

**Analytics Consulting FX Solutions assists Partners with their clients' international transfer requirements for offshore investment purposes.**

you

## SA residents are subject to prevailing exchange control regulations for all international transfers

Offshore allowance limits apply to SA residents or SA residents living temporarily abroad. SA residents who are taxpayers and over the age of 18 years are allowed to remit R1 million in terms of the single discretionary allowance (SDA) per calendar year. A resident means any person who has taken up permanent residence, is domiciled or is registered in South Africa.

Residents are allowed a further R10 million foreign capital allowance with an Approved International Transfer (AIT) PIN verifying the taxpayer's tax compliance status and amount approved for transfer from SARS per calendar year. The AIT PIN is valid for 12 months and the investor must remain tax compliant for the duration of the 12 months in order to make use of the PIN.

SA residents may apply for an AIT PIN for an amount greater than R10 million, but this must have an additional approval from the South African Reserve Bank (SARB). Analytics Consulting FX Solutions will facilitate the SARS and SARB applications, approvals and annual reporting for their Partners' clients.

The Financial Surveillance Department of the SARB is responsible for the administration of Exchange Controls. Different requirements apply to individuals who have ceased to be residents for tax purposes in South Africa, immigrants, foreign nationals and CMA residents.

## Important notes about offshore allowances

The allowance limits are per calendar year, not per tax year. This means that you are entitled to R10m foreign capital allowance plus your R1m SDA in one calendar year.

Every international transfer has a Balance of Payments (BOP) code that provides a reason for making or receiving an international payment. The BOP code is reported to the SARB. The client may not exceed the approved foreign capital allowance by any amount. Exceeding the said allowances is a contravention of Exchange Control and SARB may impose penalties. The client should immediately remit any funds that have exceeded the said allowances. Most cross-border payments are included in the SDA limit, with few exceptions, namely tuition fees.

International transactions are reported against the allowance on the value date (vs trade date) of the transaction. The value date is the actual settlement date (business day). This implies that should a foreign exchange transaction not settle before year end for any reason, it will be offset against the following year's allowance limits.

## Ensuring best FX execution and efficient downstream operations

Currency forms a critical part of the investment decision and critically, the implementation process. Analytics Consulting FX Solutions is able to leverage years of expertise, collective scale and operational efficiencies to address the increasing complexities and costs associated with international transfers.

Clients are onboarded with a transmission account specifically mandated for compliant foreign exchange transactions and solutions. These accounts provide an alternative source from the client's primary transactional account for the purpose of achieving best FX execution. Offshore transfers are verified and facilitated at institutional FX rates and charges.

Wealth management clients require bespoke currency solutions, an in-depth understanding of prevailing exchange control regulations and industry regulatory changes as well as guidelines in assessing the underlying value of a currency in order to make informed decisions. Our Partner FX Link platform has built-in security features making it a safe and reliable method of communicating client information and transfer instructions. It also provides ongoing business management reporting to ensure your clients have optimised the transactional components of their offshore investment opportunities.

Source: Analytics Consulting FX Solutions

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