africa between suppliers and consumers.

The CPA regulates the marketing of goods and services to consumers as well as the relationships, transactions, advertisements and agreements between the consumers, suppliers, producers, distributors, importers, retailers, service providers and intermediaries of those goods and services.

The CPA applies to:

- Every transaction occurring within South Africa between suppliers and consumers (unless specifically exempted)
- The promotion or supply of any goods or services, (unless exempted)
- To the goods or services themselves i.e. which are supplied or performed in terms of a transaction to which the CPA applies
- To the goods which form the subject of an exempted transaction.

The CPA does not apply to:

- Juristic Persons whose asset value or annual turnover equals or exceeds R2 million. Juristic persons, for purposes of the CPA include: a company, a close corporation, and also a body corporate, partnership or association, or a trust as defined in the Trust Property Control Act, 57 of 1988.
- The State
- Credit Agreement Transactions (exclusions apply)
- Employment contracts
- Collective bargaining and bargaining agreements
- Specific exemption granted by the Minister

Despite the exemptions above, certain provisions of the CPA apply to Franchise Agreements and in relation to Product Liability.

Eight Fundamental Consumer Rights

The CPA introduces a formal set of consumer rights into law, based on internationally accepted and United Nations adopted consumer rights.

- Right to equality in the consumer market
- Right to privacy
- Right to choose
- Right to fair and honest dealing
- Right to disclosure and information
- Right to fair value, good quality and safety
- Right to fair and responsible marketing
- Right to fair, just and reasonable terms and conditions.

Safety of Consumers and Informed Consent

The Act is designed to ensure the safety of consumers and to provide specifically for informed consent. A supplier is required to draw the consumer's attention in a conspicuous, clear and understandable way, to any risk that could result in serious injury or death.

Product Liability

Product liability and safety law are both areas of law focused on:

- Unacceptable risks of death, injury or damage
- Prevention of the realisation of those risks
- Assuring compensation when or if the risks do realise.

The CPA, under the fundamental right to fair value, good quality and safety, establishes a form of modified strict liability of producers, importers, distributors or retailers (or all of them jointly and severally) for harm caused by or as a result of, the supply of goods which are unsafe, or failed products, or defects or hazards in any goods, and for inadequate instructions or warnings provided to the consumer.

EMPLOYMENT LAW IN SOUTH AFRICA

Employment in South Africa is regulated by statute, common law and contract.

South African employment law applies to employees working in South Africa. In most instances, where an employee performs work in South Africa and is paid there, South African law will apply.

Sources of Labour Law In South Africa

Basic Conditions of Employment Act, 1997 (BCEA)

Imposes minimum conditions of employment for employees, mainly in relation to working hours, leave, the prohibition of child and forced labour, the payment of remuneration and notice and payments on termination of employment

Labour Relations Act, 1995 (LRA)

Governs all employers and employees in South Africa except for those excluded. Grants employees protection against unfair dismissal and unfair labour practices. Encourages collective bargaining and settlement of disputes, codifies guidelines re Trade Unions, bargaining councils and the Commission for Conciliation Mediation and Arbitration (CCMA)

The Occupational Health and Safety Act, 1993 (OHSA)

Imposes a general duty on employers to ensure that a reasonably safe and healthy environment is provided to workers and to provide protective equipment

Skills Development Act, 1998 (SDA)

SETA's (Sector Education and Training Authorities) are established for sectors to establish "learnerships", approve workplace skills plans, allocate grants, monitor education and training, to collect and disburse SDL levies, (training is financed by a levy equivalent of 1% of each employer's payroll)

The Compensation for Occupational Injuries and Diseases Act, 1993 (COIDA)

Ensures that employees and their dependants who have suffered injury, illness or death occurring in the workplace and during the course of the employee's duties are compensated (excluding policemen, soldiers, domestic and contract workers)

Skills Development Levies Act, 1999 (SDLA)

This imposes a compulsory levy on most employers of an amount equal to 1 % of the employer's total payroll amount, the proceeds of which are used to fund the various SETA's. In certain circumstances, employers are allowed to claim rebates for the levies paid to a SETA

The Unemployment Insurance Act, 2001 (UIA)

Provides for payment of benefits to employees who have lost their employment due to pregnancy, or other circumstances beyond their control (i.e. not by resignation). Applies to domestic workers.

The Employment Equity Act, 1998 (EEA)

To eliminate discrimination in the workplace, on grounds such as race, gender, sex, age and religion and promotes affirmative action

International Labour Organisation (ILO)

International labour standards, conventions and recommendations

Codes of Good Practice

Various labour statutes empower the Minister of Labour to issue "codes of good practice" which are intended as guidelines for employers when formulating policies and procedures

All references to the abbreviations used above under this section of this guide refers to the applicable Act as per this table.

Unemployment Insurance Fund (UIF)

The Unemployment Insurance Act and Unemployment Insurance Contributions Act applies to all employers and workers, with the following exceptions:

- Workers working less than 24 hours a month for an employer
- Learners
- Public servants
- Foreigners working on contract
- Workers who receive a monthly State (old age) pension
- Workers who only earn commission
- Domestic employers and their workers are included under the Act since 1 April 2003.

The Employment Contract

There is no legal requirement that a contract of employment needs to be in writing. An oral employment is as binding and valid as a written one.

However, the BCEA requires that “written particulars of employment” be given to the employee – this imposes a duty on the employer to provide the employee with certain information in writing, and does not force the parties to enter into a written contract. In practice these written particulars are *converted* into a contract, when the employee signs it.

An exception is learnership agreements which must be in writing.

Some basic clauses are: Identity of employer (name and address), identity of employee, date of commencement of employment, place of work, working hours, job description and duties, probationary periods, remuneration, clauses relating to electronic communications and privacy in the workplace, restraint of trade clauses, termination, notice periods, policies and procedures.

The BCEA requires that the written particulars provided to the employee should be retained for 3 years after termination of the employment.

Terms and conditions cannot be changed unilaterally by one party.

Terms and conditions may be changed by operation of law.

Notice Periods

The employer or employee may give notice to terminate the employment relationship by giving the written statutory, agreed or reasonable notice to the other party.

Where an employee is illiterate, the notice must be given verbally as well.

