



Reporting Reportable Arrangements (Reported in terms of sections 80M - 80T of the Income Tax Act, 1962 (Act No. 58 of 1962))

This form must be completed IN FULL and returned to: **Tax Avoidance & Reportable Arrangements**
Large Business Centre Megawatt Park
Private Bag X170
Rivonia
2128
Or emailed to: reportable@sars.gov.za - Facsimile: (011) 602 4889

For office use
Reportable arrangement number
RA

Is the person reporting the arrangement a promoter or participant to the arrangement? Promoter Participant

Part 1: Particulars of the promoter of an arrangement

Registered name
Registration number
Income Tax reference number
E-mail address
Postal address
Registered address
Postal code
Contact person
Business telephone Fax number
Cellphone number

Part 2: Particulars of the reporting participant where no promoter exists

Registered name
Registration number
Income Tax reference number
E-mail address
Postal address
Registered address
Postal code
Contact person
Business telephone Fax number
Cellphone number

Part 3: Information regarding the reportable arrangement

Title/name of the reportable arrangement

Date reportable arrangement was entered into

Date that any amount was first received by, accrued to, paid or actually incurred by any person to the reportable arrangement)

Is the calculation of interest, fees or any other charges dependant wholly or partly on the tax treatment of the arrangement? Yes No

Does the arrangement contain any of the following characteristics?

(i) round trip financing as described in section 80D Yes No

(ii) an accommodating or tax-indifferent party as described in section 80E Yes No

(iii) elements that have the effect of offsetting or cancelling each other Yes No

Does the arrangement give rise to a financial liability for GAAP but not for purposes of the Income Tax Act? Yes No

Does the arrangement result in a reasonable expectation of a pre-tax profit for any participant? Yes No

Does the arrangement result in a reasonable expectation of a present value pre-tax profit for any participant that is less than the present value of the tax benefit to the participant as described in section 80M(1)(e)? Yes No

Would the arrangement have qualified as a hybrid equity instrument (as defined in section 8E) if the prescribed period had been 10 years? Yes No

Would the arrangement have qualified as a hybrid debt instrument (as defined in section 8F) if the prescribed period had been 10 years? Yes No

Is the arrangement identified by the Minister by notice in the Gazette as an arrangement which is likely to result in any undue tax benefit? Yes No

