



## Changes in Regulatory & Reporting environment

---



# Exchange Control – History and Landscape

- 1985 introduced with dual ZAR system
- Post 1994 Individuals lifetime limit of R200,000
- Increased to R2mil
- Huge change was the change from a lifetime limit to an annual limit
- Currently an individual can externalize R11mil per annum
- Special Clearance Application were introduced for amounts more than R11mil

IT IS CLEAR THAT EXCHANGE CONTROL  
REGULATIONS ARE ON A JOURNEY



# THE JOURNEY - OBSERVATIONS

- Gradual move in relaxing controls to the point of no limitations
- Continue relaxation – Special clearance, Looping, Transfers
- Even if no limitations – reporting will always be important
- SARS more involved and responsible
- There will always be reporting
- All changes & allowances is subject to local tax disclosure & compliance

# Transfer from Resident to Resident

- Only for assets already offshore
- Only Authorized Foreign Assets
- No reporting necessary
- Beware of Donations Tax liability
- Practically: Local banks offering FCA do not action these transfers
- Local banks want more clarity
- Joint Accounts now much easier





# INHERITANCES & GIFTS

- Can stay offshore without reporting
- Only effective 22/02/2022
- Donations tax.....

# SPECIAL CLEARANCES

- Proceeds can now be transferred to a non-resident trust
- Annual reporting through Authorized Dealer must still be done





# SARS RESPONSIBILITY

- SARB moving towards making SARS more responsible
- We see this with the change in Financial Emigration last year
- Every change is “subject to local tax disclosure and compliance”
- Disclosure is through your annual income tax return
- All changes in Exchange Control Regulations only effective for transactions AFTER 22/2/2022





## Breaches of R1mil SDA

- Each Resident has limitation of spending R1mil per annum
- This includes spending from all sources – different banks
- It is always responsibility of INDIVIDUAL person not to breach limit
- SARB monitors this very well through good IT – ID numbers
- Breaches are system generated
- Penalties and Fines are 20% of breached amount





# FSCA NOTICE: APRIL 2022 – FATF AUDIT FINDINGS

- SA member of FATF since 2003
- FATF conducted a mutual evaluation of SA:
  - Technical Compliance
  - Level of Effectiveness in identifying ML/TF/PF
- Outcome rating of “Moderate” – Major Improvements necessary
- SA have until October 2022 to correct
- Failure will mean SA joining the GREY LIST







# NON-BANK DEFICIENCIES IDENTIFIED

---

- Very basic understanding of ML/TF risk
- Playing down risk of operating internationally
- TF risk poorly understood – lack of information
- Conduct limited ongoing monitoring
- Measures insufficiently applied where high risk clients are high risk
- Basic customer due diligence satisfactory – challenged by UBO
- Fail to file suspicious and unusual transactions