Any employee who works for more than 24 hours per month for the employer is entitled to notice in terms of his/her contract, or if no contract exists, then to the legal minimum as follows:

Period of Service	Written Notice Requirement
6 Months or less	1 Week*
6 to 12 Months	2 Weeks*
12 Months +	4 Weeks
6 Months + Farmworkers and Domestic workers	4 Weeks*
*cannot be reduced by agreement	

If the employer complies with these statutory minimum periods or agreed notice period (contained in a contract), the notice given will be lawful.

The employee may nevertheless challenge the fairness of the dismissal in terms of the LRA.

Notice cannot run concurrently with any period of annual, maternity or family responsibility leave, (i.e. annual leave cannot be taken during a period of notice).

Fixed term contracts do not need notice to be given when they expire – unless the employee has a reasonable expectation that the contract will be renewed.

Employers may decide to waive the notice period, but the worker must still be paid for the notice period.

Workers who live on the premises of the employer may stay in the accommodation for 1 month if the employer ends the contract of employment prematurely.

Dismissal

The LRA grants employees protection against unfair dismissal.

A dismissal must be both substantively and procedurally fair.

The three main grounds for dismissal are misconduct, incapacity (ill health or poor work performance) and operational requirements of the employer.

Payment on dismissal includes accrued annual leave pay, payment in lieu of notice – unless summarily dismissed or if the employee is required to work the notice period.

If dismissal is due to operational requirements, severance pay of a minimum of one week's salary for every completed year of service, and any other amount that the employee is contractually entitled to.

Remedies for Unfair Dismissal

The CCMA or the Labour Court may hear claims for unfair dismissal.

Should it be found that the dismissal was unfair, the employee may be entitled to the following remedies:

- Reinstatement
- Re-employment of the employee in other reasonably suitable work
- Compensation paid to the employee.

Where the dismissal is found to have been discriminatory in nature, compensation of up to 24 months' remuneration may be ordered.

Dismissal for Operational Reasons (Redundancy)

Must be both substantively and procedurally fair.

Substantive fairness means that the dismissal was required for operational reasons such as economic, structural or technological considerations.

The potentially affected employee(s) (or their representatives) are required to be consulted (procedural fairness).

Section 189A of the LRA regulates mass redundancies and additional requirements apply in these circumstances.

Administrative Consequences of Hiring Employee(s)

	Compliance	Requirement
P A Y E	Registration as Employer with SARS for P.A.Y.E (EMP101 form)	Deduct tax from employees each month and pay to South African Revenue Service (SARS) by 7th day of following month. At end of each year issue each employee with an IRP5 certificate (which must reconcile with total P.A.Y.E paid). Also payable by members of CC's and Directors of companies
U I F	Register with the UIF and with SARS (if registered for P.A.Y.E will automatically be registered for UIF)	Pay over monthly contributions on basis of 1% contribution by employee and 1% by employer based on the employees remuneration being below a certain amount (R14 872 per month from 1 Oct 2012)
S D L	Also automatically registered if register for P.A.Y.E	1% of total remuneration paid to employees. Employers paying annual remuneration of less than R500 000 are exempt from payment of these levies Annual wage report and accident record form
Workman's Compen- sation	Register and provide annual reports re wages	Basis of assessment to be paid by employers annually

PAYE should be withheld from remuneration paid to labour brokers unless an exemption certificate is obtained.

FOREIGN EMPLOYEES: TEMPORARY RESIDENCE PERMITS

General Work Permit	Issued to specific applicant, in possession of a written and time specific work offer, in line with his skills and qualifications. Valid for up to five years
Exceptional Skills Permit	Issued to an individual who has exceptional skills or qualifications and to members of his immediate family as determined by the Director-General
Corporate Permit	Issued to corporate applicant employing multiple foreign employees. Valid for up to five years
Intra-company Transfer Permit	Issued to an employee employed abroad by a business operating in South Africa as a branch, subsidiary or affiliate relationship. Strictly limited to two years without any possibility of extension
Study permit	Issued to a person wishing to study in South Africa, provided admission to the tertiary institution has been confirmed, and it does not prejudice a South African student
Business or Self-employed Permits	Issued to an applicant intending to conduct business in South Africa. Required to establish a presence in South Africa through employing, training and building capacity for at least five South African citizens or permanent residents. Minimum investment of R2.5 million (share capital investment), and a perceived benefit to the South African
Relative Permits	Issued to a foreign national who is a member of the immediate family of a South African citizen or permanent resident, provided the latter provides the 'prescribed' financial assurances
Exchange Permit	Issued to persons participating in programmes of cultural, economic, or social exchange organised by an organ of state or a public higher educational institution, in conjunction with an organ of a foreign state
Retired Person's Permit	Issued to a retired person provided that person can prove that he has the right to a pension or irrevocable retirement annuity with a minimum value of R20,000 per month, or a net worth of R20,000 per month. These financial requirements may be met by the combined resources of two spouses who apply jointly

FOREIGN EMPLOYEES: PERMANENT RESIDENCE PERMITS

Permanent Offer of Employment	Issued to a person who has received a permanent offer of employment in South Africa. The applicant's occupation and work permit must comply with the Quota list published in the Government Gazette
Extraordinary Skills or Qualifications	Issued to a person who is a foreign national and has demonstrated to the DHA that he or she has qualifications or extraordinary skills that are not available in South Africa
Direct Residence	Issued to a foreign national who is the holder of a work permit for a number of years, and has received an offer of employment on a permanent basis (or is the spouse of a SA citizen or permanent resident)
Child of a South African or Permanent Resident	A South African or permanent resident may apply for permanent residence of a child under 21 years of age. (The permit lapses if such a foreigner does not submit an application of confirmation within two years of having turned 21)
Quota Category	The applicant's occupation must comply with the quota list published in the Government Gazette
Business Category (Establishing a Business in SA)	Issued to a foreign national who intends to establish or invest in an established business in South Africa. The applicant will be required to invest a prescribed financial capital contribution
Relative Permits	Issued to a foreign national who is a member of the immediate family of a South African citizen or permanent resident, provided the latter provides the 'prescribed' financial assurances
Spousal Category	Issued to a foreigner who has been married to or the life partner of a South African spouse for at least five years before applying for permanent residence
Retired Person's Permit	Issued to a retired person provided that person can prove that he has the right to a pension or irrevocable retirement annuity with a minimum value of R20,000 per month, or a net worth of R20,000 per month. These financial requirements may be met by the combined resources of two spouses who apply jointly

B-BBEE initiated by the South African government, and is aimed at empowering “black” people.

