

**BINDING PRIVATE RULING: BPR 419**

DATE: 18 November 2025

**ACT : INCOME TAX ACT 58 OF 1962 (the Act)**  
**SECTION : PARAGRAPH (a) OF THE DEFINITION OF “AMALGAMATION TRANSACTION” IN SECTION 44(1)**  
**SUBJECT : CORPORATE RESTRUCTURING – AMALGAMATION TRANSACTION**

***Preamble***

This binding private ruling is published with the consent of the Applicant(s) to which it has been issued. It is binding between SARS, the Applicant and any Co-Applicant(s) only and published for general information. It does not constitute a practice generally prevailing.

**1. Summary**

This ruling determines the income tax consequences resulting from the transfer of shares in a company to the company by its holding company in anticipation of the termination of the latter.

**2. Relevant tax laws**

In this ruling references to sections are to sections of the Act applicable as at 19 June 2025. Unless the context indicates otherwise any word or expression in this ruling bears the meaning ascribed to it in the Act.

This is a ruling on the interpretation and application of –

- section 44(1) – paragraph(a) of the definition of “amalgamation transaction”

**3. Parties to the proposed transaction**

The Applicant:	A resident company and a wholly-owned subsidiary of Foreign Co.
Company A:	A resident company and a wholly-owned subsidiary of the Applicant
The Co-Applicant:	A resident company and a wholly-owned subsidiary of Company A
Foreign Co:	The Applicant’s non-resident shareholder

**4. Description of the proposed transaction**

The group of companies aims to reduce their administrative burden and costs by simplifying its corporate structure in South Africa.

Company A will dispose of all its assets, which includes the shares in the Co-Applicant, to the Applicant as a liquidation distribution in terms of section 47 of the Act. A ruling is not requested in respect of this transaction step.

The Applicant and Co-Applicant propose to enter into an amalgamation transaction in terms of which the Applicant will transfer its assets (the shares in the Co-Applicant received under the preceding transaction step) to the Co-Applicant in exchange for the issue of new shares in the Co-Applicant. The Applicant will, in the process of its termination, distribute the new shares in the Co-Applicant to Foreign Co.

**5. Conditions and assumptions**

This binding private ruling is not subject to any additional conditions and assumptions.

**6. Ruling**

The ruling made in connection with the proposed transaction is as follows:

The proposed transaction will not meet the requirements of paragraph (a) of the definition of “amalgamation transaction” in section 44(1). The assets to be transferred by the Applicant to the Co-Applicant will not be transferred by means of an amalgamation, because the assets will be extinguished by *confusio*. They do not subsist in the Co-Applicant and thus there will be no merging or amalgamation of undertakings.

**7. Period for which this ruling is valid**

This binding private ruling is valid in respect for the proposed transaction.