

## DOUBLE TAXATION AGREEMENT BRIEFING: SEYCHELLES AND SENEGAL

*STANDING COMMITTEE ON FINANCE*

Presenters: Charles Makola and Lutando Mvovo | Directors, Tax Policy, National Treasury | 10 October 2011



**national treasury**  
Department  
National Treasury  
REPUBLIC OF SOUTH AFRICA

## INTRODUCTION

- National Treasury's presentation will only be limited to the ratification of Seychelles STC Protocol and Senegal DTA (preliminary hearing)
- Multilateral convention on assistance in tax matters and tax information exchange agreements are agreements between tax administrations;
- They do not impact on policy matters and National Treasury is not involved in their negotiation - They fall within SARS jurisdiction;



**national treasury**  
Department  
National Treasury  
REPUBLIC OF SOUTH AFRICA

2

## SEYCHELLES PROTOCOL

### FORMAL RATIFICATION

## BACKGROUND TO THE SEYCHELLES PROTOCOL

- The SA – Seychelles 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
- Minister announced during his 2011 budget speech that the new dividends tax will come into operation on 1 April 2012
- This protocol was signed on 4 April 2011

## SENEGAL DTA

### PRELIMINARY HEARING

## BILATERAL RELATIONS BETWEEN SA AND SENEGAL

- International Cooperation: Joint members of NEPAD Steering Committee
- Existing bilateral agreement: Agreement for the promotion and reciprocal Protection of Investments (1998) [DTI Jurisdiction – signed but not yet ratified]

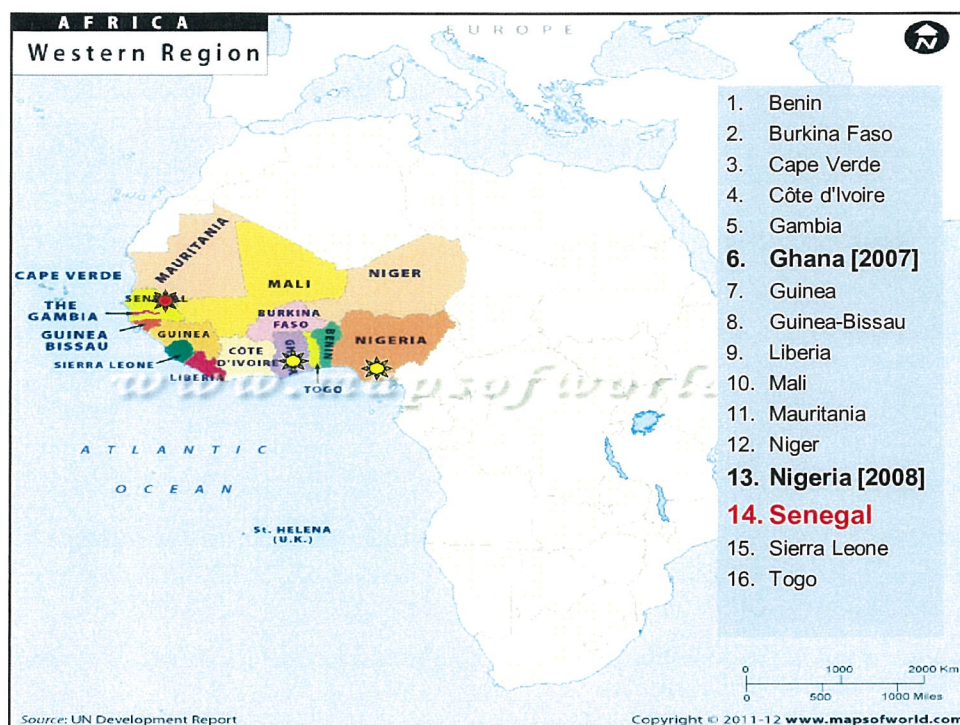
## TRADE AND INVESTMENTS BETWEEN SA AND SENEGAL

- Trade between South Africa and Senegal [source: DTI]:
  - Favourable trade balance
  - Trade flows for the period showing a steady increase CM2
- Investments between South Africa and Senegal:
  - Currently no investment data from SARB
- South African investments in Senegal include [source: SA embassy]:
  - SAA; Steers; Nando's; Eskom; SABMiller; MultiChoice; Hodevco; and Beka Company

## REASONS FOR THE DTA

- Enhance trade and investments between South Africa and Senegal
- Cooperation in tax matters
- Promote South Africa as a Regional headquarter jurisdiction
- Promote South Africa as a Regional investment hub





## SENEGAL TREATY WITHHOLDING RATES

[Source: IBFD]

DOMESTIC RATES	Dividends	Interest	Royalties
Companies	10	8/13/16/20	25 [on 80% gross]
Individuals	10	8/13/16/20	25 [on 80% gross]
TREATY WITH:	Dividends	Interest	Royalties
Belgium	15	15	10
Canada	16	15/20	15
France	15	15	15
Italy	15	15	15
Lebanon	15	15	15
<b>Mauritius</b>	<b>0</b>	<b>0</b>	<b>0</b>
Morocco	10	10	10
Norway	16	16	16
Taiwan	10	15	12.5
Tunisia	Domestic rate	Domestic rate	0
<b>SA [proposed]</b>	<b>5/10</b>	<b>10 + MFN</b>	<b>10 + MFN</b>

## GHANA TREATY WITHHOLDING RATES

[Source: IBFD]

	Dividends		Interest	Royalties
	Individuals	Qualifying companies		
TREATY WITH:				
Belgium	15	5	10	10
France	15	5	12.5	12.5
Italy	15	5	10	10
Netherlands	10	5	8	8
South Africa	10	5	5/8	8
Switzerland	15	5	10 <sup>CM1</sup>	8
UK	15	7.5	12.5	12.5



11

## NIGERIA TREATY WITHHOLDING RATES

[Source: IBFD]

	Dividends		Interest	Royalties
	Individuals	Qualifying companies		
TREATY WITH:				
Belgium	15	12.5	12.5	12.5
Canada	15	12.5	12.5	12.5
China	7.5	7.5	7.5	7.5
Czech Republic	15	12.5	15	15
France	15	12.5	12.5	12.5
Netherlands	15	12.5	12.5	12.5
Pakistan	15	12.5	15	15
Romania	12.5	12.5	12.5	12.5
Slovak Republic	15	12.5	15	15
South Africa	10	7.5	7.5	7.5
UK	15	12.5	12.5	12.5

## WAY FORWARD

- Preliminary hearing – 10 October 2011
- Pending Senegal's favourable review of its DTA policy position, South Africa may consider delaying:
  - Ratification, or
  - Signing of the DTA

# THANK YOU