



# SOUTH AFRICA

South Africa - Mixed (Civil, Common and Customary)

★ [Incorporate Now](#)

📞 [Consultation](#)

Click request a call for a free, no obligation consultation.  
In a hurry? Click incorporate now, and startup your company immediately.

## Incorporating a company in South Africa

# South Africa taxes

If you want to do business in South Africa, this article will educate you on the tax laws for a (PTY) Ltd which is the most common company type in South Africa.

South Africa taxes corporate worldwide income, whether accrued onshore or offshore. The prevailing approximate tax rate for offshore income, from our research, and these things do change, is 28%. The country may have certain exemptions to bring in income earned outside the borders. The highest corporation tax rate is 28%. This ranks South Africa as 130th overall with regards to CIT globally.

The value added tax (VAT) rate is 14.00%, which ranks South Africa as 76th overall with regards to VAT taxation rate internationally. In terms of other taxation, an employer will contribute 1% to the equivalent of a social security fund and an employee will contribute 1%. The overall complexity of the tax system is medium. This is measured by average time to comply with a country's labor tax requirements is as it is 50hours. Contributing to this is the number of yearly labor tax payments, which is 2 in ZA.

Thin capitalization standards are not officially enacted. Thin capitalisation refers to any sort of restrictions on given company with respect to debt-to-asset ratios.

Dividends distributed to a resident shareholder are generally subject to withholding tax of 15%, but certain exemptions may apply. Foreign dividends received are usually taxed at an effective tax rate of 15%, but a tax credit may apply for foreign tax paid. However, a participation exemption for dividends received by foreign companies may apply when shareholder holds more than 10% of shares and voting rights. Dividends are distributions of a company's earnings, established by the board of directors, to a class of its shareholders. Dividends can be issued as stock, cash, or property.

80% of Capital Gains are included in taxable income and subject to Corporate Income Tax standard rate, which makes an effective tax rate of 22.4%. A Participation exemption may apply for capital gains from the disposal when shareholder owns at least 10% of shares and voting rights of a foreign company more than 18 months. A capital gains tax is levied on the profits that a corporation or natural person realizes when they sell a capital asset for a price that is higher than the purchase price.

The interest withholding tax rate is estimated at 15%. This means that the tax authorities expects (PTY) Ltd 's to pay tax on 15% of interests remitted abroad. The dividends withholding tax rate is 15%. Which means that the relevant tax authorities expects companies to pay tax on 15% on dividends distributed abroad. The royalties withholding tax is 15%. This should be interpreted usually that the taxman expects to legal entities automatically withhold 15% of royalties paid to non-residents. Withholding tax rates may be reduced under a tax treaty.

There is no known tax on wealth in South Africa. There are inheritance, real property and transfer taxes in South Africa. We are aware of popular and well known research and development tax incentives in this country.

The above is not tax or legal advice for your particular facts and circumstances. Incorporations.io can refer you to an accountant in South Africa who can answer all your questions. Ready to get started? Click incorporate now if you are in a hurry, or press the free consultation button above.

The vat rate in South Africa is 14% which ranks 76 in the world.

✗ Patent box

✓ RND credit

✗ Wealth tax

✓ Estate tax

✓ Transfer taxes

✗ Asset taxes

98 Tax treaties

28% Offshore Tax

28% Corp rate

- Loss carryback years

100 Corporate time

# South Africa Legalese

#ERROR!

Overall we think South Africa is a good option and have given it a score of 67 as an IO score, using the Incorporations.IO proprietary formula.

- ✗ Directors not disclosed in a public registry
- ✗ Shareholders not disclosed in a public registry
- ✓ Redomiciliation permitted
- ✓ Registered office required
- ✗ Corporate director permitted
- ✗ Local Secretary not required
- ✓ Local Director not required
- ✓ Electronic signature

- 1 Shareholders required
- 1 Directors required
- 19 Days to form



# SOUTH AFRICA

South Africa - Mixed (Civil, Common and Customary)

★ [Incorporate Now](#)

☎ [Consultation](#)

Click request a call for a free, no obligation consultation.  
In a hurry? Click incorporate now, and startup your company immediately.

## Country Info



🚩 National Flag of

**Republiek van Suid-Afrika (afr)**

**Republic of South Africa (eng)**

**IRiphabliki yeSewula Afrika (nbl)**

**Rephaboliki ya Afrika-Borwa (nso)**

**Rephaboliki ya Afrika Borwa (sot)**

**IRiphabhulikhi yeNingizimu Afrika (ssw)**

**Rephaboliki ya Aforika Borwa (tsn)**

**Riphabliki ra Afrika Dzonga (tso)**

**Riphabuliki ya Afurika Tshinane (ven)**

\$ Currency

**ZAR**

☎ Area Code

**+27**

🏰 Capital

**Pretoria**

📍 Region

**Southern Africa**

🗣 Native Languages

**Afrikaans**

**English**

**Southern Ndebele**

**Northern Sotho**

**Southern Sotho**

**Swazi**

**Tswana**

**Tsonga**

**Venda**