Part 4: Information to be submitted

Part 4(a): Provide a detailed description of the reportable arrangement

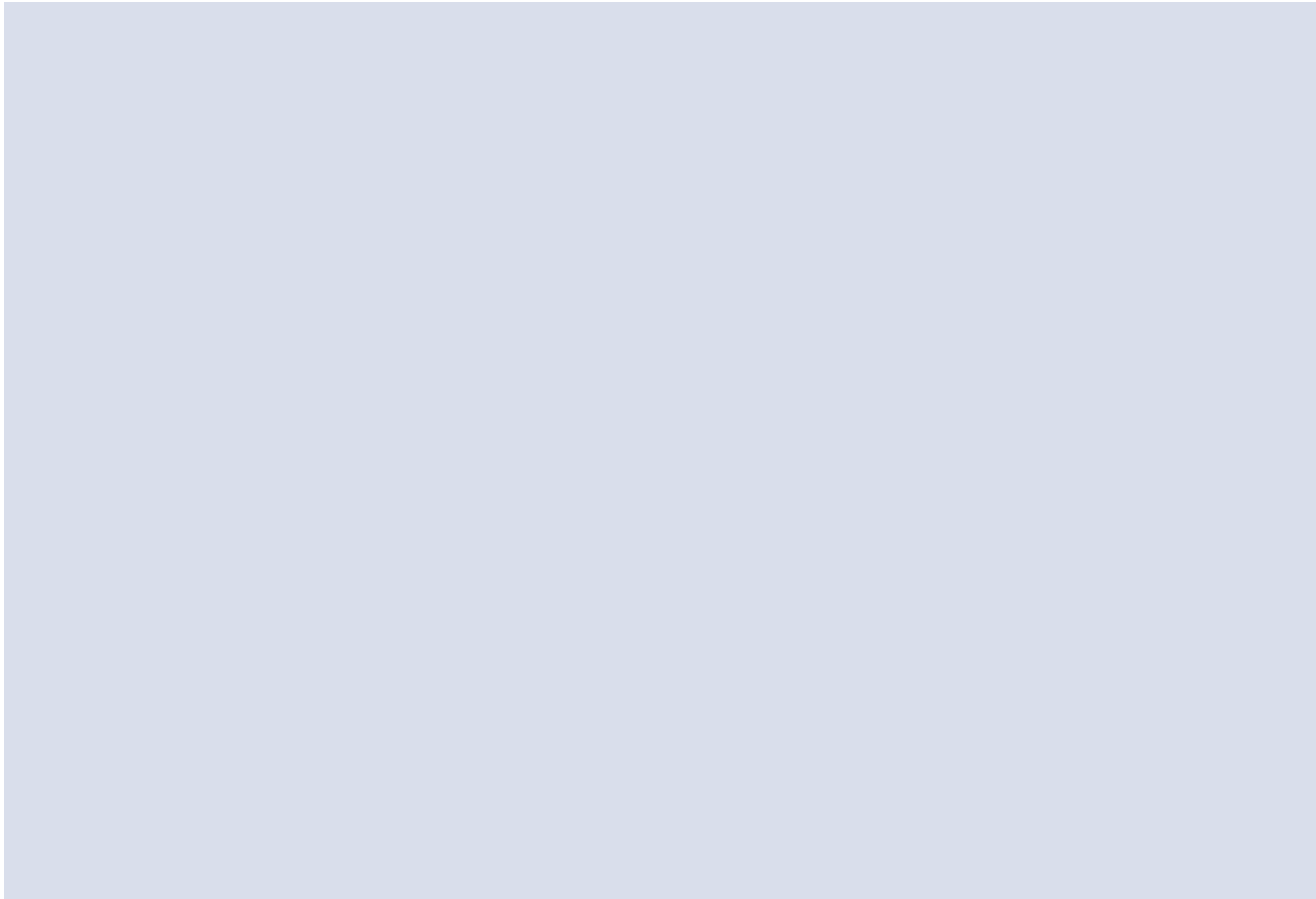
Part 4(b): Describe in detail each step and key features of the arrangement



