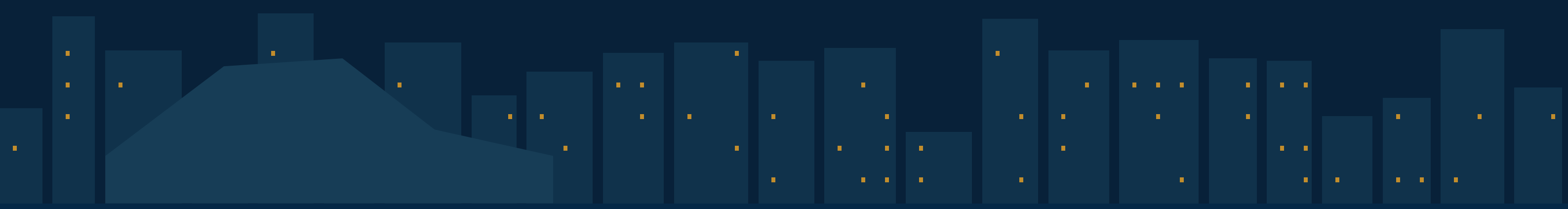
SOUTH AFRICA

PRIVATE COMPANY (PTY) LTD
CLIENT GUIDE 2026

Company formation, foreign ownership, taxation
and annual compliance

Professional company formation
and ongoing corporate administration



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South Africa Private Company at a Glance

A South African private company, designated '(Pty) Ltd', is incorporated under the Companies Act 71 of 2008 and registered with the Companies and Intellectual Property Commission (CIPC). It is the standard limited-liability vehicle for privately held trading, services, investment and operating businesses.

Topic	Current legal / practical position
Shareholders	A private company may be incorporated by one or more persons. Foreign ownership is generally possible, subject to sector-specific regulation, licensing, exchange-control and other applicable rules.
Directors	A private company must have at least one director. CIPC procedures expressly support appointment and verification of non-South African directors using passport details.
Registered office	The company must maintain its registered office/address in South Africa and keep its CIPC particulars current.
Share capital	No general statutory minimum monetary share capital applies to an ordinary private company. The MOI and issued shares should reflect the commercial structure and any sector-specific requirements.
CIPC registration fee	Private company with standard MOI: R125. Name reservation: R50. CIPC/BizPortal also states R175 for company registration including a reserved name.
Corporate income tax	Standard corporate income-tax rate: 27% for years of assessment ending 1 April 2026 to 31 March 2027.
VAT	Standard VAT rate: 15%. From 1 April 2026 compulsory VAT registration generally applies once taxable supplies exceed R2.3 million in a consecutive 12-month period.
Dividends tax	General dividends-tax rate: 20%, subject to statutory exemptions and reduced treaty rates where applicable.

Key Benefits for International Clients

- 100% foreign ownership is generally possible for an ordinary private company, subject to the proposed activity and applicable regulatory rules.
- Only one director is required for a private company; CIPC supports non-South African directors through foreign-passport verification.
- South Africa has an extensive tax-treaty framework and provides foreign-tax-credit relief for resident companies taxed on foreign-source income.
- Qualifying Small Business Corporations can access progressive 0% / 7% / 21% / 27% tax bands for 2026/27.
- Qualifying companies operating in approved Special Economic Zones can access a reduced 15% corporate-income-tax rate.
- Participation exemptions can apply to qualifying foreign dividends and certain disposals of substantial interests in foreign companies.

Important 2026 Tax Position

South Africa is not a 0% or territorial-tax company jurisdiction

A South African resident company is generally subject to normal tax on worldwide income. Foreign customers, offshore invoicing or keeping receipts outside South Africa do not create a general corporate-tax exemption. Foreign taxes may qualify for relief under section 6quat or an applicable tax treaty.

Ownership, Directors & Corporate Structure

Topic	Current legal / practical position
Shareholders	One or more shareholders may hold shares. Foreign shareholders are generally permitted, subject to activity-specific regulation and compliance.
Director	Minimum one director for a private company. The MOI may require more.
Foreign directors	CIPC provides a foreigner-assurance process for non-South African directors and verifies passport details before certain director filings.
Registered office	The company maintains a South African registered address and must keep enterprise information current with CIPC.
Beneficial ownership	All companies must submit beneficial-ownership information to CIPC. BO information must be up to date before the annual return can be filed.
Annual return	CIPC annual returns are mandatory. The annual-return process incorporates BO filing and the required AFS or Financial Accountability Supplement.

Share Capital

The Companies Act does not prescribe a single general minimum rand amount of share capital for an ordinary private company. The company issues shares under its Memorandum of Incorporation (MOI). Capitalisation should nevertheless be commercially appropriate and must satisfy any requirements imposed by regulators, banks, immigration rules, tenders or sector licences.

Use commercially appropriate capital

The absence of a general statutory minimum does not mean nominal capital is suitable for every business. Regulated activities and commercial counterparties may require demonstrable funding.

Corporate Income Tax - 27%

For years of assessment ending from 1 April 2026 to 31 March 2027, SARS confirms that the standard corporate income-tax rate remains 27%. South African resident companies are generally taxed on worldwide income, subject to exemptions, deductions, foreign-tax credits and treaty relief.

Small Business Corporation - Genuine 0% Band

For 2026/27, a qualifying Small Business Corporation (SBC) pays 0% on taxable income up to R99,000; 7% on the portion from R99,001 to R365,000; 21% on the next band up to R550,000; and 27% above R550,000. SARS states that SBC qualification includes natural-person shareholders, gross income not exceeding R20 million, and restrictions for personal-service and holding companies.

