

Withholding Tax on Interest: Summary of withholding tax rates per South African Double Taxation Agreements currently in force

Version: 1

Note:

- A summary of the rates and the relevant provisions relating thereto, are reflected in the table below – the full text of these Double Taxation Agreements (DTAs) is available on the SARS website (www.sars.gov.za > Legal & Policy).
- Only DTAs which are currently in force are listed below.
- The South African domestic rate is applicable to all countries which are not listed in the table below or where the DTA does not deal with the allocation of taxing rights with regard to interest.
- Where South Africa is in the process of negotiating/renegotiating DTAs or Protocols with certain countries (see SARS website) either the present DTA rate (where there is a DTA in force dealing with interest) or the South African domestic rate (where there is no DTA in force or the DTA does not deal with interest) is applicable until such time as the new/renegotiated DTA or Protocol enters into force (or the specified effective date, whichever is applicable).
- Kindly refer to the provisions of the relevant DTA for the meaning of the term "interest".

Country	Entry into force	Rate in DTA	Summary of requirements to qualify for a particular rate	Extract from DTA Article on Interest	
AFRICA					
1	Algeria (Democratic People's Republic of)	12-Jun-00	0%	Paid by the government, a political subdivision or a local authority of the source state Paid to the government, political subdivision or local authority of the other state; or to institutions/bodies wholly owned by the other state, subdivision or authority; or to the Central bank of the other state; or to institutions/bodies in respect of loans made in application of an agreement between the states	11(2) However, such interest may also be taxed in the Contracting State in which it arises and according to the laws of that State, but if the recipient is the beneficial owner of the interest the tax so charged shall not exceed 10 per cent of the gross amount of the interest. (3) Notwithstanding the provisions of paragraph 2, interest arising in one of the Contracting States shall be exempted from tax in that State if: (a) the payer of the interest is the Government of that State, a political subdivision or a local authority thereof; or (b) the interest is paid to the Government of the other Contracting State, a political subdivision or a local authority thereof, or to institutions or bodies (including financial institutions) wholly owned by that other State or subdivision or authority, or the Central Bank of that other State; or (c) the interest is paid to any institution or body (including a financial institution) in relation to loans made in application of an agreement concluded between the Governments of the Contracting States.
			10%	All other beneficial owners	
2	Botswana (Republic of)	20-Apr-04	0%	Paid to (derived by) the government, political subdivision or local authority of the other state; or to institutions/bodies wholly owned and controlled by the other state, subdivision or authority	11(2) However, such interest may also be taxed in the Contracting State in which it arises and according to the laws of that State, but if the beneficial owner of the interest is a resident of the other Contracting State, the tax so charged shall not exceed 10 per cent of the gross amount of the interest. The competent authorities of the Contracting States shall by mutual agreement settle the mode of application of this limitation. (3) Notwithstanding the provisions of paragraph 2, interest arising in a Contracting State shall be exempt from tax in that State if it is derived by the Government of the other Contracting State or a political subdivision or a local authority thereof, or any agency wholly owned and controlled by that Government or subdivision or authority.
			10%	All other beneficial owners	
3	Congo (Democratic Republic of)	18-Jul-12	0%	Paid to (derived and beneficially owned by) the government, political subdivision or local authority of the other state; or to institutions/bodies wholly owned by the other government, subdivision or authority; or to the Central bank of the other state	11(2) However, such interest may also be taxed in the Contracting State in which it arises and according to the laws of that State, but if the beneficial owner of the interest is a resident of the other Contracting State, the tax so charged shall not exceed 10 per cent of the gross amount of the interest. The competent authorities of the Contracting States shall by mutual agreement settle the mode of application of this limitation. (3) Notwithstanding the provisions of paragraph 2, interest arising in a Contracting State shall be exempt from tax in that State if it is derived and beneficially owned by the Government of the other Contracting State or a political subdivision or a local authority thereof, the Central Bank of Congo, the South African Reserve Bank or any wholly owned institution of that Government or subdivision or authority.
			10%	All other beneficial owners	