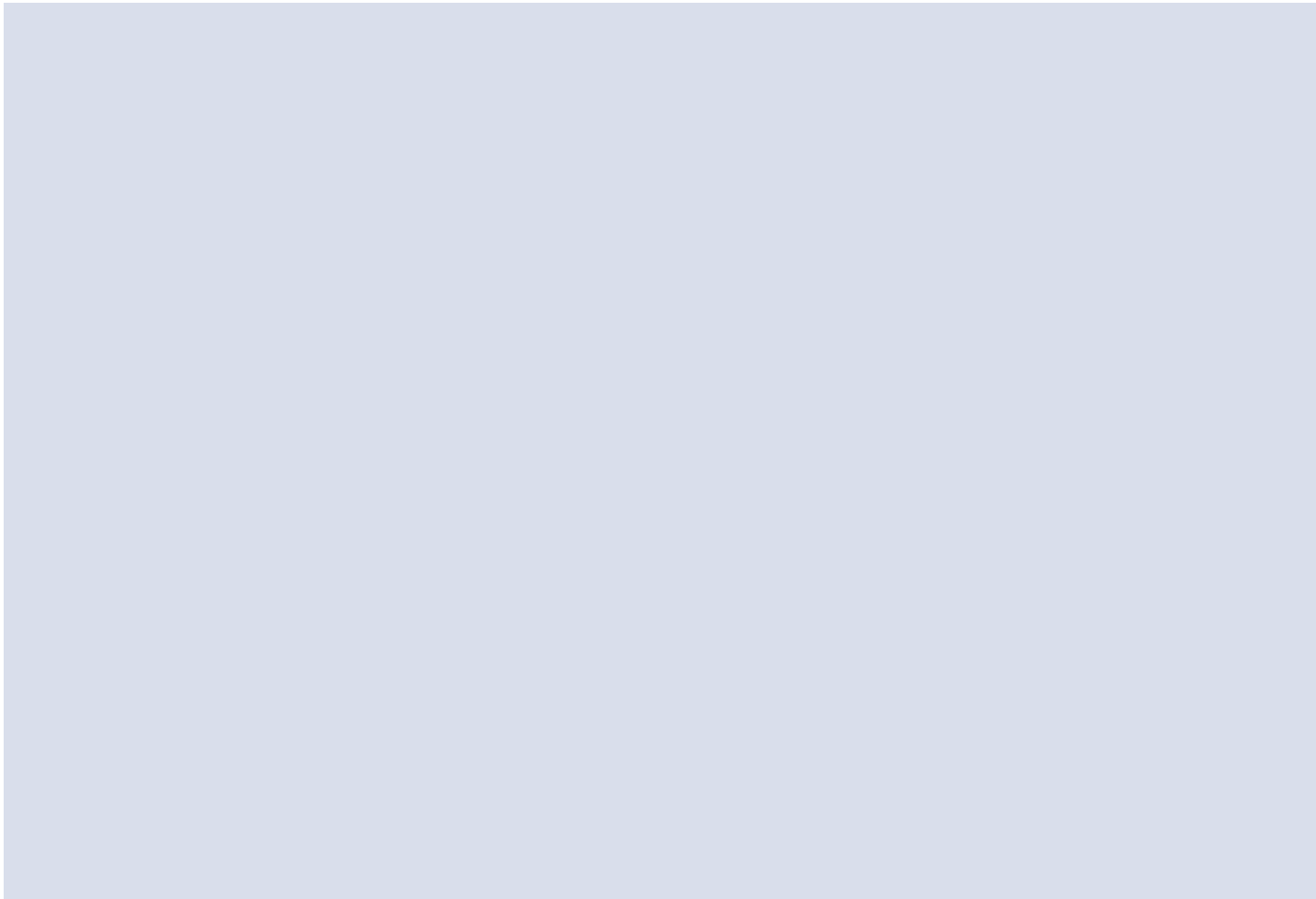
Part 4(c): Provide a diagram(s) of the arrangement



Part 4(d): Provide a detailed description of the assumed tax benefits for all participants including but not limited to tax deduction , allowances, exemptions and deferred income



Part 4(e): For each of the affected tax years provide an estimate of the tax benefits derived or assumed

