INVESTING IN SOUTH AFRICA

Compiled by JCCI – 20/05/2011

The Department of Trade and Industry (DTI) provides a one-stop shop for investors, offering a variety of services to those interested in conducting business in South Africa - ranging from details on how to do business in the country to the different forms that businesses can take.

www.thedti.org.za

Investment facilitation services for international investors include:

- Information on South Africa's sectors and industries.
- Consultation on South Africa's regulatory environment.
- Facilitation of investment missions.
- Links to joint venture partners in South Africa.
- Information on incentive packages for investors.
- Assistance with work permits.
- Logistical support for relocation to South Africa.

Inquiries are channelled through the DTI Customer Care Centre on:

- 0861 843 384 (local callers)
- +27 (0)11 254 9405 (international callers)

Boosting investment

The DTI has adopted a three-pronged strategy to boost investment in South Africa:

- The development of industrial development zones (IDZs): duty-free processing zones around coastal or inland ports, for dedicated exporters.
- The development of special incentive packages for investors.
- Policy input for the creation of an investor-friendly environment.

While investment opportunities abound in all sectors of the economy, the DTI concentrates on those sectors in which South Africa has strong competitive advantages.

- See: Key investment sectors in South Africa   www.southafrica.info/doing_business/investment

The DTI's sector specialists have a clear understanding of and access to South Africa's various industries, and can therefore provide sound advice.

The department also co-ordinates provincial initiatives to match investors' requirements with opportunities available in South Africa's nine provinces.

On the export side, the DTI focuses on secondary or manufacturing industries and the development of small businesses.

- DTI: first stop for exporters

DTI group of institutions

The DTI is a federation of bodies, not a single institution. The group is divided into three main clusters, namely development finance, regulatory and specialist services. Some of the major organisations within the group of institutions are listed below.

Industrial Development Corporation www.idc.co.za
The state-owned Industrial Development Corporation of South Africa (IDC) promotes industrial development by offering a range of financing facilities to help private sector entrepreneurs set up manufacturing concerns in South Africa and the Southern African region. The IDC provides development capital to new and existing undertakings, usually in the form of low-interest, medium- to long-term loans for acquiring fixed assets.

Khula Enterprise Finance Limited **www.khula.org.za**
Khula is a limited liability company with Department of Trade and Industry as a major shareholder. Khula facilitates the provision of loan and equity capital to small, medium and micro enterprises through the medium of Retail Financial Intermediaries. Its offerings include to credit guarantee schemes.

Ntsika Enterprise Promotion Agency **www.ntsika.org.za**
Ntsika is a government agency set up to render non-financial support services to small, medium and micro enterprises. Its programmes include local business service centres, counselling, advice and technical support, skills training, tender advice, access to technology and a mentorship programme.

National Empowerment Fund **www.nefcorp.co.za**
The business of the NEF Corporation is to promote savings and investments among historically disadvantaged people through its retail division, and to fund economic empowerment and black business through its investments division.

Who can help

Regional investment agencies

Are you an entrepreneur, or a business owner? Are you looking for a market, either locally or internationally? Or are you seeking a potential investor for your project or business? Here's a guide to regional investment agencies in South Africa.

Eastern Cape Development Corporation www.ecdc.co.za
Official economic development agency for the government of the Eastern Cape province. Its vision is to be a primary contributor to the economic prosperity of the Eastern Cape through private sector development.

Free State Development Corporation www.fdc.co.za
The Free State Development Agency provides a broad range of business services and development initiatives in high opportunity sectors. Its primary focus is on small, medium and micro enterprises (SMMEs).

Gauteng Economic Development Agency www.geda.co.za
The Gauteng Economic Development Agency (Geda) is an investor's first port of call for developing business relations in Gauteng and the rest of Africa. Geda is Gauteng's official economic, investment and trade promotion agency and its mission is to promote the economic growth and development of the province.

Trade and Investment KwaZulu-Natal www.tikzn.co.za
Trade and Investment KwaZulu-Natal (TIK) aims to identify and package investment and export trade opportunities in the province, provide a professional and comprehensive service to potential and current investors and exporters, and to ensure easy access to investment and export trade

opportunities and sustained aftercare.