It redresses the inequalities of the past. The Department of Trade and Industry (DTI) is the custodian of B-BBEE in terms of the B-BBEE Act.

“Black” people in South Africa include Africans, Asians and persons of mixed race. Women of all races are also seen to be previously disadvantaged and B-BBEE encourages the empowerment of all women.

Through its B-BBEE policy, the government aims to achieve some of the following objectives:

- Empower more black people to own and manage enterprises. Enterprises are regarded as black-owned if at least 51% of the enterprise is owned by black people, and black people have substantial management control of the business.
- Achieve a substantial change in the racial composition of ownership and management structures and in the skilled occupations of existing and new enterprises.
- Promote access to finance for black economic empowerment.
- Increase the extent to which black women own and manage existing and new enterprises, and facilitate their access to economic activities, infrastructure and skills training.
- Ensure that black-owned enterprises benefit from the government’s preferential procurement policies.

The Codes set out guidelines for facilitating B-BBEE and scoring.

How Compliance is Achieved

In terms of the amended Codes, B-BBEE compliance is achieved by a business by reference to its overall score achieved in respect of five specific B-BBEE elements and measured in accordance with a B-BBEE scorecard.

Every entity subject to B-BBEE is required to maintain a scorecard prepared and verified by an accredited verification agency.

Trumping Provision

Section 3(b) of the B-BBEE Amendment Act, 2013, by operation of law, automatically commenced on 24 October 2015.

In the event of any conflict between the B-BBEE Act and any other law in force immediately prior to the date of commencement of the B-BBEE Amendment Act, the B-BBEE Act prevails if the conflict specifically relates to a matter dealt with in the B-BBEE Act. This trumping provision was inserted to safeguard the objectives and spirit of transformation.

Turnover Thresholds

	Amended Code	Previously
Large Enterprises (Generic)	Turnover greater than R50 million per year	Turnover greater than R35 million per year
Qualifying Small Enterprises (QSE)	Turnover between R10 million and R50 million per year	Turnover between R5 million and R35 million per year
Exempt Micro Enterprises (EME)	Turnover less than R10 million per year	Turnover less than R5 million per year

Elements of the Scorecard

The elements of the scorecard have been reduced from seven to five, scored on five targeted elements totaling 109 points, plus 9 bonus points (previously 100 plus 7 bonus points).

Amended Code	Points	Previously	Points
Ownership (Priority element)	25	Ownership	20
Management Control	19	Management Control	10
		Employment Equity	15
Skills Development (Priority element)	20	Skills Development	15
Enterprise and Supplier Development (Priority element)	40	Procurement	20
		Enterprise Development	15
Socio-Economic Development	5	Socio-Economic Development	5

Under the Amended Codes

- All companies are required to comply with all the elements of the amended Codes, except EME's (Exempt Micro Enterprises) and > 50% black owned QSE's.
- The Generic scorecard is adjusted in accordance with government key priorities.
- Ownership, Skills Development and Enterprise and Supplier Development are Priority Elements.

Priority Elements

- Large Enterprises are required to comply with all three priority elements.
- QSE's are required to comply with Priority element one, namely Ownership, and either one of Priority element two (Skills Development), or Priority element three (Enterprise and Supplier Development).

Sector Codes

Specific codes exist for certain sectors in South Africa, and apply if a business is involved in these sectors. Sector codes are: financial services, chartered accountancy, construction, forestry, property, agriculture, marketing, advertising and communication, information and communications technology, tourism and the transport sector.

Each Sector Industry Council is required to compile their own B-BBEE scorecard.

The general rule is that an entity falling under a specific sector code must be measured under that code, and may not choose the generic codes.

Although the Generic Scorecard was implemented on 1 May 2015, most of the amended Sector Scorecards have not been finalised or implemented as at the date of publication of this guide.

The South African Tax regime is set by the National Treasury and managed by the South African Revenue Service (SARS). The National Budget Speech is delivered in parliament on the last Wednesday in February each year, where announcements and proposals are made affecting taxation in South Africa, and how funds are planned to be spent by the Government.

Double Taxation Agreements

The tax liability of a foreign company depends on the nature of the income derived by it, as well as the existence of a double taxation agreement.

South Africa has agreements with most of its trading partners to prevent double taxation of income accruing to South Africa taxpayers from foreign sources, or of income accruing to foreign taxpayers from South African sources.

In terms of these arrangements a foreign resident will be taxed in South Africa only if it conducts business through a permanent establishment in South Africa (there are a few exceptions such as withholding taxes).

Any person who is deemed to be a resident of another state through the application of a double tax agreement will not be treated as a South African resident.

Other Key Facts on Taxation in South Africa

Partnerships are not recognized as separate entities for income tax purposes. Each individual partner is taxed separately on his share of the partnership profits.

There is no group taxation in South Africa – each company is taxed as a separate taxpayer.

The financial year end for individuals is end of February every year. Companies may select their own financial year end.

Companies who derive their income from mining, gold mining, oil and gas, and farming may receive special dispensations.

Residence Based Tax

South Africans are taxed on their worldwide income, subject to certain exclusions. Foreign taxes on that income are allowed as a credit against South African tax payable. This is applicable to individuals, companies, close corporations and trusts.

Definition of Resident

Natural Person:

- Any natural person who is ordinarily resident in South Africa, or
- Any natural person who is not ordinarily resident in South Africa but who:
 - ◆ is physically present in South Africa for a period exceeding 91 days in aggregate during the current year of assessment and for a period exceeding 91 days in aggregate during each of the prior 5 years of assessment; and was physically present in South Africa for a period exceeding 915 days in aggregate during the previous 5 years of assessments
 - ◆ where a person has been outside of South Africa for a continuous period of at least 330 full days after he ceases to be physically present in South Africa, he will be deemed to not have been resident in South Africa from the day that he ceased to be physically present in the country
 - ◆ South African resident employees who render services for any employer outside South Africa for a period which in aggregate exceeds 183 full days commencing on or ending during a period of assessment, and for a continuous period exceeding 60 full days during such 183 day period, will not be liable for income tax on their remuneration for the period that they are outside South Africa
 - ◆ any person who is deemed to be a resident of another state through the application of a double tax agreement will not be treated as a South African resident.

