

South Africa Issues Guidance on Place of Effective Management

5 July 2023

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The South African Revenue Service (the SARS) has published a revised guide on the interpretation and application of the term "place of effective management" in determining the tax residence of a company as one of the considerations under the tax treaty tie-breaker rule.

Interpretation note 6 (issue 3) deals, amongst other things, with the following:

- the meaning of place of effective management generally;
- key facts and circumstances to be taken into account;
- location of the head office,
- delegation of authority;
- the use of round robin voting;
- shareholders and the extent of their authority;
- modernization and global travel;
- location of the board;
- operational management versus broader top-level management; and
- the effect of the COVID-19 pandemic on a company's place of effective management.