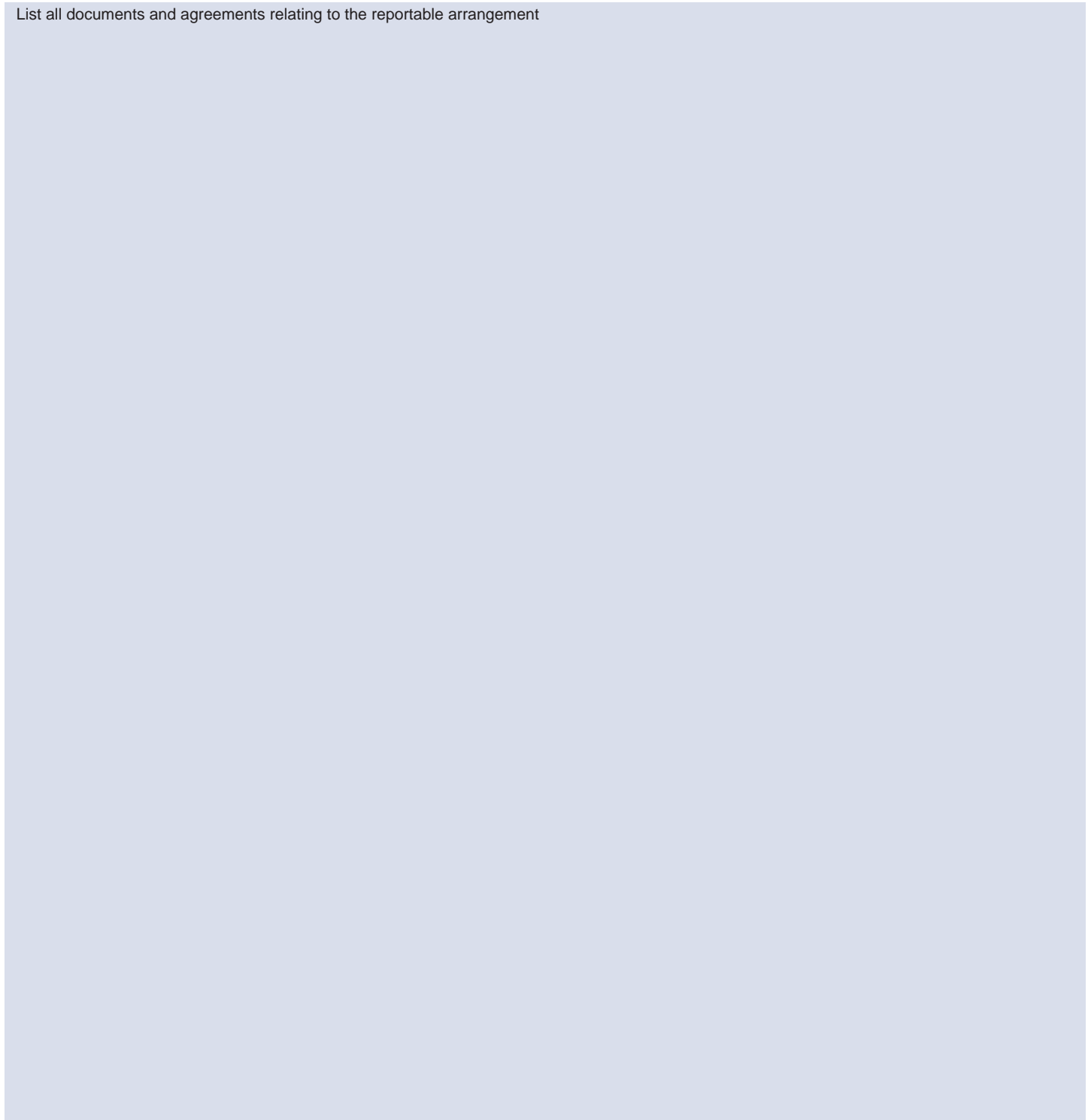


Part 4(f): Provide a financial model that projects the tax treatment of the reportable arrangement on a compact disc and send to the SARS address provided on page 1 of this form.



Part 5: List of agreements

List all documents and agreements relating to the reportable arrangement



Part 6: Particulars of other participant(s) involved in the arrangement (If there are three or more participants, reprint part 6 and complete accordingly)

Participant

Registered name

Registration number

Income Tax reference number

E-mail address

Postal address

Postal code

Registered address

Postal code

Contact person

Business telephone

Cellphone number

Fax number

Participant

Registered name

Registration number

Income Tax reference number

E-mail address

Postal address

Postal code

Registered address

Postal code

Contact person

Business telephone

Cellphone number

Fax number

(If there are three or more participants, reprint part 6 and complete accordingly)

Part 7: Declaration by the promoter or reporting participant

I declare that the information furnished herein is true and correct and that all required additional documents will be provided on request
I also undertake to submit a written statement to all participants upon receipt of acknowledgment letter from SARS.