Companies

A company will be considered to be resident in South Africa for tax purposes if it is incorporated, established, formed or has its place of effective management in South Africa.

Controlled Foreign Companies (CFC)

A Controlled Foreign Company (CFC) means any foreign company where more than 50% of the total participation rights in that foreign company are held or more than 50% of the voting rights in that foreign company are directly or indirectly exercisable by one or more residents. South African residents must impute all income of a CFC in the same ratio as the participation rights of the resident in such a CFC, subject to a number of exclusions. Net income of the CFC is defined as the CFC's taxable income determined as if the CFC is a South African taxpayer.

Foreign Dividends

Foreign Dividends received from a non-resident company, including deemed dividends are taxable.

Foreign dividends are exempt as follows:

For Years Beginning on or after 1 March 2012 (Individuals) and 1 April 2012 (Companies and Trusts)

- If received by a resident who holds at least 10% of the equity shares and voting rights in the foreign company
- The shareholder is a company which is in the same country as the foreign company paying the dividend
- If declared by a company listed in South Africa and a foreign stock exchange
- If paid out of the profits of a foreign company if the profits of the foreign company have been included in the South African shareholder's income in terms of the CFC provisions.

Where a foreign dividend is not exempted in terms of the provisions above the following part of a foreign dividend will be exempted from tax:

- Individuals: 25/40 or 63% of the foreign dividend received
- Companies and trusts: 13/28 or 46% of the foreign dividend received.

No deduction will be granted for any expenditure incurred in the production of income in the form of foreign dividends.

Foreign Tax Credits

Residents are allowed to deduct all foreign taxes paid in respect of foreign income from the tax payable in South Africa on foreign income. Any excess credits may be carried forward. There is also a foreign tax credit available for foreign companies that are taxed on management fees earned in South Africa.

Non-residents

Non-residents are taxed on all income from a South African source. In other words, tax on the income of non-South African resident's is source-based, meaning that any income from a source within (or deemed to be within) South Africa is taxed, irrespective of the residence of the recipient of the income.

Non-residents may invest in the Republic, provided that suitable documentary evidence is received in order to ensure that such transactions are concluded at arms-length, at fair market-related prices, and are financed in an approved manner subject to exchange control approval.

Capital Transactions

Proceeds from the sale of assets in South Africa, owned by non-residents (excluding emigrants), may be remitted abroad.

Dividends

Dividends declared by quoted companies out of income earned are remittable to non-resident shareholders. An emigrant shareholder will be entitled to dividends declared out of income earned after the date of emigration. Dividends declared by non-quoted companies are remittable in proportion to percentage shareholdings, subject to certain restrictions. Dividends in favour of emigrant shareholders may be remitted subject to additional requirements.

Fees

Authorised dealers may transfer director's fees to non-resident directors permanently domiciled outside South Africa, provided the application is accompanied by a copy of the resolution of the board of the remitting company, confirming the amount to be paid to the beneficiary.

Comparative Tax Rates

Rates of Tax	2015	2016	2017
Natural Persons			
Maximum marginal rate	40%	41%	41%
■ Reached at a taxable income	673 100	701 300	701 300
Minimum rate	18%	18%	18%
■ Up to taxable income of	174 550	181 900	188 000
■ CGT inclusion rate	33.3%	33.3%	40%
Companies and CC's			
■ Normal tax rate	28%	28%	28%
■ STC rate/Dividends Tax	15%	15%	15%
■ CGT inclusion rate	66.6%	66.6%	80%
Trusts (other than special trusts)			
■ Flat rate	40%	41%	41%
■ CGT inclusion rate	66.6%	66.6%	80%
Sundry			
■ Donations Tax	20%	20%	20%
■ Estate Duty	20%	20%	20%
Small Business Corporations			
Maximum marginal rate			
■ Reached at a taxable income	28%	28%	28%
Minimum rate	550 000	550 000	550 000
■ Up to a taxable income of	0%	0%	0%
	70 700	73 650	75 000
Micro Business			
Max Rate of Tax	6%	3%	3%
■ On turnover of	750 000	750 000	750 000
Minimum Rate	0%	0%	0%
■ Up to a turnover of	150 000	335 000	335 000

Income Tax

Normal Rates of Tax Payable by Natural Persons for the Year Ended 29 February 2017

Taxable Income	Rates of Tax
R0 - R188 000	+ 18% of each R1
R188 001 - R293 600	R33 840 + 26% of taxable income above R188 000
R293 601 - R406 400	R61 296 + 31% of taxable income above R293 600
R406 401 - R550 100	R96 264 + 36% of taxable income above R406 400
R550 101 - R701 300	R147 996 + 39% of taxable income above R550 100
R701 301 and above	R206 964 + 41% of taxable income above R701 300

Normal Rates of Tax Payable by Natural Persons for the Year Ended 28 February 2016

Taxable Income	Rates of Tax
R0 - R181 900	+ 18% of each R1
R181 901 - R284 100	R32 742 + 26% of taxable income above R181 900
R284 101 - R393 200	R59 314 + 31% of taxable income above R284 100
R393 201 - R550 100	R93 135 + 36% of taxable income above R393 200
R550 101 - R701 300	R149 619 + 39% of taxable income above R550 100
R701 301 and above	R208 587 + 41% of taxable income above R701 300

Tax Rebates	2016	2017
Primary	R13 257	R13 500
Secondary (Persons 65 and older)	R7 407	R7 407
Tertiary (Persons 75 and older)	R2 466	R2 466

Tax Thresholds	2016	2017
Below age 65	R73 650	R75 000
Age 65 to below 75	R114 800	R116 150
Age 75 and over	R128 500	R129 850

Interest Exemption	2016	2017
Below age 65	R23 800	R23 800
Age 65 and above	R34 500	R34 500

Transfer Duty

- Is calculated on the value of the immovable property (purchase price or market value whichever is the highest, and is payable within six months after the transaction is entered into.
- Will be exempted when the seller is a registered VAT vendor.

