



14/6/2_2026

2026-04-08

Exchange Control Circular No. 14/2026

Borrowing abroad by residents

We refer to Exchange Control Circular No. 5/2026 and the announcement made by the Minister of Finance during the 2026 Budget Speech as outlined in Annexure E - Financial Sector Update of the Budget Review.

Currently, Authorised Dealers may approve applications by residents to avail of inward foreign loans and foreign trade finance facilities from non-residents, subject to specific criteria which include interest rate thresholds.

Accordingly, with reference to section 1.3(B)(iv)(bb) to (dd) of the Currency and Exchanges Manual for Authorised Dealers (Authorised Dealer Manual), the interest rate criteria on new inward foreign loans and foreign trade finance facilities fall away effective from the date for this Circular. Authorised Dealers may approve applications by residents to avail of these foreign borrowings, provided the interest rate is market related in the country of denomination and/or normal in the trade concerned. All other applicable criteria to these foreign borrowings remain extant.

The Financial Surveillance Department will continue to monitor inward foreign loans and foreign trade finance facilities availed of by residents from non-residents and the administration of the Loan Reporting System. Authorised Dealers should, therefore, ensure accurate and comprehensive reporting of these loans and facilities' related data for compilation of foreign debt statistics and repayment profiles.

The interest rate applicable to the foreign loan should be market related in the country of denomination or normal in the trade concerned. With regard to

transactions involving related parties, Authorised Dealers must receive confirmation from senior management of the applicant company that transfer pricing documentation is maintained as prescribed by the South African Revenue Service. Authorised Dealers must also refer to the SARS' Interpretation Note No. 127 dated 17 January 2023 titled "Determination of the Taxable Income of Certain Persons from International Transactions: Intra-Group Loans" dealing with the transfer pricing and interest limitation rules in relation to cross-border loans between connected persons, thus forming part of the transfer pricing rules. The aforementioned Interpretation Note is available on the website of SARS at www.sars.gov.za.

The following amendments to the Authorised Dealer Manual are outlined:

Section B.1(C)(i)(f)

The following subsection has been amended as follows:

- (f) interest payments which have been calculated at market related rates or that are normal in the trade concerned for credit extended shorter than one year.

Section I.3(B)(iv)

The following subsection has been amended and replaced as follows:

- (iv) Adjudication process
 - (a) The following criteria must be strictly applied by Authorised Dealers when adjudicating applications for inward foreign loans and foreign trade finance facilities:
 - (aa) the tenor of each loan must be at least one month;
 - (bb) the loan funds may not be invested into foreign sinking funds;
 - (cc) no upfront payment of commitment fees, raising fees and/or any other administration fees are payable by the borrower;

- (dd) the above-mentioned fees may be paid from South Africa once the loan funds have been received and converted into Rand locally provided that such fees do not exceed 5 per cent of the principal sum;
- (ee) early repayments may be effected offshore, provided that the relevant loans are fully drawn down, reported correctly on the Loan Reporting System and that there are no anomalies on the Loan Reporting System;
- (ff) a change request must be submitted by the Authorised Dealer on the Loan Reporting System, confirming that loan funds will be received from a Non-resident Rand account. In addition, the Authorised Dealer must submit a change request on the Loan Reporting System of any drawdowns from the Non-resident Rand account as well as any capital or interest payments to the Non-resident Rand account. Also see section E.(A)(ii)(d) of the Authorised Dealer Manual; and
- (gg) the interest rate applicable to the new foreign loan should be market related in the country of denomination or normal in the trade concerned. With regard to transactions involving related parties, Authorised Dealers must receive confirmation from senior management of the applicant company that transfer pricing documentation is maintained as prescribed by the South African Revenue Service. Authorised Dealers must refer to the SARS's Interpretation Note No.127 dated 17 January 2023 titled "Determination of the Taxable Income of Certain Persons from International Transactions: Intra-Group Loans" dealing with the transfer pricing and interest limitation rules in relation to cross-border loans between connected persons, thus forming part of the transfer pricing rules. The aforementioned Interpretation Note is available on the website of SARS at www.sars.gov.za.

The amended Authorised Dealer Manual and guidelines document 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