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Exchange Control Circular No. 13/2025

Private individuals who cease to be residents for tax purposes

Flowing from representations made by the Authorised Dealers, the South African Revenue Service (SARS) and other market participants, certain amendments, relating to tax compliance, are required to section B.2(J) of the Currency and Exchanges Manual for Authorised Dealers (Authorised Dealer Manual).

The following amendments to the Authorised Dealer Manual are outlined:

Section B.2(J)(iii)(b) and (c)

The subsections have been amended as follows:

- (b) has obtained a TCS PIN letter in respect of AIT where the private individual is registered on the SARS database or a Manual Letter of Compliance - International Transfer where the private individual is not registered on the SARS database.
- (c) is tax compliant upon verification of the TCS if the TCS is applicable, and

Section B.2(J)(iii)(d)

The following subsection has been added:

- (d) the amount to be transferred does not exceed the amount approved by SARS.

Section B.2(J)(iv)

The subsection has been amended as follows:

- (iv) In addition to (iii) above, private individuals may in the same calendar year that they ceased to be residents transfer via an Authorised Dealer up to R1 million as a travel allowance, without the requirement to obtain a TCS PIN letter. This is a once-off dispensation and cannot be used in subsequent calendar years. A private individual who ceased to be a South African tax

resident may utilise the aforementioned travel allowance for a final time (i.e., final allocation), in the calendar year where the private individual ceased South African tax residency. Any unused portion may not be carried over to a subsequent year.

Section B.2(J)(vi)

The subsection has been amended as follows:

- (vi) In addition to the transfers mentioned in (iv) and (v) above, Authorised Dealers may allow the transfer of up to a total amount of R10 million per calendar year per private individual who ceases to be a resident for tax purposes in South Africa and is 18 years or older, provided that the individual is tax compliant and submits the applicable TCS Application for verification.

Section B.2(J)(viii)

The subsections have been amended as follows:

- (viii) With regard to (vii) above, it is imperative that the application to the Financial Surveillance Department is accompanied by, inter alia, a TCS PIN letter that will contain the tax number and TCS PIN to verify the taxpayer's tax compliance status, amount requested and approved to be transferred.

Section B.2(J)(ix)

The subsections have been amended as follows:

- (ix) Any requests for further transfers of remaining assets will be subject to a TCS application in respect of AIT irrespective of the date of emigration or cessation of tax residency in South Africa, i.e. prior or after 2021-03-01.

Section B.2(J)(x)

The subsections have been amended as follows:

- (x) The externalisation of listed and unlisted domestic securities by individuals who cease to be residents for tax purposes will be treated similar to cash. The securities must be endorsed non-resident and/or transferred abroad in lieu of cash. These transactions will be subject to a TCS process at SARS and form part of the foreign capital allowance.

Section B.2(J)(xi)

The subsections have been amended as follows:

- (xi) In respect of pre-retirement withdrawal benefits from retirement funds (lump sum benefits from pension, pension preservation, provident, provident preservation and retirement annuity funds) when South African residents cease to be residents for tax purposes in South Africa, in certain cases, payment of lump sum benefits to such individuals shall only be allowed by SARS if the individual member has remained tax non-resident for at least three consecutive years. Where a retirement fund or its administrator has obtained a tax directive from SARS for a pre-retirement lump sum withdrawal benefit, the tax directive serves as proof that the individual member meets the above requirement.

Section B.2(J)(xii)(a)

The subsection has been amended as follows:

- (a) In respect of income and capital distributions from inter vivos trusts, such distributions may be transferred abroad, subject to the TCS process being completed by the private individual and/or beneficiaries of the trust. For any transfers above R10 million, the requirements of (vii) above will apply. With regard to non-residents and private individuals who ceased to be resident for tax purposes, who are not registered on the SARS database or are inactive, SARS will issue a Manual Letter of Compliance - International Transfer in respect of income or capital distributions to such beneficiaries.

Section B.2(J)(xiii)

The subsection has been amended as follows:

- (xiii) Applications by private individuals who cease to be residents for tax purposes and who are no longer active on the SARS registered database (includes both own asset and/or beneficiary) and receive an inheritance or life insurance policy payout (excluding lump sum benefits from pension, pension preservation, provident, provident preservation, retirement annuity funds and annuities from insurers) up to R10 million, will not be required to apply to SARS for a Manual Letter of Compliance - Transfer of funds. For applications above R10 million, applicants are required to obtain a Manual Letter of Compliance – International Transfer, from SARS.

Section B.2(J)(xv)

The subsection has been amended as follows:

- (xv) With regard to the gathering of statistical information on the assets and liabilities declared by South African residents who cease to be residents for tax purposes, the Financial Surveillance Department will rely on information collected by SARS via the AIT application.

The amended Authorised Dealer Manual may be accessed on the South African Reserve Bank website, www.resbank.co.za, by following the path: Home>What we do>Financial Surveillance>Financial Surveillance documents.

Head of Department: Financial Surveillance