Transfer duty is calculated as follows	
R0 – R750 000	0%
R750 001 – R1 250 000	3% of the value above R750 000
R1 250 001 – R1 750 000	R15 000 plus 6% of the value over R1 250 000
R1 750 001 – R2 250 000	R45 000 plus 8% of the value over R1 750 000
R2 250 001 – R10 000 000	R85 000 plus 11% of the value over R2 250 000
R10 000 001 +	R937 500 plus 13% of the value over R10 million

Headquarter Company Regime

The headquarter company regime (HQC) aims to reduce the tax cost of operating a headquarter company in South Africa. For example, it exempts companies from withholding dividends tax and tax on interest and royalties on income flowing through them from foreign subsidiaries.

Value Added Tax (VAT)

The VAT system comprises three types of supply:

- Standard-rated supplies – supplies of goods and services subject to the VAT rate in force at the time of supply (currently 14%).
- Exempt supplies – supplies of certain services not subject to VAT. Vendors making exempt supplies are not entitled to input VAT credits. Exports and certain foodstuffs are zero-rated.
- Zero-rated supplies – supplies of certain goods or services subject to VAT at zero percent. Vendors making zero rated supplies are entitled to input VAT credits.

Key Features

- Enterprises with a turnover of less than R1 000 000 in any period of 12 months are not obliged to register for VAT.
- Enterprises with a turnover of less than R50 000 in any period of 12 months are not permitted to register for VAT.
- VAT returns are generally submitted on a 2 monthly basis unless turnover in any period of 12 months exceeds R30 million, in which case returns are submitted monthly.
- Farmers may submit VAT returns on a 6 monthly basis and property letting companies may, subject to certain requirements, submit annual VAT returns.
- Businesses with turnover of less than R1,5 million may apply to submit returns every 4 months.
- A vendor is legally obliged to notify SARS as soon as annual turnover exceeds or is expected to exceed R30 million.
- Vendors may reclaim the VAT element of all expenditure except on:
 - ◆ entertainment, except qualifying subsistence
 - ◆ passenger vehicles (including hiring), and
 - ◆ club subscriptions.
- Input tax credits may not be claimed on expenditure relating to exempt supplies.
- Input tax credits may only be claimed upon receipt of a valid tax invoice.
- The name, address and VAT registration number of the recipient and supplier must appear on tax invoices where the VAT inclusive total exceeds R3 000
- If a subsidiary or branch of a foreign-owned company sells goods or provides services, it must register as a vendor with SARS.

Capital Gains Tax (CGT)

CGT is payable on the disposal of assets that take place on or after valuation date, i.e. 1 October 2001; in the case of South African residents, the tax will apply to disposals of all assets (including overseas assets); in the case of non-residents, the following assets will be subject to CGT:

- Immovable property, or any right or interest in a property (this includes a direct or indirect interest of at least 20% held alone or together with any connected person in the equity share capital of a company, where at least 80% of the value of the net assets of the company is, at the time of the disposal, attributable to immovable property in SA), and
- Any asset of a permanent establishment through which a trade is carried on in SA.

The purchaser must withhold CGT on the purchase price where assets are purchased from a non-resident (except where the amount payable by the purchaser is less than R2 million).

A capital gain or loss is calculated separately in respect of each asset disposed. Once determined, gains or losses are combined for that year of assessment and if it is:

- An assessed capital loss, it is carried forward to the following year, or
- A net capital gain, it is multiplied by the inclusion rate (individuals 33.33%, companies and trusts 66.67%).

This taxable capital gain is included in taxable income and taxed at the normal income tax rates applicable.

The following exemptions for individuals are applicable:

- Annual exclusion: R30 000 (Until 2012: R20 000)
- The exclusion amount on death: R300 000 (until 2012: R200 000)
- The primary residence exclusion: R2 million (until 2012: R1.5 million)
- The exclusion amount on the disposal of a small business when a person is over age 55: R1.8 million (until 2012: R900 000)
- The maximum market value of assets allowed for a small business disposal for business owners over 55 years: R10 million (until 2012: R5 million).

Donations Tax

Donations Tax is payable by any individual living in the Republic of South Africa, or any South African company or one managed or controlled in the Republic, on the value of any gratuitous disposal of property including the disposal of property for inadequate consideration and the renunciation of rights. Donations tax is payable within 3 months after the donation at a flat rate of 20%. Certain donations are exempt, and non-residents are not liable for donations tax.

Dividends Tax

Dividends tax is a tax levied on the shareholder at a rate of 15% on dividends paid. However, where a dividend in specie is paid, dividends tax is levied on the company declaring the dividend.

Dividends tax is normally withheld by the company paying the dividend.

A dividend is exempt from dividends tax if the beneficial owner is:

- A SA company
- The Government and various quasi government institutions
- Public Benefit Organisations
- Environmental rehabilitation trusts
- Pension, provident and similar funds
- Medical Schemes
- A shareholder in a registered micro business (limits apply).

Secondary Tax on Companies ('STC') Credits

If a company has STC credits at the effective date of the Dividends Tax regime these STC credits must be used before or on 31 March 2015 (i.e. within 3 years from the effective date).

Securities Transfer Tax

The tax is imposed at a rate of 0.25% on the transfer of listed or unlisted securities. Securities consist of shares in companies or member's interests in close corporations.

Capital Incentive Allowances

The Capital Incentive Allowance is a reduction in the amount of tax payable, offered as an incentive for investment in large-scale projects. A certain percentage of the capital asset's cost is allowed as capital allowance during the accounting period in which it was purchased. This amount is greater than the depreciation charge on the asset during that period. Examples of capital incentive allowances include urban development zone allowances, learnership allowances and wear and tear allowances.

Employee Tax

Where a subsidiary or branch of foreign-owned company hires employees in South Africa, it must register as an employer with SARS.

Green Taxes

Examples of Green Taxes in South Africa include:

- Carbon dioxide vehicle emissions tax
- Plastic bag levy
- Incandescent light bulb levy
- “Environmental” Deductions/allowances and tax allowance for energy-efficiency savings have been introduced.

Customs Duties

An importer/exporter has to register with SARS to obtain a customs code number.

