



dispensation applies to taxable income, monetary items and capital gains items; and

- the local currency of any DTMC in respect of an exchange item, not attributable to a permanent establishment outside South Africa, will be the functional currency of that DTMC in terms of s24I. Accordingly, no gains or losses should arise in respect of, inter alia, any unit of currency, any amount owing by or to that company in respect of a debt or owing by or to that company in respect of a forward exchange contract denominated in the functional currency of such company

The Budget explains that in 2017, the IT Act was amended to remove the requirement that the company be incorporated in South Africa. However, the SARBs definition in Circular 5/2013 (also dealt with in Circular 7/2013) still includes the requirement that the company must be incorporated in South Africa. As a result, the 2017 changes are not aligned with the SARBs requirements. It is proposed that the definition of domestic treasury management company is changed in s1 of the IT Act to reintroduce the incorporation requirement.

As a result of the above and pursuant to the proposed amendment, in order for a company to qualify as a DTMC, it will once again have to be incorporated in South Africa and be effectively managed from South Africa.

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