Trade and Investment Limpopo www.til.co.za
Trade & Investment Limpopo (TIL) was established in September 1996 as the official investment and trade promotion and facilitation agency of the Limpopo provincial government. It is the leading business development network for local companies seeking international expansion or new markets in Africa. For the overseas investor TIL offers a platform to enter the Limpopo, South Africa and the rest of Africa.

Mpumalanga Economic Growth Agency http://mega.gov.za
The Mpumalanga Economic Growth Agency is a provincially established agency focusing on trade and investment promotion and assisting potential investors in enjoying a problem free relocation to the province.

Investing in the Northern Cape www.northern-cape.gov.za
Presentation of investment opportunities in areas such as mining and minerals, fishing and mariculture, agroprocessing and tourism.

Invest North West www.inw.org.za
Are you a North West Province entrepreneur, or a business owner? Are you looking for a market, either locally or internationally for your product? Or are you seeking a potential investor for your project or business? Invest North West, the official trade and investment promotion agency for the North West province, will be able to help.

Western Cape Investment and Trade Promotion Agency www.wesgro.co.za
This rapidly growing regional economy in South Africa offers a diverse range of exciting investment opportunities on one of the world's main trade routes. With a world class business and physical infrastructure, the Western Cape is an ideal location for businesses seeking to serve African markets.

Tax incentives for small businesses

23 Februrary 2011

Finance Minister Pravin Gordhan has announced various tax incentives for businesses, particularly small and micro enterprises, as well as plans to overhaul two failed tax incentives in a bid to make them more attractive to businesses.

Presenting his Budget speech in Parliament in Cape Town on Wednesday, Gordhan also introduced various tax proposals for businesses which will help boost job creation. These include changes to the turnover tax for micro enterprises.

The turnover tax for micro enterprises with an annual turnover of up to R1-million will be adjusted so that tax will be payable only if turnover exceeds R150 000 a year. This will take effect from March 1. The rate structure will also be reviewed by the National Treasury.

Micro enterprises that register for Value-added Tax (VAT) will no longer be barred from registering for turnover tax. This takes effect from 1 March 2012.

Scrapping secondary tax on companies

A dividends tax will take effect on 1 April 2012, replacing the secondary tax on companies.

The National Treasury believes that doing away with secondary tax on companies will correct the impression that a tax on dividends is another tax on businesses, as the new tax will be a tax on individuals and non-resident shareholders, rather than on the business itself.

The learnership tax incentive, designed to support youth employment, will expire in September 2011, but Gordhan said the government proposed to extend this for a further five years, subject to an analysis of its effectiveness with all stakeholders.

The government also proposes to streamline the current research and development tax incentive by introducing an approval process by the Department of Science and Technology before a taxpayer can claim the incentive, with the aim of limiting opportunities for retrospective reclassification of spending.

Venture capital tax overhaul

Another incentive to be overhauled would be the venture capital tax incentive, which was introduced into the Income Tax Act in 2009, but had seen a "poor response" from those looking to set up venture capital companies.

"The approach will be refined so as to facilitate greater access to equity finance by small and medium businesses and junior mining companies," Gordhan said.

He said consideration would also be given to expanding such incentives for labour-intensive projects in Industrial Development Zones (IDZs).

Source: BuaNews

Making it easier to do business in SA

25 February 2011

The government plans to make it easier to do business in South Africa by setting up a national one-stop shop for investment approvals, reforming black economic empowerment (BEE) codes, and simplifying the red tape required of small businesses.

Briefing journalists in Parliament in Cape Town on Thursday, Economic Development Minister Ebrahim Patel said that reducing red tape for small business owners meant reducing the number forms that had to be filled in, and speeding up the time it took for government agencies to process documents.

It also meant ceating a more co-ordinated system, and setting up one-stop shops, so that business owners were not sent from one place to another just to get the same thing.

Trade and Investment South Africa

Trade and Industry Minister Rob Davies, said that setting up a national one-stop agency for investment approvals would involve bolstering the capacity of Trade and Investment South Africa, which falls under the Department of Trade and Industry and already helps facilitate international investments in the country.

Davies said the campaign to minimise red tape for small businesses would include the roll-out of an initiative to help municipalities cut regulations affecting small enterprises, following the conclusion of a pilot project in a number of municipalities.

Added to this, he said, the new Companies Act, due to come into effect on 1 April, would see less onerous regulations for small companies in South Africa.