4	Egypt (Arab Republic of)	16-Dec-98	0%	Paid by the government, a political subdivision or a local authority of the source state	11(2) However, such interest may also be taxed in the Contracting State in which it arises and according to the laws of that State, but if the recipient is the beneficial owner of the interest the tax so charged shall not exceed 12 per cent of the gross amount of the interest. (3) Notwithstanding the provisions of paragraph 2, interest arising in a Contracting State shall be exempt from tax in that State if: (a) the payer of the interest is the Government of that Contracting State or a political subdivision or a local authority thereof; or (b) the interest is paid to the Government of the other Contracting State or a political subdivision or a local authority thereof; or (c) the interest is paid to the Central Bank of Egypt or the South African Reserve Bank.
				Paid to the government, political subdivision or local authority of the other state; or to the Central bank of the other state	
5	Ethiopia (Federal Democratic Republic of)	04-Jan-06	0%	Paid by the government, a political subdivision or a local authority of the source state	11(2) However, such interest may also be taxed in the Contracting State in which it arises and according to the laws of that State, but if the beneficial owner of the interest is a resident of the other Contracting State, the tax so charged shall not exceed 8 per cent of the gross amount of the interest. The competent authorities of the Contracting States shall by mutual agreement settle the mode of application of this limitation. (3) Notwithstanding the provisions of paragraph 2, interest arising in a Contracting State shall be exempt from tax in that State if: (a) the payer of the interest is the Government of that Contracting State or a political subdivision or a local authority thereof; or (b) the interest is paid to the Government of the other Contracting State or a political subdivision or a local authority thereof; or (c) the interest is paid to the National Bank of Ethiopia or the South African Reserve Bank; or (d) the interest is paid to any institution or body (including a financial institution) in relation to loans made in application of an agreement concluded between the Governments of the Contracting States.
				Paid to the government, political subdivision or local authority of the other state; or to the Central bank of the other state; or to institutions/bodies in respect of loans made in application of an agreement between the states	
6	Ghana (Republic of)	23-Apr-07	0%	Paid to (derived and beneficially owned by) the government, political subdivision or local authority of the other state; or to institutions/bodies wholly owned by the other state, subdivision or authority; or to the Central bank of the other state	11(2) However, such interest may also be taxed in the Contracting State in which it arises and according to the laws of that State, but if the beneficial owner of the interest is a resident of the other Contracting State, the tax so charged shall not exceed: (a) 5 per cent of the gross amount of the interest, if the interest is derived by a bank which is a resident of the other Contracting State; (b) 10 per cent of the gross amount of the interest in all other cases. The competent authorities of the Contracting States shall by mutual agreement settle the mode of application of these limitations. (3) Notwithstanding the provisions of paragraph 2, interest arising in a Contracting State shall be exempt from tax in that State if it is derived and beneficially owned by the Government of the other Contracting State or a political subdivision or a local authority thereof, the Bank of Ghana, the South African Reserve Bank or any wholly owned institution of that Government or subdivision or authority.
			5%	Paid to (derived by) a bank resident in the other state	
			10%	All other beneficial owners	
7	Lesotho (Kingdom of)	09-Jan-97	10%	All beneficial owners	11(2) However, such interest may also be taxed in the Contracting State in which it arises and according to the laws of that State, but if the recipient is the beneficial owner of the interest, the tax so charged shall not exceed 10 per cent of the gross amount of the interest. The competent authorities of the Contracting States shall settle the mode of application of this limitation by mutual agreement.
8	Malawi (Republic of)	02-Sep-71	15%	No provision made in DTA for interest paid from a source within South Africa	South African domestic rate applies.
9	Mauritius (Republic of)	20-Jun-97	0%	No right to tax interest in source state if paid to beneficial owner	11(1) Interest arising in a Contracting State and paid to a resident of the other Contracting State shall be taxable only in that other State, provided such resident is the beneficial owner of the interest.

10	Mozambique (Republic of)	19-Feb-09	0%	Paid to (derived and beneficially owned by) the government, political subdivision or local authority of the other state; or to institutions/bodies wholly owned by the other state, subdivision or authority	11(2) However, subject to the provisions of paragraph 3, such interest may also be taxed in the Contracting State in which it arises and according to the laws of that State, but if the beneficial owner of the interest is a resident of the other Contracting State, the tax so charged shall not exceed 8 per cent of the gross amount of the interest. (3) Interest arising in a Contracting State shall be exempt from tax in that State if it is derived and beneficially owned by: (a) the Government, a political subdivision or a local authority of the other Contracting State; (b) any board, body or institution which is wholly owned by the Government, a political subdivision or a local authority of the other Contracting State; or (c) any bank which is a resident of the other Contracting State.
				Paid to (derived and beneficially owned by) any bank resident in the other state	
			8%	All other beneficial owners	
11	Namibia (Republic of)	11-Apr-99	10%	All beneficial owners	11(2) However, such interest may also be taxed in the Contracting State in which it arises and according to the laws of that State, but if the recipient is the beneficial owner of the interest the tax so charged shall not exceed 10 per cent of the gross amount of the interest.
12	Nigeria (Federal Republic of)	05-Jul-08	0%	Paid to (derived and beneficially owned by) the government, political subdivision or local authority of the other state; or to the Central bank of the other state; or to any agency/instrumentality of the other government, subdivision or authority	11(2) However, such interest may also be taxed in the Contracting State in which it arises and according to the laws of that State, but if the beneficial owner of the interest is a resident of the other Contracting State, the tax so charged shall not exceed 7,5 per cent of the gross amount of the interest. The competent authorities of the Contracting States shall by mutual agreement settle the mode of application of this limitation. 3. Notwithstanding the provisions of paragraph 2, interest arising in a Contracting State shall be exempt from tax in that State if it is derived and beneficially owned by the Government of the other Contracting State or a political subdivision or a local authority thereof, the Central Bank of Nigeria, the South African Reserve Bank or any agency or instrumentality of that Government or subdivision or authority.
			7.5%	All other beneficial owners	
13	Rwanda (Republic of)	03-Aug-10	0%	Paid to (derived by) the government, political subdivision or local authority of the other state; or to an agency wholly owned and controlled by the other state, subdivision or authority	11(2) However, such interest may also be taxed in the Contracting State in which it arises and according to the laws of that State, but if the beneficial owner of the interest is a resident of the other Contracting State, the tax so charged shall not exceed 10 per cent of the gross amount of the interest. The competent authorities of the Contracting States shall by mutual agreement settle the mode of application of this limitation. (3) Notwithstanding the provisions of paragraph 2, interest arising in a Contracting State shall be exempt from tax in that State if it is derived by the Government of the other Contracting State or a political subdivision or a local authority thereof, or any agency wholly owned and controlled by that Government or subdivision or authority.
			10%	All other beneficial owners	
14	Seychelles (Republic of)	29-Jul-02	0%	No right to tax interest in source state if paid to beneficial owner.	11(1) Interest arising in a Contracting State and paid to a resident of the other Contracting State shall be taxable only in that other State, provided such resident is the beneficial owner of the interest.
15	Sierra Leone	05-Oct-60	15%	No provision made for interest in DTA	South African domestic rate applies.
16	Swaziland (Kingdom of)	08-Feb-05	0%	Paid to (derived by) the government, political subdivision or local authority of the other state; or to an agency wholly owned and controlled by the other state, subdivision or authority	11(2) However, such interest may also be taxed in the Contracting State in which it arises, and according to the laws of that State, but if the beneficial owner of the interest is a resident of the other Contracting State, the tax so charged shall not exceed 10 per cent of the gross amount of the interest. The competent authorities of the Contracting States shall settle the mode of application of this limitation by mutual agreement. (3) Notwithstanding the provisions of paragraph 2, interest arising in a Contracting State shall be exempt from tax in that State if it is derived by the Government of the other Contracting State or a political subdivision or a local authority thereof, or any agency wholly owned and controlled by that Government or subdivision or authority.
			10%	All other beneficial owners	

