CLARIFICATION DOCUMENT FOR:

Administration of Dividends Withholding Tax

Applicable to the published BRS:

“SARS_External_BRS_2014_Dividends_Tax_v2.0.1-6” with the date of 4 May 2015

<table>
<thead>
<tr>
<th>Version:</th>
<th>1.0.0</th>
</tr>
</thead>
<tbody>
<tr>
<td>Date:</td>
<td>02 Mar 2017</td>
</tr>
</tbody>
</table>

Document Classification: External

© South African Revenue Service
1. DOCUMENT MANAGEMENT

1.1. Revision History

<table>
<thead>
<tr>
<th>Date</th>
<th>Version</th>
<th>Description</th>
<th>Author/s</th>
</tr>
</thead>
<tbody>
<tr>
<td>2 Mar 2017</td>
<td>V1.0.0</td>
<td>Public Version</td>
<td>SARS</td>
</tr>
</tbody>
</table>

1.2. Table of Content

1. DOCUMENT MANAGEMENT .................................................................................................................. 2

1.1. REVISION HISTORY ......................................................................................................................... 2

1.2. TABLE OF CONTENT .......................................................................................................................... 2

2. INTERPRETATION NOTES ......................................................................................................................... 3
2. INTERPRETATION NOTES

The interpretation notes contained in this document are applicable to the BRS with the title and version “SARS_External_BRS_2014_Dividends_Tax_v2.0.1-6” with the date of 4 May 2015.

This document is a summary of the minor changes due to law or system integration.

2.1. Increase Dividends Withholding Tax rate from 15 % to 20 %

In light of the 22 Feb 2017 budget speech it is required to amend the external BRS for Dividends Withholding Tax to discontinue using the 15 % tax rate and now use a 20 % tax rate.

The BRS SARS_External_BRS_2014_DividendsTax_v2.0.1-6 change:
<table>
<thead>
<tr>
<th>No</th>
<th>Field Name</th>
<th>Description</th>
<th>Required Type</th>
<th>Condition Rule</th>
<th>Required Length</th>
<th>Length (Min:Max)</th>
<th>Data Validations</th>
<th>Logic Validations</th>
</tr>
</thead>
<tbody>
<tr>
<td>72</td>
<td>Tax rate applicable</td>
<td>The rate at which the dividend must be taxed</td>
<td>M</td>
<td></td>
<td>N</td>
<td>VAR</td>
<td>4.5 (i.e. 0.00 and 15.00)</td>
<td>a) If Distribution type (field 54) = PT, then default to 0.00%</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>b) Must always have 2 numeric digits after the point to denote fraction</td>
<td>b) If Exemption claimed (field 65) is not blank, then default to 0.00%.</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>c) Data format = N1.2 to N2.2</td>
<td>c) If DTA reduced rate requirements met (field 66) = Y, then value must be &gt;= 0.00% and &lt;= 15.00%.</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>d) If Dividend declarant - Ordinary profit declaration (field 106) = Y, then value must be = 0.00%. Else, default to full tax rate of 15.00%.</td>
<td></td>
</tr>
</tbody>
</table>

**DIVIDENDS TAX:**
Declaration & Undertaking to be made by the beneficial owner of a dividend (EXEMPTION FROM TAX)

**Notes on completion of this form:**
- This form is to be completed by the beneficial owner (of dividends, including dividends *in specie*) in order for the exemptions from dividends tax referred to in sections 64F read with sections 64FA(2), 64G(2) or 64HH(2)(a) of the Income Tax Act, 1962 (Act No 58 of 1962) (the Act) to apply.
- In order to qualify for an exemption this declaration and written undertaking should be submitted to the withholding agent (declaring company or regulated intermediary) within the period required by the latter (provided it is before payment of an affected dividend) - failure to do so will result in the full 15% dividends tax being withheld/payable.
- Non South African residents seeking to qualify for a reduced rate should not complete this form. Please use Form DTD(RR).
DIVIDENDS TAX:
Declaration & Undertaking to be made by the beneficial owner of a dividend (REDUCED RATE OF TAX)