Consumer Protection Act

The Consumer Protection Act, due to come into effect on the same date, would also help to stimulate the economy.

Davies cited the example of building regulations, saying that many contractors failed to fit lights and plugs that met the compulsory specifications for electrical installations in new buildings. Under the Consumer Protection Act, homeowners would have recourse, meaning more work for contractors, which he believed would benefit the economy.

"Now what will happen is that everyone who is involved in the process – the retailer, the housing contractor – will no longer be able to say, "I didn't know about that, that's what I was given by the shop". They will now have responsibility for that.

"And we think that is the kind of effective regulation that will protect our consumers against unsafe products and our industries against unfair competition from low-quality products," Davies said.

Reform of BEE codes

Rural Development and Land Reform Minister Gugile Nkwinti, said reform of the BEE codes would contribute to job creation by incentivising local procurement, entrepreneurship and broad-based ownership.

Other initiatives outlined by Nkwinti, who chairs the government's cluster on economic sectors and employment, included the establishment of a Companies and Property Intellectual Commission, to take over from the Companies and Intellectual Property Registration Office (Cipro).

The powers of the Competition Commission and Tribunal would also be strengthened through an amendment of the Competition Act aimed at criminalising cartel involvement.

Source: BuaNews

New incentives for offshoring sector

2 December 2010

The government has announced attractive investor incentives for South Africa's offshoring industry that will reduce the cost of operations in the country by around 20%.

This move further bolsters the country's growing offshoring industry by strengthening its cost competitiveness.

The new incentives make South Africa one of the most attractive global locations in terms of cost. The lowering of costs with incentives, coupled with good English skills and a world class environment have considerably enhanced South Africa's overall business process outsourcing (BPO) offer, especially to serve the UK market.

BPO involves relocating business processes that a company usually performs in-house, such as accounting or customer call centres, to a third-party service provider, to carry out on behalf of the company.

Outsourcing becomes offshoring when the third-party service provider is located in another country.

Enabling investors to cut costs

The new incentives make it significantly cheaper for investors to carry out offshoring operations, at the same time providing flexibility in usage and simplifying administration.

These incentives may be offset against all types of expenditure at the investor's discretion, and are paid over a period of three years for every new offshore job created and maintained in the country.

In addition, a graduated bonus incentive of up to 30% is available for investors that exceed certain job creation targets.

"The South African government is deeply committed to the BPO sector and has put in place attractive incentives through its assistance and support programme," said Trade and Industry Minister Rob Davies. "It has also supported various talent development initiatives to support the growth of the industry."

Davies added that his department expects investors to be attracted by the new incentive scheme, which considerably strengthens South Africa's appeal as an offshoring destination.

The country's offshoring offer is based on quality English speakers, strong cost benefits and a top-class environment. It has also established a strong linguistic and cultural affinity with the UK, ensuring a first-rate, friendly customer connection.

Globally, South Africa has the third-largest English-speaking talent pool among offshore locations and a growing supply of 350 000 graduates annually. For this reason, five of the top 10 global contact centre suppliers have already set up shop in South Africa.

It is estimated that South Africa's offshoring sector will grow to 40 000 jobs by 2015.

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Fri, 20 May 2011

Opportunities

JSE in hedge fund trading first

The JSE has acquired Momentum's Managed Account Platform, making it the first exchange worldwide to endorse a managed account platform, making hedge fund trading more transparent while offering hedge fund investors greater protection in a largely unregulated industry.

R5bn solar power plan for Northern Cape

Construction company Group Five has announced plans to build a R5-billion solar power plant in South Africa's sun-drenched Northern Cape province within the next two years – further confirmation of the potential for renewable energy initiatives in the country.

'Huge opportunities' in agri-BEE

There are huge opportunities for banks to get involved in the transformation of South Africa's agricultural sector by providing finance to small-holder farmers and farm workers, and advice to established farmers seeking BEE partners, says Standard Bank.

Auto investor spotlight on Gauteng

Industry stakeholders, economists and the provincial government described Gauteng province as a compelling automotive investment destination at the opening of the Automechanika South Africa 2011 trade fair in Johannesburg.

Coega seeks bidders for power plant

3 December 2009

The Coega Development Corporation (CDC) is looking for bidders to develop and operate a gas-fired power plant at the Coega Industrial Development Zone (IDZ), near Port Elizabeth in the Eastern Cape.

