



LEX MUNDI
PUBLICATION

ISSUES RELATING TO FOREIGN INVESTMENT

**SOUTH AFRICA
Bowman Gilfillan Inc.**

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1) Is national governmental permission required for foreign investors to acquire real estate? If so, please identify.

No government consent is required for foreign investors to acquire real estate, unless it is a very large transaction that requires permission from Competition Law Authorities, or unless the investor wishes to borrow up to half of the purchase price in South Africa, in which case approval from Exchange Control Authorities is required. Any money coming in to South Africa may be repatriated when the investment is sold, provided there is a paper trail for the money coming in.

A government committee has been investigating whether restrictions on foreign investors are desirable, but no legislation has been proposed yet.

2) Are there other national restrictions imposed on ownership of real estate by foreign investors? To acquire interests in entities which own real estate? If so, please identify.

At present there are no other restrictions on direct real estate investments or on investments in entities owning real estate. A foreign company would have to register as an external company with the Registrar of Companies and as an income taxpayer with the Revenue Authorities.

3) Are foreign investors required to invest with a local partner? If not, is investment with a local partner advisable?

No, unless the investment is in mining, in which case a local black empowerment partner is required.

4) What national taxes are levied solely on foreign individuals or entities acquiring or transferring real estate or interests in entities which acquire real estate?

There are no special taxes levied solely on foreign investors. Foreign investors are subject to the same taxes (transfer duty, Value Added Tax, income tax, or Capital Gains Tax) as local investors when acquiring or disposing of real estate.

5) Describe reporting requirements for reporting the acquisition, ownership or disposition of real estate which relate solely to foreign direct or indirect owners of real estate.

There are no reporting requirements specifically for foreign investors acquiring or disposing of direct or indirect ownership of real estate.