


DOUBLE TAXATION BRIEFING: NATIONAL TREASURY

SELECT COMMITTEE ON FINANCE

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Formal Ratification- United Kingdom and Kenya

- Before a tax treaty can come into force, it has to be ratified by Parliament;
- Ratification can only take place after the signing of the tax treaty;
- In South Africa, ratification process is done in accordance with section 231 of the Constitution read with section 108(2) of the Income Tax Act;
- Contracting States will notify each other on the completion of the procedures required by its law for the bringing into force of the tax treaty;
- Tax treaty shall enter into force on the date of receipt of the later of these notifications.



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Ratification of the SA- United Kingdom Protocol

- The SA- United Kingdom tax treaty is one of the nine tax treaties that has a zero rate withholding tax on dividends;
- It had to be renegotiated before the proposed dividends tax could be implemented;
- The renegotiation also addressed certain aspects that are not present in the old treaties;
- The SA-United Kingdom tax treaty protocol was signed on 8 November 2010;

SA-United Kingdom Investment Flows 2006 -2009

Investment by the United Kingdom (“The UK”)

- Total investments by the UK into South Africa were:
 - R793 billion in 2006
 - R894 billion in 2007
 - R710 billion in 2008 and
 - R849 billion in 2009

Investment by South Africa

- Total investments by South Africa into UK were:
 - R479 billion in 2006
 - R517 billion in 2007
 - R626 billion in 2008 and
 - R692 billion in 2009
- UK is one of South Africa's largest trading partners

Ratification of the SA-Kenya Double tax Agreement

- New Double Tax Agreement;
- SA is the third largest investor in Kenya;
- Therefore, Kenya is an important economic partner of SA;
- Kenya is the largest and most advanced economy in East Africa;
- Enhance the existing economic ties between South Africa and Kenya;
- Increase and strengthen economic relations with East Africa region;
- Increased presence of South African companies in Kenya;
- Promoting SA as an ideal regional holding company jurisdiction in Africa;

SA-Kenya Investment Flows 2006-2009

Investment by Kenya:

- Total investments by Kenya into South Africa were:
 - R204 million in 2006;
 - R969 million in 2007;
 - R1,3 billion in 2008 and
 - R1,1 billion in 2009

Investment by South Africa:

- Total investments by South Africa into Kenya were:
 - R1,6 billion in 2006 ;
 - R987 million in 2007;
 - R1,6 billion in 2008 and
 - R2,1 billion in 2009

THANK YOU