In a statement on Wednesday, the CDC said the combined cycle gas turbine power plant project, which would provide up to 2 400 megawatts, would complement other national power generation programmes.

"It is intended that the project will provide an opportunity for independent power producers," the CDC said.

According to Khwezi Tiya, CDC executive manager of business development, the project is one of the CDC's transformational projects, "like the planned oil refinery and the Nelson Mandela Bay Logistics Park, because of the manner in which it will transform the landscape of the IDZ".

"This will be one of the most complex projects that the CDC has worked on," Tiya said.

It would, after the Coega refinery, be the largest project that the CDC had enabled to date.

The project would involve receiving, storing and regasifying Liquid Natural Gas and delivering natural gas to a modular power plant.

"At the end of the day, we must have the most competitive bid that gets us the best price for power.

"The outcomes must take cognisance of price, both for the consumer and the operator, and part of the work we have been doing is to ensure this is possible," Tiya said.

The project was a culmination of almost a year of consultation with various players to partner with the CDC and the Nelson Mandela Bay Municipality, in bringing the project to finality.

The CDC has just completed the feasibility study for the project.

The Coega IDZ, the Nelson Mandela Bay Municipality and some parts of the Eastern Cape have been identified as high growth areas, the CDC said.

"This is based on the number of applications for power which Eskom has received and used to project future demand for the next 20 years."

According to the CDC, the expression of interest had been advertised nationally and internationally and it was anticipated that construction would start at the beginning of 2013.

Sapa

Business

Rail 'the future of SA public transport'

16 February 2011

South Africa is embarking on a comprehensive rail upgrade aimed at putting rail "at the centre of our freight and commuter movement", says Transport Minister Sbu Ndebele. "It is rail, not private cars, that is the future of our public transport system."

Addressing media briefing at Parliament in Cape Town on Tuesday in his capacity as chairman of the infrastructure development cluster of government ministries, Ndebele said the modernisation and upgrade of South Africa's long-distance passenger and freight infrastructure ws an urgent matter that could be delayed no longer.

"At the same time, as we build congestion-free highways in Gauteng, we are also engaging in a comprehensive rail upgrade that looks at placing rail at the centre of our freight and commuter movement," he said.

'Rail is the future'

"It is rail, not private cars, that is the future of our public transport system," he said.

The Gautrain was one significant new part, being completed in June 2011, that would ease commuter movement in Gauteng.

But, at this life cycle stage, rail required yet more investment in that province and elsewhere in the country "if we are to move cars and appropriate goods onto trains".

The average age of the country's locomotive fleet, operated by Shosholoza Meyl on all routes nationally, was about 33 years.

65% of fleet needs urgent upgrade

Of Shosholoza Meyl's current locomotive stock of 124, about 65 percent (about 80 locomotives) should have been replaced by 2010 and a further 20 percent (about 26 locomotives) should be replaced by 2024 on account of age.

Of the passenger coach fleet, eight percent (about 103) of the coaches would have to be replaced in 10 years' time and a further 14 percent (about 182) should be replaced in 15 years' time.

It was quite clear that infrastructure across the cluster required massive investment.

There were generally three sources of funding for transport infrastructure: the treasury, private investment, and the user-pays principle.

"As a country, we have accepted that to sustain investments we need a combination of the three," Ndebele said.

"Our initial estimate for the roads sector alone is R75-billion just to deal with the maintenance backlog – for commuter rail services R93-billion; Shosholoza Meyl requires investment ranging from R260 to R300-billion. These are staggering figures by all standards."

Nations queuing to supply credit

Some countries, including France, Germany, China, the United States, Canada and South Korea, were ready to finance South Africa's rail expansion.

"Our ultimate goal is to have an appropriate modal split across modes – commuters moving mainly through rail, appropriate goods on rail and road, and using our maritime and aviation transport to move people and goods without stressing one mode through inappropriate cargo or congestion.

"Over the next six months, starting with the roads conference in Durban in March to our international investors' conference in June, we will be engaging broadly to find financing options for our projects.

"We must ensure that the projects are funded through an equitable split between private users and funders," Ndebele said.

Sapa

SA maintains score for doing business

18 November 2010

Consistent ratings as an investment market as well as a strong ranking against emerging markets – specifically the BRIC nations of Brazil, Russia, India and China – underpin South Africa's performance in the World Bank's latest Ease of Doing Business Index.