Notes on completion of this form:
- This form is to be completed by the beneficial owner (of dividends, including dividends in specie) in order for the reduced rate of dividends tax, referred to in sections 64FA, 64G or 64H of the Income Tax Act, 1962 (Act No 58 of 1962) (the Act) as well as the provisions of the Agreement for the Avoidance of Double Taxation and Prevention of Fiscal Evasion (DTA) between the Republic of South Africa and the country of residence of the beneficial owner, to apply.
- In order to qualify for the reduced rate referred to above this declaration and written undertaking should be submitted to the withholding agent (declaring company or regulated intermediary) within the period required by the latter (provided it is before payment of the dividend) - failure to do so will result in the full 15% dividends tax being withheld/payable.
- Where the beneficial owner is a foreign resident but does not qualify for a reduced rate this form should NOT be completed.
<table>
<thead>
<tr>
<th>No</th>
<th>Field Name</th>
<th>Description</th>
<th>Required</th>
<th>Data Type</th>
<th>Length Type</th>
<th>Length (Min:Max)</th>
<th>Data Validations</th>
<th>Logic Validations</th>
</tr>
</thead>
<tbody>
<tr>
<td>72</td>
<td>Tax rate applicable</td>
<td>The rate at which the dividend must be taxed.</td>
<td>M</td>
<td>N</td>
<td>VAR</td>
<td>4.5 (i.e. 0.00 and 15.00)</td>
<td>a) No leading zeros allowed&lt;br&gt;b) Must always have 2 numeric digits after the point to denote fraction&lt;br&gt;c) Data format = N1.2 to N2.2</td>
<td>a) If Distribution type (field 54) = PT, then default to 0.00%.&lt;br&gt;b) If Exemption claimed (field 65) is not blank, then default to 0.00%.&lt;br&gt;c) If DTA reduced rate requirements met (field 66) = Y, and Date paid/payable (field 107) &lt; 2017-02-22, then value must be &gt;= 0.00% and &lt;= 15.00%;&lt;br&gt;Else If DTA reduced rate requirements met (field 66) = Y, and Date paid/payable (field 107) &gt;= 2017-02-22, then value must be &gt;= 0.00% and &lt;= 20.00%&lt;br&gt;d) If Dividend declarant – Oil/gas profit declaration (field108) = Y, and Date paid/payable (field 107) &lt; 2017-02-22, then value must be = 0.00%. Else, default to full tax rate of 15.00%;&lt;br&gt;Else If Dividend declarant – Oil/gas profit declaration (field108) = Y, and Date paid/payable (field 107) &gt;= 2017-02-22, then value must be = 0.00%. Else, default to full tax rate of 20.00%.</td>
</tr>
</tbody>
</table>
DIVIDENDS TAX:
Declaration & Undertaking to be made by the beneficial owner of a dividend (EXEMPTION FROM TAX)

Notes on completion of this form:
• This form is to be completed by the beneficial owner (of dividends, including dividends in specie) in order for the exemptions from dividends tax referred to in section 64F read with sections 64FA(2), 64G(2) or 64H(2)(a) of the Income Tax Act, 1962 (Act No 58 of 1962) (the Act) to apply.
• In order to qualify for an exemption this declaration and written undertaking should be submitted to the withholding agent (declaring company or regulated intermediary) within the period required by the latter (provided it is before payment of an affected dividend). Failure to do so will result in the full 15% dividends tax being withheld/payable.
• Non South African residents seeking to qualify for a reduced rate should not complete this form. Please use Form DTD(RR).

DIVIDENDS TAX:
Declaration & Undertaking to be made by the beneficial owner of a dividend (REDUCED RATE OF TAX)

Notes on completion of this form:
• This form is to be completed by the beneficial owner (of dividends, including dividends in specie) in order for the reduced rate of dividends tax, referred to in sections 64FA, 64G or 64H of the Income Tax Act, 1962 (Act No 58 of 1962) (the Act) as well as the provisions of the Agreement for the Avoidance of Double Taxation and Prevention of Fiscal Evasion (DTA) between the Republic of South Africa and the country of residence of the beneficial owner, to apply.
• In order to qualify for the reduced rate referred to above this declaration and written undertaking should be submitted to the withholding agent (declaring company or regulated intermediary) within the period required by the latter (provided it is before payment of the dividend). Failure to do so will result in the full 15% dividends tax being withhold/payable.
• Where the beneficial owner is a foreign resident but does not qualify for a reduced rate this form should NOT be completed.