



► **International transfers
associated with international
investments and emigration.**

May 2023

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What has changed?

SARS recently announced a change in the procedure for transferring more than R1 million out of the country when investing internationally or emigrating.

Who is affected by this change?

- 1 South African residents who are 18 years or older ('adults') intending to invest or move more than R1 million outside the Common Monetary Area (CMA), ie eSwatini, Lesotho, Namibia, and South Africa, per calendar year.
- 2 Any person filling out a TCR01 form to verify tax compliance on behalf of the affected person.

Want to know more?

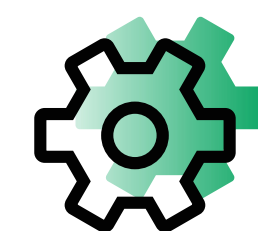
Contact your private banker, wealth manager or financial planner; or [click here](#) to find out more about our international offering.

If you're not a client yet and want to find out more about how we can help you, we would love to hear from you. Please complete our online contact form and one of our consultants will call you back.

Contents

Overview and definitions used in this document	3
When do you need a TCS PIN from SARS and how do you get one?	4
Affected international transfers	4
Unaffected international transfers	4
How do you request a TCS PIN from SARS for the international transfer of funds?	4
What additional information will you need to provide to SARS when completing the TCR01 form?	5
What are the specific changes to the TCR01 form?	6





Overview

Overview and definitions used in this document

When do you need a TCS PIN from SARS and how do you get one?

- Affected international transfers
- Unaffected international transfers
- How do you request a TCS PIN from SARS for the international transfer of funds?

What additional information will you need to provide SARS when completing the TCR01 form?

What are the specific changes to the TCR01 form?

SARS uses the Tax Compliance Request (TCR01) form to collect information from taxpayers who apply for a PIN to obtain their tax compliance status (TCS) letters, which would verify their tax compliance status online via SARS eFiling. An Authorised Dealer (AD) and/or the Financial Surveillance Department (FinSurv) at the South African Reserve Bank (SARB) must use this TCS PIN to verify tax compliance during the process of approving funds transfer. It is important to remember that a taxpayer’s compliance status is not static and changes according to their continued compliance with tax requirements at the time of verification.

On 24 April 2023, SARS published its revised *Guide to the Tax Compliance Status Functionality* (‘the Guide’) to the TCR01 form on eFiling. The Approval International Transfer (AIT) replaced the Emigration and Foreign Investment Allowance (FIA) application types.

SARS stated the following on its website:

‘Enhancements to the current Tax Compliance Status (TCS) system due to new opportunities and legislative changes include, but are not limited to:

- ▶ Strengthening legislative alignment with the SARB exchange control changes as it pertains to Emigration, with the introduction of a new dynamic application called ‘Approval International Transfer (AIT)’, to replace the existing ‘Emigration’ and ‘Foreign Investment Allowance (FIA)’ application types.

The Tax Compliance Request form (TCR01) has been amended to align to the required changes.’

Definitions used in this document:

- AD – Authorised Dealer
- AIT – Approved International Transfer
- CMA - Common Monetary Area
- FIA – Foreign Investment Allowance
- FinSurv – Financial Surveillance Department at the SARB
- SARB - South African Reserve Bank
- SDA – Single Discretionary Allowance
- TCS – Tax Compliance Status
- TCS PIN – Tax Compliance Status personal identification number



When do you need a TCS PIN from SARS and how do you get one?

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Affected international transfers

- (a) The FIA (also referred to as foreign capital allowance) transfer of up to R10 million that South African adult residents can invest outside the CMA, ie eSwatini, Lesotho, Namibia and South Africa, per calendar year. The AD requires TCS PIN confirmation to affect these funds transfer.
- (b) The transfer of larger amounts abroad. The AD requires TCS PIN confirmation to affect these funds transfer after the AD’s special application to FinSurv has been approved.
- (c) The transfer of amounts and assets as a non-resident for tax purposes following cessation of your South African tax residency (‘emigration’). The AD requires TCS PIN confirmation to affect these funds transfer.

