

**Controlled Foreign Company (CFC) - Prior to 2012**

**Particulars of resident**

Name of resident taxpayer

Income tax ref no

Year of assessment

**Part 1: CFC information**

Registered name of CFC

Foreign tax ref no  (If applicable) Country of effective management

Country of incorporation

CFC financial year from         to

Registered business address

Physical business address

Nature of business

**Part 2: Ownership information**

Classes of participation rights	Taxpayer		Connected persons	
	Directly	Indirectly	Directly	Indirectly
	%	%	%	%
	%	%	%	%
	%	%	%	%
	%	%	%	%
	%	%	%	%
	%	%	%	%
	%	%	%	%
	%	%	%	%
	%	%	%	%

**Part 3: Elections** (Apply only if resident holds at least 10% but not more than 20% of the participation rights & voting rights)

1. Election in terms of section 9D(13): Does the resident elect that the foreign company be regarded as a CFC? ..... YES NO

2. Election in terms of section 9D(12): Does the resident elect that none of the provisions of subsection (9) shall apply in respect of the net income of the CFC? ..... YES NO

Note: If space is insufficient, attach a separate schedule

**Part 4: Determination whether proviso (i) contained in to section 9(D)(2A) applies**

1	2	3	4	5	6	7
All taxable income of a CFC had it been a resident in the currency in which the CFC paid foreign taxes	Equivalent SA hypothetical tax at a rate of 28% in the currency in which the CFC paid foreign taxes	Foreign taxable income in the currency in which the CFC paid foreign taxes	Actual taxes paid per country in the currency in which the CFC paid foreign taxes	Adjusted taxable income in the currency in which the CFC paid foreign taxes (losses added back)	Adjusted foreign taxes paid: Tax paid in column 4 x { Total amount in col 5 / Total amount in col 3 }	Adjusted foreign taxes as percentage of normal tax (Exempt if 75% or higher) { Total amount in col 6 / Total amount in col 2 } x 100

**Part 5: Exclusions in terms of paragraph (C) of the proviso to section 9D(2)**

Are the participation rights excluded in terms of this proviso?

If 'YES', indicate excluded classes of participation rights:

Excluded classes of participation rights	Taxpayer		Connected persons	
	Directly	Indirectly	Directly	Indirectly
	%	%	%	%
	%	%	%	%
	%	%	%	%
	%	%	%	%
	%	%	%	%
	%	%	%	%
	%	%	%	%
	%	%	%	%

**Part 6: Exclusions in terms of section 9D(9)** (Complete only if exclusion under Part 4 does not apply)

Are one or more amounts excluded in terms of section 9D(9)? .....

If 'YES', provide the information requested below

Section applicable	Type of income as listed in the financial statements	Amount in foreign currency
Foreign Business Establishment (FBE) exemption - section 9D(9)(b)		
Group company FBE - proviso to definition of FBE		
FBE due to ruling - section 9D(10)(a)(ii)		
<b>Other FBE:</b>		
Section 9D(9)(c)		
Section 9D(9)(e)		
Section 9D(9)(f)		
Section 9D(9)(fA)		
Section 9D(9)(fB)		

Effective Date: 2010-03-26

Note: If space is insufficient, attach a separate schedule

**Part 7: Composition of the net income of CFC** (Complete only if exclusion under Part 4 does not apply)

Type of income	Amount in reporting currency <b>A</b>	Allowable deduction in reporting currency <b>B</b>	Net amount in reporting currency <b>C = A - B</b>	Proportional amount of net amount (C) attributable to SA resident
<b>Total</b>				
<b>Average Exchange Rate</b>				
<b>Amount translated to Rand</b> (after applying average exchange rate)				<b>R</b>

**Part 8: CFC foreign tax rebates (i.e. Credits)** (Complete only if exclusion under Part 4 does not apply)

Nature of foreign tax	Jurisdiction imposing foreign tax	Amount of foreign tax	Proportional tax attributable to SA resident	Average exchange rate	Amount converted to Rand
					<b>R</b>
					<b>R</b>
					<b>R</b>
					<b>R</b>
					<b>R</b>
					<b>R</b>
<b>Total</b>					<b>R</b>

**Part 9: Additional information**

Was there any change in the participation rights held by the resident and any connected person in relation to that resident in the CFC? -----  YES  NO

If 'YES', provide full details of such changes.


