

# FAQ – Tax on profits made outside SA



**A Fin24 user started trading in currencies and commodities last year. He writes:**

I started trading currencies and commodities last year via a UK broker.

I have also opened a banking account on the Isle of Man so that I can transfer my trading profits into this account.

I am not liable for any tax in the UK as trading is tax free.

My question is: How do I get the profits back to SA and what percentage tax would I have to pay.

I have asked many tax advisors, but no one seems to have the answers.

**Sharon Machutchon, a tax consultant at [Mazars](#), responds:**

In response to the question posed below, assuming that you are a South African resident for tax purposes, you will be taxed on your worldwide income.

This would mean that any income generated as a result of the trading of shares in the UK will be included in your gross income in South Africa and should be reflected on your income tax return submitted to Sars.

The tax rate that will apply will be dependent on your other taxable income and can range anywhere from 18% to 40%.

Should you require more details on how to calculate the gains and losses and require details on how to record the transactions for tax purposes, you would need to seek further advice as, without more information about the assets, we cannot provide a more detailed response.

Should the non-South African trading activities result in a tax loss, this loss will not be able to be offset against any taxable income derived in South Africa by you.

Such a foreign loss will only be able to be offset against other foreign income. Foreign capital losses can however be offset against local capital gains.

From an exchange control perspective, presuming you used your foreign capital allowance to transfer the initial capital invested to the UK, should any income be earned as a result of the share trading in the UK, the funds can be transferred into your South African bank account by normal electronic transfer.

Depending on the amount received, the South African bankers will then contact the account holder for details of the inflow and these should then be reported under BOP code 313 being "income earned abroad by a resident on an individual investment".

The opinions expressed herein are based on the information as received from you. Mazars takes no responsibility for the accuracy of the information so provided and have not verified any part thereof.

If the information as set out herein or our understanding thereof is in any way incorrect, please inform us immediately in order for us to amend the opinions where necessary.

It should be emphasised that the content of this document is only a general outline of very complex provisions so that you can consider in principle whether you may wish to pursue the matter any further.

No action should be taken on this document without further detailed advice.

– Fin24