Goods imported into, or exported from, South Africa are liable for VAT and customs duty, subject to the availability of rebates and refunds.

Direct exports (where the South African seller supplies the goods) are subject to VAT at 0% and indirect exports (where for example the client of a South African seller arranges for the delivery of goods to the client's customer in the country to which the goods are exported) are subject to VAT at 14%.

If goods are imported from one of the countries falling within the Common Customs Area (Namibia, Botswana, Lesotho and Swaziland) they are exempt from custom duty but not VAT.

EXCHANGE CONTROL

Branches of foreign companies and South African subsidiaries are treated as resident and subject to exchange control.

Investment may be in the form of share capital only or share and loan capital.

Where the investment is in the form of loan capital, exchange control approval is required.

Interest

Interest on a loan from the holding company is remittable, provided that the rate of interest is reasonable in relation to the currency of the loan, and the loan was previously authorised.

The rate will be reduced where the foreign shareholder lends the funds.

A withholding tax of 15% is payable when interest from a South African source is paid to non-residents, subject to certain exemptions.

The foreign person is responsible for the tax, but it must be withheld by the person making the interest payment to or for the benefit of the foreign person.

Royalties

Licence agreements must be approved by the Department of Trade and Industry.

Acceptable rates vary from 2% to 4% for manufacture of consumer goods and up to 6% for capital goods.

Minimum and/or up-front payments (even if recoupable) are not allowed, unless there is immediate benefit, for example, training.

The payment is subject to a withholding tax of 15% (unless the rate is reduced or eliminated in terms of a double tax agreement).

Immovable Property: Exchange Control/Withholding Tax

A “Foreign Buyer” is a:

- Non-resident (natural or legal entity) whose normal place of residence, domicile or registration is outside of SA.
- A SA resident who has lived abroad for more than 5 years, regardless of whether or not he/she has emigrated, is treated as a non-resident (for purposes of obtaining finance to purchase property in SA).
- Illegal aliens are prohibited from buying immovable property in SA.
- All other non-residents are not restricted from owning property in the country, however, they are subject to certain restrictions in regard to obtaining finance to buy property in SA, in that a non-resident may borrow up to 50% of the purchase price on application to the SA Reserve Bank. However, if a non-resident has brought money in to the country over an extended period of time, this criterion may be waived subject to Reserve Bank approval.

Duties of the Purchaser

The obligation arises if the purchaser knew (or should reasonably have known) that the seller is a non-resident, to deduct the amount from each payment to the seller and pay it across to SARS within the required time period (interest will be levied for late or non-payment).

The purchaser is personally liable to pay the amount to SARS irrespective of whether or not it was withheld from the Seller.

Duties of the Estate Agent or Conveyancer

Where the agent or conveyancer knew (or should reasonably have known) that the seller was a non-resident, (s)he has the responsibility of notifying the purchaser in writing.

Should the agent or conveyancer fail to give such notice, the withholding obligations will fall upon them with the purchaser for the amount that is required to be withheld and paid to SARS – although their liability will be limited to their fees or other payments due in respect of services rendered in relation to the transaction.

Foreign Sellers/Withholding Tax

All funds introduced from outside SA to acquire fixed property within SA may be repatriated together with any profit, on resale of the property, provided that:

- The non-resident can prove that funds for purchase were remitted from overseas
- The required CGT deduction is made; (non-residents will not qualify for the R2 million exemption if their primary residence is not in the country)
- Purchasers of property from non-resident sellers (and their estate agent and/or transferring attorney) are obliged to retain a percentage of the selling price and pay it to SARS as a deposit for the Seller's liability for CGT
- If the buyer is a SA resident, (s)he must pay it within 14 days from the date on which the amount was so withheld, and if the buyer is a non-resident, within 28 days
- Aim: to ensure the efficient collection of CGT from non-residents who are often not registered as SA taxpayers and whose connection in the country is tenuous. The payment acts as an advance against the non-resident's income tax liability for the year of assessment in which the property is sold
- The purchaser, estate agent and transferring attorney may not be guided by whether any CGT is payable – the two deciding issues are the price and the fact that the seller is a non-resident

The actual tax rate depends on whether the non-resident seller is:

a natural person* 5%

a company 7.5%

a trust 10%

* includes a special trust

The tax is not charged on the full selling price all at once, but rather on each payment as and when it is paid from the buyer to the seller (if an instalment sale is concluded).

Payment of a deposit does not trigger the withholding tax

The foreign seller will be required to register as a South African taxpayer (and the withholding tax would then be set off against the final tax liability due to SARS)

The law effectively holds the purchaser, estate agent and conveyancing attorney responsible for the withholding tax to be paid to SARS.

Who is a “Non-resident” Seller

In practice it is often difficult to determine whether a seller is a non-resident or not for tax purposes, and it may become a feature of the sales process to require sellers to sign a formal declaration or affidavit on their residency status, in order to clear up any questions regarding residency for tax purposes.

The obligation on the purchaser is to withhold the tax and the obligation on the estate agent/conveyancer is to notify the purchaser in writing of the non-resident status of the seller.

The purchaser, estate agent or conveyancer may recover the amount paid in terms of this section from the seller.

SARS Directive for Seller

The seller may apply to SARS for a directive to prevent or reduce the withholding tax payable, and, where SARS is satisfied that the seller has sufficient other assets or security in SA, it may issue such a directive. The seller must then provide the purchaser with proof thereof. Once the purchaser has the directive, (s)he need only withhold an amount equal to the amount set out in the directive.

Withholding tax is not payable on properties with a selling price of R2 million or less.

Forex Exchange Rates

Average exchange rates for a year of assessment*

Year of assessment for the 12 months ending:	Euro	Japanese Yen	UK Pound	US Dollar
February 2015	14,1358	0,1012	17,7890	10,9515
February 2016	14,8684	0,1121	20,4005	13,5013

*The term “average exchange rate” is defined in section 1(1) of the Income Tax Act and means in relation to a year of assessment, the average exchange rate determined by using the closing spot rates at the end of applied consistently within that year of assessment.

Definition

Trade marks must be capable of distinguishing the goods or services of one undertaking from those of other undertakings (a brand name, a slogan or a logo).