17	Tanzania (United Republic of)	15-Jun-07	0%	Paid by the government, a political subdivision or a local authority of the source state	11(2) However, such interest may also be taxed in the Contracting State in which it arises and according to the laws of that State, but if the beneficial owner of the interest is a resident of the other Contracting State, the tax so charged shall not exceed 10 per cent of the gross amount of the interest. The competent authorities of the Contracting States shall settle the mode of application of this limitation by mutual agreement. (3) Notwithstanding the provisions of paragraph 2, interest arising in a Contracting State shall be exempt from tax in that State if: (a) the payer of the interest is that Contracting State or a political subdivision or a local authority thereof; (b) the interest is paid to the other Contracting State or a political subdivision or a local authority or the central bank thereof.
				Paid to the government, political subdivision or local authority of the other state; or to the Central bank of the other state	
18	Tunisia (Republic of)	10-Dec-99	0%	Paid to (derived by) the government, political subdivision or local authority of the other state; or to the Central bank of the other state	11(2) However, such interest may also be taxed in the Contracting State in which it arises and according to the laws of that State, but if the beneficial owner of the interest is a resident of the other Contracting State, the tax so charged shall not exceed: (a) 5 per cent of the gross amount of the interest in respect of loans made by banks; (b) 12 per cent of the gross amount of the interest in all other cases. (3) Notwithstanding the provisions of paragraph 2, interest arising in a Contracting State and derived by the Government of the other Contracting State, a political subdivision or a local authority thereof or the Central Bank of that other Contracting State, shall be exempt from tax in the first-mentioned Contracting State.
			5%	Paid to a bank resident in the other state in respect of a loan made	
			12%	All other beneficial owners	
19	Uganda (Republic of)	09-Apr-01	0%	Paid to (derived and beneficially owned by) the government, political subdivision or local authority of the other state; or to any agency wholly owned by the other government, subdivision or authority	11(2) However, such interest may also be taxed in the Contracting State in which it arises and according to the laws of that State, but if the recipient is the beneficial owner of the interest, the tax so charged shall not exceed 10 per cent of the gross amount of the interest. (3) Notwithstanding the provisions of paragraph 2, interest arising in a Contracting State shall be exempt from tax in that State: (a) if it is derived and beneficially owned by the Government of the other Contracting State or a political subdivision or a local authority thereof or any agency wholly owned by that Government or subdivision or authority; or (b) if, subject to the agreement of the competent authorities, it is derived and beneficially owned by a resident of the other Contracting State and the loan or debt-claim in respect of which it arises is guaranteed or insured by the Government of the other Contracting State or a political subdivision or a local authority thereof or any agency wholly owned by that Government or subdivision or authority.
			0%	Paid to (derived and beneficially owned by) a resident of the other state in respect of a loan/debt claim guaranteed/insured by the government, political subdivision, local authority of the other state, or an agency wholly owned by the other government, subdivision or authority [Subject to the agreement of the competent authorities of the states]	
			10%	All other beneficial owners	
20	Zambia (Federation of Rhodesia & Nyasaland - with the Union of SA)	31-Aug-56	15%	No provision made for interest in DTA	South African domestic rate applies.
21	Zimbabwe (Southern Rhodesia)	03-Sep-56	15%	No provision made for interest in DTA	South African domestic rate applies.