Changes to the transfers of foreign assets

The South African Reserve Bank (SARB) has released new currency and exchange manuals for authorised dealers, business entities and individuals. One of the directives expressly stipulated is that ‘residents with legally held foreign assets may not dispose of such assets to other residents, whether settlement takes place in rand or foreign currency without the specific prior written approval from SARB’.

Our authorised dealer has instructed us to change our processes as a result. PSG Wealth advisers may no longer accept instructions from clients to transfer offshore assets to other residents for example spouses, children or heirs, without prior SARB approval being obtained by the client. PSG Asset Management and PSG Wealth multi-management and securities will also no longer action these instructions without SARB approval.

JOINT ACCOUNTS
Joint accounts may be seen as a method of disposing of assets to another resident without prior approval being obtained. Therefore PSG Wealth securities will no longer open them. Current joint accounts will be required to be split into separate accounts. Where a particular investor used their allowance, those funds should reflect in that investor’s name.

PROCESS FOR SARB APPROVAL
An authorised dealer will be able to facilitate the application process to SARB on your behalf in terms of the various allowances prescribed in the currency and exchanges manual.

We would require the following in order to submit the application for consideration:

- Details of the initial transfer that took place on behalf of the individual investor
- Full details of resident, to whom the foreign asset will be transferred to (name, surname, ID number and monetary value of asset being transferred/number of shares and further details of asset being disposed of)
- A letter of motivation/explanation from the individual investor detailing the reason for disposing of the foreign asset to another resident(s). This letter should be signed by the individual investor who currently owns the foreign asset (i.e. before the foreign asset is actually transferred to another resident). If possible provide details as to whether the resident to whom this asset will be transferred to intends on holding the asset offshore or whether their intention is to sell the asset and repatriate the funds to South Africa.
- The resident to whom the assets are being transferred would have to obtain a tax clearance certificate for foreign investment purposes should the assets transferred exceed the R1m allowance.

Please contact Shreekanth Sing, Grant Meintjes or any member of the Technical Support Team should you have any queries.