Name

Signature

Capacity

Date

Notes - Reportable Arrangements

Sections 80M to 80T

- 80M.** (1) An arrangement is a reportable arrangement if it is listed in subsection (2) or if any tax benefit is or will be derived or is assumed to be derived by any participant by virtue of that arrangement and the arrangement—
- (a) contains provisions in terms of which the calculation of 'interest' as defined in section 24J, finance costs, fees or any other charges is wholly or partly dependent on the assumptions relating to the tax treatment of that arrangement (otherwise than by reason of any change in the provisions of this Act or any other law administered by the Commissioner);
 - (b) has any of the characteristics or characteristics which are substantially similar to those contemplated in section 80C(2)(b);
 - (c) is or will be disclosed by any participant as giving rise to a financial liability for purposes of Generally Accepted Accounting Practice but not for purposes of this Act;
 - (d) does not result in a reasonable expectation of a pre-tax profit for any participant; or
 - (e) results in a reasonable expectation of a pre-tax profit for any participant that is less than the value of that tax benefit to that participant if both are discounted to a present value at the end of the first year of assessment when that tax benefit is or will be derived or is assumed to be derived on a consistent basis and using a reasonable discount rate for that participant.
- (2) The following arrangements are reportable arrangements:
- (a) any arrangement which would have qualified as a 'hybrid equity instrument' as defined in section 8E, if the prescribed period had been 10 years;
 - (b) any arrangement which would have qualified as a 'hybrid debt instrument' as defined in section 8F, if the prescribed period in that section had been 10 years, but does not include any instrument listed on an exchange regulated in terms of the Securities Services Act, 2004 (Act No. 36 of 2004); or
 - (c) any arrangement identified by the Minister by notice in the *Gazette* as an arrangement which is likely to result in any undue tax benefit.
- (3) This section does not apply to any excluded arrangement contemplated in section 80N.

Excluded arrangements

- 80N.** (1) An arrangement is an excluded arrangement if it is—
- (a) a loan, advance or debt in terms of which—
 - (i) the borrower receives or will receive an amount of cash and agrees to repay at least the same amount of cash to the lender at a determinable future date; or
 - (ii) the borrower receives or will receive a fungible asset and agrees to return an asset of the same kind and of the same or equivalent quantity and quality to the lender at a determinable future date;
 - (b) a lease;
 - (c) a transaction undertaken through an exchange regulated in terms of the Securities Services Act, 2004 (Act No. 36 of 2004); or
 - (d) a transaction in participatory interests in a scheme regulated in terms of the Collective Investment Schemes Control Act, 2002 (Act No. 45 of 2002).
- (2) Subsection (1) applies only to an arrangement that—
- (a) is undertaken on a stand-alone basis and is not directly or indirectly connected to, or directly or indirectly dependent upon, any other arrangement (whether entered into between the same or different parties); or
 - (b) would have qualified as having been undertaken on a stand-alone basis as required by paragraph (a), were it not for a connected arrangement that is entered into for the sole purpose of providing security and where no tax benefit is obtained or enhanced by virtue of that security arrangement.
- (3) Subsection (1) does not apply to any arrangement that is entered into—
- (a) with the main purpose of obtaining or enhancing a tax benefit; or
 - (b) in a specific manner or form that enhances or will enhance a tax benefit.
- (4) The Minister may determine an arrangement to be excluded arrangement by notice in the *Gazette*, if he or she is satisfied that the arrangement is not likely to lead to an undue tax benefit.

NOTICE SETTING OUT EXCLUDED ARRANGEMENTS FOR PURPOSES OF SECTION 80N(4) OF THE INCOME TAX ACT, 1962

By virtue of the power vested in me by section 80N(4) of the Income Tax Act, 1962 (Act No. 58 of 1962), I, Trevor Andrew Manuel, Minister of Finance, hereby give notice in the Schedule hereto of arrangements which have been identified as not being likely to lead to an undue tax benefit.

T.A. MANUEL
MINISTER OF FINANCE

SCHEDULE

Excluded Arrangements

1. Any arrangement where the tax benefit which is or will be derived or is assumed to be derived from that arrangement:
- (a) does not exceed R1 million; or
 - (b) is not the main or one of its main benefits.