South African Revenue Service

BINDING PRIVATE RULING: BPR 431

DATE: 30 October 2026

ACT : INCOME TAX ACT 58 OF 1962 (the Act)

SECTION : SECTIONS 25B, 64D(1) – DEFINITION OF "BENEFICIAL OWNER", 64EA AND 64G(3)

SUBJECT : VESTING OF DIVIDENDS BY A RESIDENT TRUST IN NON-RESIDENT BENEFICIARIES

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 tax consequences of a resident trust vesting dividends in non-resident beneficiaries.

2. Relevant tax laws

In this ruling references to sections are to sections of the Act applicable as at 19 August 2026. 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 25B;
- section 64D(1) – definition of "beneficial owner";
- section 64EA; and
- paragraph 64G(3).

3. Parties to the proposed transaction

The Applicant:	A resident discretionary trust
Company A:	A resident company
The Trustees:	The trustees of the Applicant
Income Beneficiaries:	The non-resident natural persons named the income beneficiaries in the trust deed of the Applicant

4. Description of the proposed transaction

The Applicant holds investments, including 100% off the shares in Company A, from which it earns investment returns in the form of dividends and/or interest. Company A is an investment company that holds several investment portfolios from which it earns dividends and/or interest.

The Income Beneficiaries are financially dependent on distributions from the Applicant but only entitled to the distribution of income amounts from the Applicant during their lifetimes to the extent that the Trustees, in their sole discretion, resolve to distribute such income amounts to the Income Beneficiaries.

In terms of the discretionary powers of the Trustees under the Applicant's trust deed the Trustees intend to, prior to the next dividend declaration by Company A, confer on the Income Beneficiaries a vested personal right to dividends declared and paid by Company A. The proposed resolution by the Trustees will –

- be without any right of review and/or withdrawal by the Trustees;
- specify the allocation percentages of any dividend amount between the Income Beneficiaries; and
- be made valid until the end of the current financial year of the Applicant.

The Trustees shall furnish Company A with the information required to enable Company A to make any dividend payments during the remainder of the current financial year of the Applicant directly to the Income Beneficiaries.

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:

a) The Applicant will be the "beneficial owner" of the dividend declared and paid by Company A, as defined in section 64D, due to the application of section 25B.

b) The Applicant will be liable for dividends tax in terms of section 64EA.

c) Section 64G(3) will not apply.

7. Period for which this ruling is valid

This binding private ruling is valid from the date of this ruling letter, until 28 February 2027.