Announced by the World Bank in Washington on 4 November, the Ease of Doing Business Index is created by the international financial institution, using empirical research to show the effect of improving regulations on economic growth.

Higher rankings indicate better, usually simpler, regulations for businesses and stronger protection of property rights.

The index is meant to measure regulations directly affecting businesses, and does not directly measure more general conditions such as a country's proximity to large markets, quality of infrastructure, inflation or crime.

South Africa lost two places in the latest index results, and is now placed 34 out of 183 economies.

"As with other indices issued of late, South Africa has not lost place as a result of declining scores, but rather as a result of other economies improving at a more rapid rate," Brand South Africa CEO Miller Matola said following the release of the latest results.

"Our consistent ratings are underpinned by improvements in areas such as closing a business, where we are up three places to 74; as well as in enforcing contracts, where we improved our position to 85 from 86," Matola said.

"In contrast to this, South Africa lost ground in areas such as starting a business, registering a company and trading across borders."

Globally competitive investment destination

Matola said that Brand South Africa would continue to prioritise efforts to promote the country's reputation as a globally competitive investment destination, guided by indices such as the World Bank's Doing Business Index and others.

"It is critical that we align all the recent indices with our own strategic priorities and measure the direct impact of our efforts in these regions on a market-by-market basis," he said.

Within the World Bank's latest index, this holds true. In areas such as investor protection, South Africa outperformed the Organisation for Economic Cooperation and Development (OECD) averages in all four pillars. This includes extent of disclosure, extent of direct liability, shareholder suits and investor protection itself.

Matola added that South Africa's role as an emerging market which can compete comparatively with some of the BRIC countries and act as a credible connector to the 1-billion consumers on the continent had been boosted by the recent results, where all four BRIC nations lost ground, and where sub-Saharan Africa made the greatest improvements.

"The credibility of South Africa being ranked as one of the top emerging economies in terms of its ease of doing business has a significant impact on its competitiveness as a country with which investors would want to do business in the future," he said.

"Studies and reports such as these are key to our understanding and efforts to position and profile South Africa as a trade, investment and tourism destination of choice."

Source: Brand South Africa

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BRICS to set up trade liaison group

13 April 2011

Economic and trade ministers of the BRICS grouping of powerful emerging economies have decided to set up a liaison group to intensify cooperation between the BRICS nations and South-South cooperation with other developing countries.

Speaking at a joint press conference after the first BRICS Economic and Trade Ministers Meeting in the southern Chinese beach resort of Sanya on Wednesday, China's minister of commerce, Chen Deming, said the liaison group would look into specific measures to broaden South-South relations and trade.

The liaison group would analyse current cooperation and trade and assess its future trend before putting forward an institutional framework and specific measures to expand business cooperation among BRICS members.

Deming said he and his four counterparts had held a "fruitful" 90-minute meeting which covered three issues: the various policies adopted by each country following the global downturn; how BRICS members can enhance trade and economic co-operation; and how BRICS countries could safeguard the interests of developing countries through multi-lateral cooperation.

"We still face many common challenges in the post-crisis era which require us to work even more closely, make the best use of our complementary advantages in capital, resources, market, science and technology and human resources and keep upgrading our economic co-operation and trade," Deming said.

He said the world economy was recovering, but still faced major challenges, including the crisis in the Arab world, Japan's recovery from last month's massive earthquake, a debt crisis in Europe, as well as the threat of increasing inflation and asset bubble problems.

Russia's ascendancy to the WTO

On the issue of Russia's ascendancy to the World Trade Organisation (WTO), Deming said it was "extremely unreasonable" that, 18 years after applying to join the world trade body, Russia had still not been granted membership.

He said the admission of Russia would make the WTO more representative and expand the influence of the multilateral trading system.

Russia's deputy minister of economic development, Oleg Fomichev, expressed his gratitude to the other BRICS countries for supporting Russia's WTO membership and their pledge to help speed up negotiations at Geneva around Russia's ascension to the world trade body.

He said a large number of problems in each of the four countries "carried common characters" and could be tackled by setting up institutional linkages between the BRICS countries.

Trade between the BRICS countries increased 15-fold between 2001 and 2010, is currently increasing at a rate of 28 percent annually, and now stands at around US$230-billion.

