

Foreign Capital Allowance (“FCA”)

Private individuals (natural persons) resident in South Africa, who are 18 years and older and taxpayers in good standing, as well as residents temporarily abroad, are permitted to avail themselves of a Foreign Capital Allowance (FCA) within an overall limit of R10 million per individual during a calendar year. Funds may be utilised for investment purposes abroad and/or used to convert to foreign currency that may be held in a resident foreign currency account held in the name of the Private Individual with an Authorised Dealer. It should be noted that to be eligible to use the FCA Limit you will be required to follow the Approval for International Transfer (AIT) process through the SARS website.

Private individuals that are regarded as residents temporarily abroad refer to South African residents who have departed from the Republic to any country outside the Common Monetary Area (i.e. South Africa, Namibia, Lesotho and eSwatini), with no intention of taking up permanent residency abroad. Such private individuals are eligible to avail themselves of the FCA Limit subject to the requirements outlined above.

Calendar year means a period from 1st January to 31st December

What makes up your FCA limit?

- Transfers of funds to a destination outside of the CMA, across different banks, for investment purposes.
- Investments made into foreign currency accounts in local banks.
- In addition to the SDA, resident individuals may use up to R10 million per calendar year for foreign investments, subject to obtaining a SARS AIT Approval

Important to note

- Investments and any other transfers of funds made in terms of the SDA Limit are excluded from the FCA limit.
- FCA Limit may not be carried forward to the following calendar year.
- Private Individuals who have ceased to be South African residents for tax purposes qualify for an allowance as per the AIT accorded by SARS which is applicable to:
 - Taxpayers who emigrated from South Africa prior to March 2021.
 - Taxpayers who ceased to be tax residents in South Africa since March 2021.
 - AIT would list the liquid assets remaining in South Africa, but this does not mean that the individual does not have other remaining illiquid assets.
- All transactions exceeding the R10 million per calendar year FCA limit require prior Financial Surveillance Department (“SARB FinSurv”) approval via the Bank.
- SARB FinSurv will consider applications by private individuals who wish to invest or transfer in excess of the R10 million calendar year FCA limit subject to AIT approval process through the SARS website.
- Private individuals may not enter into a foreign commitment with recourse to South Africa, however they may raise loans abroad to finance the acquisition of foreign assets without recourse to South Africa.

What are your responsibilities?

- You are responsible for ensuring that you remain within the approved FCA limit.
- You are responsible for ensuring that you submit an application to the SARB FinSurv Department through the Bank, should you wish to externalise cash and/or assets exceeding the calendar year FCA limit of R10 million.
- You are responsible for acquainting yourself with the declaration contained in the integrated form (BoP Form).

In circumstances where the private individual contravenes the limits and/or transacts outside of the parameters outlined above, the Financial Surveillance Department of the SA Reserve Bank may institute administrative actions against the private individual in terms of the provisions of Exchange Control Regulations.

Further information and guidance on the FCA can be accessed through the Currency and Exchanges guidelines for individuals.

You may contact your relationship manager or banker for more information.