Registration

A trade mark can only be protected as such and defended under the Trade Marks Act 1993, if it is registered with the South African Registrar of Trade Marks. Unregistered marks can be defended in terms of the common law.

Length of Protection

Trade marks are registered for ten years but can be renewed for an unlimited number of additional ten-year periods.

Rights of Holder

The right holder is entitled to prevent unauthorised use of an identical or substantially similar mark used in the same type of industry as that in which the trademark has been registered.

Enforcement and Remedies

Trade Marks Act 1993

Where there has been an infringement, the High Court can grant interdicts, order the removal of the infringing mark or the delivery up of the products containing the mark, award damages.

The Commission administers the Register of Trade Marks, which is the record of all the trade marks that have been formally applied for and registered in South Africa.

The registration procedure results in a registration certificate which has legal status, allowing the owner of the registered trade mark the exclusive right to use that mark.

INTELLECTUAL PROPERTY: PATENTS

Definition

An invention is patentable when it is a product or process that is new, involves an inventive step, or a new way of doing something, or offers a new technical solution to a problem.

It must be capable of being used or applied in trade and industry or agriculture, and must not be specifically excluded from protection as a patent.

Registration

Registered with the South African Registrar of Patents

South Africa is one of **142** countries that is a member of the Patent Co-operation Treaty (PCT). This Treaty allows an individual to file an international application as well as a national application.

The international application will designate countries in which the applicant seeks protection. Extra fees are payable for this type of registration.

Length of Protection

A patent can last up to twenty years, provided that it is renewed annually before the expiration of the third year from the date of filing in South Africa.

To keep a patent in force, the annual renewal fee must be paid. The patent expires after twenty years from the date of application.

Rights of Holder

A holder of a patent has the right to exclude others from making, using, exercising, disposing or importing the invention

Enforcement and Remedies

Patents Act 1978

Remedies include: interdict, damages, delivery up of the infringing product. The Commissioner of Patents or the High Court deal with disputes

Definition

A copyright is an exclusive right granted by law for a limited period to an author, designer, etc. for original work that is reduced to material form.

Registration

Generally a person who has written, printed, published, performed, sculpted, painted, filmed or recorded a work, is automatically the owner of the copyright to that work. Copyright is created by putting the words “copyright” or “copyright reserved” or “copyright ABC 2013” (i.e. copyright, followed by name and the year), or the copyright symbol, name and year e.g. © ABC 2013. You can obtain copyright protection in South Africa, if you are a South African or if your work was produced in South Africa. If you are not South African, you can obtain copyright protection provided the country you are a national of is part of the Berne Convention. Copyright for films/videos made for commercial use needs to be applied for formally, by way of the following documentation, obtainable free of charge, from the Copyright Office

Length of Protection

The lifespan of copyright depends on the type of work protected.

The copyright of literary works lasts for fifty years after death of the author. The copyright of computer programs lasts for fifty years after the first copies were made available to the public. For sound recordings, the copyright lasts for fifty years from the day the work was first broadcast and for films, it lasts for fifty years from the date the film was shown.

Rights of Holder

Copyright affords the author the exclusive right to stop others from copying or using his work without his permission.

The author can also conclude license agreements with the users for his copyright works and enjoy royalties payment from the licensees

Enforcement and Remedies

Copyright Act 1978

It is the responsibility of the author to prove ownership and also to sue in case of infringement

Definition

A registered design is generally used to protect the physical appearance of an article. The design may be aesthetic or functional.

Registration

Registered with the South African Registrar of Patents

Length of Protection

Registered aesthetic designs are protected for fifteen years. Registered functional designs are protected for ten years. Registered designs must be renewed annually before the expiration of the third year, as from the date of lodgement. To maintain a design in force a payment of an annual renewal fee is due starting from the expiring of the third year from the date of filing until the design expires.

Rights of Holder

Registration of a design grants to the right holder the right to exclude other people from making, importing, using or disposing of any article included in the class in which the design is registered, so that the right holder enjoys all the benefits relating to the design.

Enforcement and Remedies

Designs Act 1993

Remedies include: interdict, delivery up of the infringing product, damages, a reasonable royalty.

Tax Implications of Intellectual Property Ownership

Should income be generated or derived from patents and similar property, the owner may, over a period, deduct from taxable income, expenditure on:

- Devising and developing an invention
- Generating or making a design, trademark, copyright or similar asset
- Registering or obtaining a patent, design registration or trademark, and
- Acquiring a copyright, design, patent, trademark or similar property.

Since South African tax law is based on the residence principle, income in a South African resident's hands, from foreign sources is taxable.

COMPETITION LAW

A knowledge of competition law is essential for any successful business operating in South Africa, especially when creating a business strategy, launching a new product or challenging competitors.

The Competition Act, 89 of 1998, as amended, (hereinafter referred to as “the CA”) aims to maintain and promote competition in the South African market in order to:

- Provide all South Africans equal opportunity to participate fairly in the national economy
- Achieve a more effective and efficient economy in South Africa
- Provide for markets in which consumers have access to, and can freely select, the quality and variety of goods and services they desire
- Create greater capability and an environment for South Africans to compete effectively in international markets
- Restrain particular trade practices which undermine competitive economy
- Regulate the transfer of economic ownership in keeping with the public interest
- Establish independent institutions to monitor economic competition
- Give effect to the international law obligations of South Africa
- Promote employment and general socio-economic welfare
- Promote a greater spread of ownership within the economy, in particular by increasing the ownership of historically disadvantaged individuals
- Ensure that small business have an equitable opportunity to participate in the economy
- Expand opportunities for South African participation in world markets, whilst recognising the role of foreign competition within South Africa.

The CA applies to all economic activity within, or having an effect within South Africa and regulates relationships between competitors and relationships in the supply chain.

Agreements or practices by parties in either type of relationship are prohibited if they have the effect of substantially preventing or lessening competition in a market (subject to certain defences).

Restrictive Practices and Anti-competitive Conduct

Examples of 'restrictive practices' and 'anti-competitive conduct' are price fixing, predatory pricing and collusive tendering, all of which are prohibited.

The CA also prohibits "abuses" by "dominant" firms (firms with a market share of 35% or more).