The five countries make up close to three-billion people or 43 percent of the world's population, $11-trillion or 16 percent of world's GDP, and $4.6-trillion or 15 percent of world trade, Deming said.

Source: BuaNews

Regulations

South African competition law

South Africa has a well-developed and regulated competition regime based on best international practice.

South Africa's economic system is predominantly based on free market principles. However, as in most developed economies, competition is controlled.

The Competition Act of 1998 fundamentally reformed the country's competition legislation, substantially strengthening the powers of the competition authorities along the lines of the European Union, US and Canadian models.

The Act provides for various prohibitions on anti-competitive conduct, restrictive practices (such as price fixing, predatory pricing and collusive tendering) and "abuses" by "dominant" firms (firms with a market share of 35% or more).

The Act also entails a notification and prior approval procedure for certain mergers and acquisitions, carries significant penalties for contraventions - and reaches beyond South Africa, applying to economic activity both in and having an effect in the country.

The Competition Commission is responsible for investigating and evaluating mergers and prohibited practices. It has the power to disallow small and intermediate mergers, and makes recommendations on larger mergers to the Competition Tribunal.

Both bodies are independent of the government, although minister of trade and industry appoints the Competition Commissioner and the President appoints the members of the Tribunal.

In terms of the law, the competion authorities can take into account both competitiveness and general public interest - including black economic empowerment - in arriving at their judgments.

In general, the Competition Act seeks to maintain and promote competition in the South African market in order to:

- Promote economic efficiency, adaptability and development.
- Promote employment and general socio-economic welfare.
- Promote a greater spread of ownership within the economy.
- Provide consumers with competitive prices and product choices.
- Ensure that small business have an equitable opportunity to participate in the economy.
- Expand opportunities for South African participation in world markets, while recognising the role of foreign competition within South Africa.

Sources: Government Communication and Information System, Werksmans Attorneys: Business Guide to South Africa

South African tax for investors

Share |

South Africa has a well-developed and regulated taxation regime based on international best practice. Here are the tax basics for foreigners investing or working in SA.

The tax regime is set by the National Treasury and managed by the South African Revenue Service (Sars). Some key points:

- Business profits are taxable in South Africa if the business is conducted in SA.
- Income from services is taxable in South Africa if the services are rendered in SA.
- Businesses must file annual income tax returns with Sars.
- Businesses may select their own financial year-end.
- For individuals, the tax year runs from 1 March to 28 February.
- Two provisional tax payments based on an estimate of annual income are made during each financial year, the first after six months, the second at the end of the financial year.

Income tax

The principal source of direct taxation revenue in South Africa is income tax. Individuals are taxed on a progressive basis up to a maximum rate of 42% on taxable income exceeding R215 000 per annum. A uniform rate of tax is applied to all individuals, irrespective of gender or marital status, and without child rebates.

Tax on the income of non-South African residents is source-based, meaning that all income arising from a source within (or deemed to be within) South Africa is taxed, irrespective of the residence of the recipient of the income.

Domestic companies are taxed at a flat rate of 30%. However, branches and agencies of foreign companies which have their effective management outside South Africa are subject to taxation on South African-sourced profits at a rate of 35%.

Trusts (other than special trusts) are also taxed on a progressive basis up to a maximum rate of 42% on taxable income exceeding R100 000.

Value Added Tax (VAT)

The principal source of indirect taxation revenue in South Africa is Value Added Tax (VAT). If a subsidiary or branch of a foreign-owned company sells goods or provides services, it must register as a vendor with Sars and charge and pay over VAT.

The standard rate of VAT is 14%. Exports, certain foodstuffs and other supplies are zero-rated, and certain supplies are exempt (mainly certain financial services, residential accommodation and public transport).

Capital gains tax
Capital gains tax is levied on non-residents to the extent that they dispose of immovable property situated in South Africa, or have a permanent establishment in SA and dispose of an asset of that establishment.

Double taxation agreements
South Africa has entered into double taxation agreements with most of its trading partners, including: Austria, Belgium, Canada, Cyprus, Denmark, France, Germany, India, Ireland, Israel, Italy, Japan, Korea, Malta, Mauritius, the Netherlands, Norway, Singapore, Sweden, Switzerland, Taiwan, Thailand, the United Kingdom and the United States.