Unaffected international transfers

- (a) The SDA of up to R1m per calendar year, available to South African adult resident individuals and emigrants (only applicable within the calendar year of emigration), which can be transferred by AD abroad without TCS PIN confirmation.
- (b) The FinSurv requirements (as set out in the ‘Currency and Exchanges Manual for Authorised Dealers’) for permissible transfers (ie R1 million SDA, R10 million FIA and special applications for larger amounts).

How do you request a TCS PIN from SARS for the international transfer of funds?

- (a) You can request your TCS PIN via eFiling or the SARS online query system that can be used AD and/ or Finserv to verify your tax compliance status when authorising funds transfer.
- (b) Alternatively, your professional tax and accounting service provider, such as Nedgroup Trust, can request your TCS PIN on your behalf. You need to give them the applicable power of attorney.
- (c) If you are already a non-resident before requesting a TCS PIN for non-residents, you should have completed the ‘cease to be a resident’ process. The web links below provide further detail on the SARS ‘cease to be a resident’ process and other considerations when emigrating.

Cease to be a resident | South African Revenue Service (sars.gov.za)
<https://www.sars.gov.za/individuals/cease-to-be-a-resident/>

An emigration guide to help you understand the tax implications is available at the below link:

What to consider before you emigrate
<https://www.nedbankprivatewealth.co.za/content/private-wealth-sa/south-africa/en/info/considerations-before-you-emigrate.html>



What additional information will you need to provide to SARS when completing the TCR01 form?

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You will need to provide more detailed information when completing the TCR01 form when applying for AIT.

The additional information details will enable SARS to audit and conduct verification more efficiently. This will eliminate delays that could have taken place due to audit queries and investigations resulting in undue delays in issuing the TCS PIN. Our view is that these requirements affect compliance costs because they also require appropriate preparation before an AIT application can be submitted to SARS to issue a tax compliance status (TCS) PIN.

Additional information required

- 1 Details for both local and foreign trust(s), for trust beneficiaries.
- 2 Details for both local and foreign shareholdings of 20% or more in legal entities.
- 3 Details of loans to both local and/or foreign trusts.
- 4 Source of the funds to be transferred.
- 5 The statement(s) of assets and liabilities for the past three years (for local and foreign separately).
- 6 Details about the type of international investment and country where the majority of the investment will be made.
- 7 Supporting documents for sale of crypto assets.



What are the specific changes to the TCR01 form?

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Changes in the TCR01 Form				
International transfer details	Details on the source of value to be transferred	International investment type details	Assets and liabilities details	Supporting documents for approved international transfers
This new AIT section (ie, this was not part of the FIA or Emigration) requires more detail if you answer ‘Yes’ to any of the following questions: • Are you a beneficiary of a trust(s)? • Do you have direct or indirect shareholding in any local or foreign legal entity of 20% or more? • Do you have any existing loan(s) to a trust (local or foreign)? • Are you an sa tax resident or non-resident for tax purposes? • Is the AIT request for a family unit?	The AIT disclosure details required for this section will enable SARS to audit and conduct verification more efficiently. The now replaced FIA and emigration disclosure were based only on broad categories of source(s) of fund(s), which could have led to audit queries and investigations resulting in undue delays in the issuing of TCS PIN. SARS specifically requires information on the below sources of funds: • Distribution from trusts: Name of trust, registration and income tax numbers. • Sale of property: Purchase and sale prices, value, capital gains tax amount applicable and whether the property was your primary residence. • Sale of shares and other securities: Set out in appendix.	South African residents investing in listed equities and listed bonds must disclose the value and country of investment where the majority of the investment will be made.	The previously used FIA required disclosure of only local assets and liabilities while the new AIT requires detailed disclosure of both South African local asset for three years and liabilities, as well as detailed foreign asset and liabilities for three years.	The supporting documents to be submitted for the new AIT remain mainly unchanged from the now replaced FIA and emigration disclosure, except in the following cases: • If the taxpayer is a ‘non-resident for tax purposes’ in SA, relevant proof is required that the taxpayer has ceased to be a resident for tax purposes in the country and has accordingly notified SARS, including the date on which they ceased to be a resident. • The addition of a new category of sale of crypto assets.

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