Control of Mergers and Acquisitions

Mergers and acquisitions are controlled, in that the CA requires a notification and prior approval procedure for certain mergers and acquisitions, carries significant penalties for contraventions – and reaches beyond South Africa, applying to economic activity both in and having an effect in the country.

Cartel Conduct

Cartel conduct applies to parties in a 'horizontal relationship' (relationships between competitors), where three categories of conduct are prohibited.

These are:

- Directly or indirectly fixing a purchase or selling price or any other trading condition
- Dividing markets by allocating customers, suppliers, territories or specific types of goods or services
- Collusive tendering.

Three independent competition regulatory authorities are in place terms of the Act:

- The Competition Commission – investigative and enforcement agency
- Competition Tribunal – adjudicates competition matters
- Competition Appeal Court (formerly, the Competition Board) – considers appeals against decisions of the Tribunal.

There is increasing awareness in South Africa towards environmental issues and planning, both the in private and public sectors.

The overarching legislative foundation for environmental management in South Africa is The Constitution of the Republic of South Africa Act, 108 of 1996.

Section 24 of this Act provides that everyone has the right to:

- An environment that is not harmful to their health or well-being
- To have the environment protected, for the benefit of present and future generations

The National Environmental Management Act, 107 of 1998 is the primary environmental framework Act in South Africa which provides for co-operative environmental governance.

This act is based on the principles that everyone has the right to an environment that is not harmful to his or her health or well-being, and enabling the administration and enforcement of other environmental management laws.

Some Other Relevant Environmental Legislation Includes

- National Water Act (36 of 1998): promotes the protection, use, development, conservation, management, and control of water resources in a sustainable and equitable manner.
- National Energy Act (34 of 2008): ensures that diverse energy resources are available, in sustainable quantities and at affordable prices, to the South African economy in support of economic growth and poverty alleviation.
- National Forests Act (84 of 1998): supports sustainable forest management and the restructuring of the forestry sector, as well as protection of indigenous trees in general.
- National Environmental Management: Biodiversity Act (10 of 2004)
- National Environmental Management: Air Quality Act (39 of 2004)
- National Environmental Management: Waste Act (59 of 2008)

IMPORTANT LAWS AFFECTING BUSINESSES IN SOUTH AFRICA

Knowledge of and compliance with legislation is essential for the good governance of a company. When doing business in South Africa, it is important to have a working knowledge of the guidance provided in The King Report and King Code.

While this list is not exhaustive, important legislation to be aware of includes:

- The Companies Act
- The Close Corporation's Act
- The South African Income Tax Act
- The Labour Relations Act
- The Occupational Health and Safety Act
- The Employment Equity Act
- Promotion of Access to Information Act
- Financial Intelligence Centre Act
- Trade Marks Act
- Business Names Act
- Consumer Protection Act
- The Competition Act
- Electronic Communications and Transactions Act
- National Credit Act
- Basic Conditions of Employment Act
- Broad-Based Black Economic Empowerment Act
- Industry or sector specific legislation
- Listed companies must adhere to JSE regulations
- The Protection of Personal Information Act (POPI)

POPI is aimed at bringing South Africa in line with international standards of protection of personal data.

A few limited sections of POPI have already been implemented. It is expected that POPI will commence during 2017 following which there will be a one-year grace period to become compliant.

USEFUL WEBLINKS

Banking Assoc. of SA	http://www.banking.org.za/
Commission for Conciliation, Mediation and Arbitration (CCMA)	http://www.ccma.org.za/
Companies & Intellectual Property Commission	http://www.cipc.co.za/
Companies Commission	http://www.compcom.co.za
Companies Tribunal	http://www.comptrib.co.za
Department of Economic Development	http://www.economic.gov.za/
Department of Labour	http://www.labour.gov.za/
Department of Trade and Industry	http://www.thedti.gov.za/
Institute of Directors	http://www.iodsa.co.za/
Johannesburg Stock Exchange	https://www.jse.co.za/
National Economic Development and Labour Council	http://new.nedlac.org.za/
National Treasury	http://www.treasury.gov.za/
National Youth Development Agency	http://www.nyda.gov.za/
SA Development Corporation	http://www.sadc.int/
SA Government Online	http://www.gov.za/
Small Enterprise Development Agency	http://www.seda.org.za/
South Africa Info	http://www.southafrica.info/
South African Revenue Services (SARS)	http://www.sars.gov.za/
Statistics South Africa	http://www.statssa.gov.za/

Disclaimer:

The reader is advised to consult a professional adviser for further assistance and information, and for guidance on new and existing legislation which may affect directors and officers of companies.

All references to the masculine gender shall include the feminine (and vice versa).

While every care has been taken in the compilation of this guide, no responsibility of any nature whatsoever shall be accepted for any inaccuracies, errors or omissions.

What we do

Audit

- External audit for listed companies, large independents & mid-sized companies
- Public sector audits
- Voluntary audits
- Independent reviews

Tax

- Corporate income tax
- Customs and excise duty
- Employees tax
- Expatriate tax
- Direct & indirect international tax
- Personal income tax
- Transfer pricing
- Value added tax (VAT)

Outsourcing

- Accounting
- Estates administration
- Payroll
- Trusts administration
- Company secretarial
- Financial planning

Sector specialisation

- Financial services
- Energy & natural resources
- Food & beverage
- Travel, tourism & leisure
- Not for profit
- Real estate & construction
- Technology

Advisory

- B-BBEE verification & consulting
- Business recovery services
- Business risk services
 - Corporate governance reviews
 - Performance audit
 - Risk management
 - Internal audit
 - Clean audit
 - Financial management solutions
- Forensic services & investigations
 - Anti-bribery, corruption & money laundering
 - Financial crime
 - Regulatory compliance
 - Fraud hotline
- Corporate finance
 - Capital markets
 - Mergers and acquisitions
 - Financial modelling
 - Transaction advisory services including due diligence
 - Valuations
- Information technology advisory & assurance
- Data analytics
- Strategic foresight
- International services, structuring advice & establishing a presence in South Africa
- Strategy, development & planning including infrastructure advisory
- Sustainability & integrated reporting services.

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Why Grant Thornton

We're committed to shaping a vibrant economy by facilitating and supporting commercial and social environments that enable long-term growth and success.

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