Other taxes
Other taxes affecting subsidiaries or branches of foreign-owned companies:

- If a firm employs personnel, it must register as an employer with Sars and deduct tax (PAYE) from its employees' salaries.
- Regional service council levies on gross revenue and salaries. Rates vary between regions but approximate 0.14% and 0.35% respectively, to which VAT must be added.
- A skills development levy at the rate of 0.5% of payroll is payable.
- Transfer duty is payable on land and buildings (10% in the case of a corporate purchaser, but exempt if VAT is charged).
- Stamp duty at 0.25% is payable on transfer and issue of shares. Stamp duty is also payable on certain other agreements, such as leases and mortgage bonds.
- Customs and excise taxes.
- Compulsory workmen's compensation, assurance and unemployment insurance fund premiums are payable, although these are relatively insignificant. There are no other social security payments.

Top class investment expertise

There is a wealth of world-class expertise that will guide an investor through the process of registering a business in South Africa. Legal, management, banking and accounting firms are supported by chambers of commerce, embassies and government offices.

LEGAL FIRMS

A range of major legal firms offer useful information and can advise the foreign investor in all aspects of their business in South Africa:

- Werksmans Attorneys' comprehensive guide to establishing a business in SA.
- Goldman Judin Maisels
- Industrial Relations Network
- Webber Wentzel Bowens

LARGE ACCOUNTING FIRMS

The following is a list of the major accounting firms in South Africa:

- Arthur Anderson (+ 27 11 328 3000)
- BDO Spencer Steward (+27 11 643 7271)

- Deloitte & Touche (+27 11 806 5000)
- Ernst & Young (+27 11 498 1000)
- Fisher Hoffman Sithole (+27 11 643 7361)
- Grant Thornton Kessel Feinstein (+27 11 322 4500)
- KPMG (+27 11 647 7111)
- Price Waterhouse Coopers (+27 11 498 4000)

Click here for the South African Institute of Chartered Accountants site

CHAMBERS OF COMMERCE

There are numerous regional and city-specific chambers of commerce that will support international investors throughout South Africa.

- South African Chamber of Commerce
- Durban Chamber of Commerce & Industry
- Cape Chamber of Commerce & Industry
- Johannesburg Chamber of Commerce & Industry
- Midrand Chamber of Commerce & Industry
- Pietermaritzburg Chamber of Commerce & Industry

BANKS

South Africa has a sophisticated and well regulated banking sector. Many banks are subsidiaries of international conglomerates while local bank often have an international presence. These are all able to offer the foreign investor expert advice on all aspects of doing business in South Africa. Many have global offices and divisions dedicated to assisting companies and individuals to trade in South Africa.

Contact SA Reserve Bank www.resbank.co.za for a comprehensive listing of registered banks in South Africa.

The Bank Monitor www.bankmonitor.co.za - an independent guide to banking services in South Africa.

INVESTMENT CONSULTANTS

Africa Business Direct www.businessouthafrica.com - focuses on meeting the information, trade, finance, logistics and office workspace infrastructure needs of Africa-based and overseas companies, helping them expand their trade and investment links throughout Africa and between Africa and the rest of the world.

Grant Thornton Kessel Feinstein www.gt.co.za - information on establishing a business in South Africa.

Indevco Industrial Development Consultants www.indevco.co.za - one of the largest investment incentive consultants in South Africa, with branches in Port Elizabeth, Johannesburg, Cape Town and Durban.

Ritztrade International Business Exchange www.ritztrade.com - expert all-round service for immigrants/investors to SA, including business brokerage, property offers, recruitment and internships, insurance and investments, translations and legal advice. Website in English and German.

BUSINESS INFORMATION SERVICES

Department of Trade Industry www.thedti.gov.za - provides a list of information services and links on doing business in South Africa.

Business Referral & Information Network (BRAIN) www.brain.org.za - strives to improve the competitiveness and growth of small business in South Africa through the supply of relevant, value-added business information.

Franchise Advice & Information Network (FRAIN) www.frain.org.za - strives to supply high quality information and support services to individuals and small business to ensure growth and improvement of new and existing franchise businesses in South Africa.

Mbendi www.mbendi.co.za - a business trade information site that helps business people to identify and research business opportunities in the country and industry sectors of their choice.

Braby's www.brabys.com - a searchable online business directory for Southern Africa and the Indian Ocean islands.