

# **Personal Finance Strategies**

**By Philip Braude**

## **The need for South African expats to formally emigrate**

The South African Jewish community is once again on the move, and many of them are making Israel their destination. A lot of focus is naturally placed in structuring their affairs to obtain the generous tax exemptions which Israel grants to new residents. However, often the formal emigration process from South Africa was not attended to. Historically, this may have been caused by a reluctance of the emigrant to “rock the boat” in South Africa. Thus many South African expats relocated their lives, without formally emigrating from South Africa.

In the recent past, the Exchange Control laws and regulations affecting emigrants from South Africa were relaxed, and currently the following amounts are allowed to be sent from South Africa:

- Annual Travel Allowance : R500,000 per adult / R160,000 per child
- Annual Gift Allowance : R500,000 per adult (with a 20% tax on amounts over R100,000)
- On Formal Emigration
  - Emigration Allowances : R4 million per family unit / R2 million per individual
  - Travel Allowance : R500,000 per adult / R160,000 per child
  - Exporting of Personal Goods : Up to a value of R1 million
  - On application, an emigrant can request to transfer amounts in excess of these limits. These transfers are at the discretion of the Exchange Control Department of the South African Reserve Bank, and an exit charge of 10% of the amount is deducted from the amount transferred.

The emigration process requires submitting a form - MP336(b) together with a tax clearance certificate to one's local South African bank. On larger remittance requests, the bank will approach the Exchange Control Department of the South African Reserve Bank to obtain their approval. Any assets remaining in South Africa are blocked, but may be used for such purposes as purchasing South African shares, paying for direct return airfares from new home country to South Africa, to pay for living expenses whilst on holiday in South Africa, to pay local medical expenses of visiting family members, gifts /donations etc. Income earned in these assets is normally transferrable abroad.

A point which is not commonly known, is that cash proceeds from the estates of deceased South African residents can be transferred out of South Africa to non-South African residents. These transfers are not subject to any upper limit. Former South African residents must have completed emigration formalities in order to qualify to receive these inheritances. This process should have been completed while the South African resident who is leaving the inheritance is still alive.

South African expats who did not previously formally emigrate, should consider doing so, as this will benefit them by allowing them to remit capital funds out of South Africa, to receive any income and pensions earned in South Africa abroad, and to allow any inheritances received from South Africa to be sent to them.

*Philip Braude is an accountant, personal financial planner and licensed investment marketer. He is CEO of Anglo Capital Limited. He can be contacted on [pbraude@anglocapital.com](mailto:pbraude@anglocapital.com)*