**Part 10: Signature of person completing this return**

Name

Capacity

Telephone number

Signature Date

Effective Date: 2010-03-26

## Guidelines for the completion of the CFC return:

### Introduction

This CFC return is required in terms of section 72A and the Commissioner's powers under section 65. For years of assessment prior to 2012, the "IT10A - Controlled Foreign Company (CFC) -prior 2012" is applicable. For years of assessment from 2012 onwards, the "IT10B - Controlled Foreign Company (CFC) -2012 onwards" is applicable.

### Note:

For companies submitting an ITR14, for the relevant year of assessment, if the number of Controlled Foreign Companies:

- Is limited to 10 or less CFCs, the company must submit the IT10s as relevant material with the ITR14.
- Exceeds 10 CFCs, the company will not be required to submit the IT10s with the ITR14. The IT10s must be completed and retained for a period of at least 5 years after the date of submission of the ITR14.

A separate IT10A/IT10B must be completed in respect of each CFC of which the 10% requirement is satisfied.

Generally a member of a company with or without share capital is entitled to -

- share in the profits of that company; and
- a return of the nominal value of his/her membership' contribution or share whenever a company is wound up or liquidated.

These rights are broadly referred to as participation rights that provide the member with an interest in the company but not any real right in any property owned by that company.

The following are examples of participation rights:

- total paid-up share capital or members' capital;
- total right to
  - the distribution of capital or profits;
  - the varying of the share capital or members' capital; or
- total right to distribution of profits upon winding-up or otherwise.

### Part 2-6

Must be completed in full.

Financial statements prepared in accordance with general accepted accounting practice must be retained as SARS may request that they be submitted at a later stage.

### Part 7 and 8

To be completed as illustrated below.

The average exchange rate to be applied is the rate applicable to the financial year end of the resident and **NOT** the financial year end of the CFC.

### Part 7: Composition of the net income of CFC

A South African resident holds 80% of the participation rights in a CFC.

Type of income	Amount in reporting currency <b>A</b>	Allowable deduction in reporting currency <b>B</b>	Net amount in reporting currency <b>C = A - B</b>	Proportional amount of net amount (C) attributable to SA resident
Business income	USD 500,000	USD 100,000	USD 400,000	USD 320,000
Business income	USD 300,000	USD 250,000	USD 50,000	USD 40,000
Royalty income	USD 200,000	USD 10,000	USD 190,000	USD 152,000
Interest income	USD 50,000	USD 10,000	USD 40,000	USD 32,000
			<b>Total</b>	<b>USD 544,000</b>
			<b>Average Exchange Rate</b>	<b>ZAR 6 : USD 1</b>
			<b>Amount translated to Rand</b> (after applying average exchange rate)	<b>R 3,264,000</b>

**Guidelines for the completion of the IT10:** (continued)

**Part 9: CFC foreign tax rebates (i.e. Credits)**

Nature of foreign tax	Jurisdiction imposing foreign tax	Amount of foreign tax	Proportional tax attributable to SA resident	Average exchange rate	Amount converted to Rand
Corporate tax	Switzerland	CHF 144,625	CHF 115,700	ZAR 5 : CHF 1	<b>R</b> 578,500
Corporate tax	United Kingdom	GBP 8,000	GBP 6,400	ZAR 11 : GBP 1	<b>R</b> 70,400
Withholding tax	Australia	AUD 25,800	AUD 20,640	ZAR 5 : AUD 1	<b>R</b> 103,200
Withholding tax	Australia	AUD 6,425	AUD 5,160	ZAR 5 : AUD 1	<b>R</b> 25,800
					<b>R</b>
					<b>R</b>
<b>Total</b>					<b>R</b> 777,900

**General**

In respect of certain aspects of the return, cognisance must be taken of the provisions of section 72A(3) and section 75.

For any further information; please contact your local SARS branch office.