

Securities Transfer Tax

What is it?

It's a tax levied on every transfer of a security. And what do we mean by a security?

A security in essence means any-

- share or depository receipt in a company; or
- member's interest in a close corporation (CC);

Note: "Any right or entitlement to receive any distribution from a company or close corporation" has been removed from the definition of a "security" with effect from 1 April 2012.

Only the following securities are taxable:

- Securities issued by close corporations and companies incorporated, established or formed inside the Republic;
- Securities issued by companies incorporated, established or formed outside the Republic, which are listed on an exchange; and.
- Reallocation of securities from a member's unrestricted stock account, bank restricted stock account, security restricted cash loan stock account or security restricted share loan stock account to that member's stock account other than an unrestricted stock account, bank restricted stock account, security restricted cash loan stock account or security restricted share loan stock account (effective 1 January 2013).

There are some exceptions and you can read all about these in the [guide](#) below.

Securities tax is levied at the rate of 0,25%.

Who is it for?

The tax applies to the purchase and transfers of listed and unlisted securities.

- When listed securities are purchased or transferred through or from a member or participant, the member or participant is liable for the payment of the tax to SARS. That member or participant may however, recover the tax payable from the persons to whom the securities are transferred.
- The transfer of any other listed security will result in the person to whom the security is transferred, being liable for the payment of the tax to SARS. The tax must, however, be paid through the member or participant holding the security in custody. Should this not be the case, the tax must be paid through the company that issued the listed security.
- With the transfer of an unlisted security, the company which issued the unlisted security is liable for the payment of the tax to SARS. The company may however, recover the tax payable from the person to whom the security is transferred.

What steps must I take?

Any person to whom an unlisted security is transferred must inform the company which issued that security of the transfer within a period of 30 days as from the date of that transfer.

An electronic declaration must be submitted in the form and manner as prescribed by the Commissioner, for the transfer of every security on the SARSe-STT system within the prescribed period as indicated below.

If the securities transfer tax is not paid in full within the prescribed period as indicated below, interest will be charged

at the prescribed rate. A penalty will also be applied in accordance with Chapters 15 and 16 of the Tax Administration Act, 2011, if any amount remains unpaid after the prescribed period indicated below or if the taxpayer fails to declare or makes an incorrect statement on the required declaration form.

When should it be paid?

- Listed securities: Securities transfer tax must be paid by the 14th day of the month following the month during which transfers of listed securities occurred.
- Unlisted securities: Securities transfer tax must be paid within two months from the end of the month in which the transfer of the unlisted security took place.

How should it be paid?

Securities transfer tax can only be paid by electronic payment using the SARSe-STT system.