Special Economic Zones - 15% Rate

Qualifying companies operating in approved Special Economic Zones may be taxed at 15% instead of the standard 27%, subject to section 12R requirements. SARS guidance requires, among other conditions, business to be carried on from a fixed place within an approved SEZ and at least 90% of company income to be derived from business or services carried on in the SEZ.

Participation Exemptions & Headquarter Companies

South Africa provides targeted international relief rather than a blanket foreign-source exemption. SARS guidance confirms exemptions for certain foreign dividends where the participation requirements are met, a capital-gains participation exemption for qualifying substantial interests in foreign companies, and specific Headquarter Company relief, including exemption from dividends tax on dividends paid by a qualifying Headquarter Company and specified withholding-tax relief.

Formation Process & Documents Required

1. Structure and tax review 2. Company name / enterprise-number choice 3. MOI and shareholder structure 4. Director and foreign-passport verification 5. CIPC incorporation 6. Automatic SARS income-tax registration 7. VAT / PAYE and other registrations where applicable 8. Banking and ongoing compliance

CIPC's BizPortal provides paperless registration for private companies. A company may be registered without a reserved name and initially use its enterprise number, or a name may be reserved and included in the registration. CIPC-registered companies are automatically registered with SARS for corporate income tax and then transact through SARS eFiling.

Official Government Fees

CIPC publishes a R125 fee for a private company with a standard MOI and R50 for a name reservation. BizPortal states that a new company costs R125 without a name or R175 including a name. Customised MOI and other company types carry different official fees. These are government charges only; BRIS and third-party professional fees are quoted separately.

Documents Required from the Client

- Passport / acceptable identification for shareholders, directors and UBOs.
- Recent proof of residential address.
- For corporate shareholders: registry extract, constitutional documents, directors and full ownership chain.
- Proposed company name and detailed business activities.
- Shareholding, proposed share structure and director/signing arrangements.
- Foreign-director passport information required for CIPC verification.
- Expected countries of operation, customers, suppliers, turnover and transaction profile.
- Source-of-funds and, where appropriate, source-of-wealth evidence.
- Sector licence, regulatory or investment documents where applicable.

Financial Statements, Audit & Review

Private companies must prepare annual financial statements. CIPC requires an audit in specified circumstances, including where fiduciary assets held for unrelated persons exceed R5 million, where internally compiled statements have a Public Interest Score of 100 or more, or where independently compiled statements have a PIS of 350 or more. Other companies may require an independent review unless exempt under the applicable owner-managed rules.

AFS / FAS is linked to the annual return

CIPC states that annual returns are filed together with beneficial-ownership information and either the applicable Annual Financial Statements or Financial Accountability Supplement.

Annual Compliance Checklist

- Maintain registered office, directors, shareholders and current CIPC particulars.
- Keep beneficial-ownership information up to date.
- File the CIPC annual return within the prescribed anniversary filing period.
- Prepare annual financial statements and obtain audit / independent review where required.
- File the annual company income-tax return (ITR14) and provisional-tax payments where applicable.
- Register for VAT when the R2.3 million compulsory threshold is met and file VAT returns.
- Review dividends tax and other withholding taxes before cross-border payments.
- Maintain accounting, tax and corporate records for the statutory periods.

International Business & Tax Planning

South Africa can be an effective regional operating or holding location, but it is not an offshore 0% jurisdiction. A resident company is generally taxed on worldwide income at 27%. International planning therefore focuses on statutory exemptions, foreign-tax credits, treaty relief, participation exemptions, qualifying Headquarter Company rules, Small Business Corporation relief and Special Economic Zone incentives.

The genuine low-tax opportunities are targeted - not automatic

For 2026/27, qualifying SBCs have a genuine 0% band on the first R99,000 of taxable income, while qualifying SEZ companies can access a 15% corporate rate. Participation exemptions can eliminate South African tax on qualifying foreign dividends and certain gains from substantial foreign shareholdings. These benefits have detailed eligibility tests and must not be presented as a general 0% foreign-source regime.

VAT & Cross-Border Transactions

The standard VAT rate remains 15%. Taxable supplies can be standard-rated or zero-rated where the VAT Act conditions are met. From 1 April 2026 the compulsory VAT-registration threshold is R2.3 million of taxable supplies in a consecutive 12-month period. Export zero-rating and cross-border service rules should be reviewed transaction by transaction.

Dividends & International Relief

The general dividends-tax rate is 20%. Foreign beneficial owners may qualify for a reduced treaty rate where the relevant declaration and treaty conditions are satisfied. SARS also confirms that dividends paid by qualifying Headquarter Companies are not subject to dividends tax. Foreign-tax-credit relief can reduce double taxation of foreign-source income included in a resident company's taxable income.

How BRIS Group Supports You

Structure & tax review - Assess ownership, activity, worldwide-income exposure, SBC/SEZ eligibility, participation exemptions, Headquarter Company rules and treaty considerations.

Company formation - Coordinate name reservation, MOI, director verification, CIPC incorporation and registered-office arrangements.

KYC / UBO - Coordinate shareholder, director, beneficial-owner and source-of-funds / source-of-wealth due diligence.

Tax & accounting - Coordinate SARS/eFiling, VAT and payroll registrations, bookkeeping, financial statements, tax returns and audit/review where required.

Banking - Prepare corporate and KYC documentation and coordinate banking support where available.

Professional Fees & Official Sources

Professional fees are quoted separately

This guide is informational and is not a fee quotation. BRIS Group professional fees and third-party costs - including registered office, accounting, audit/review, tax, translations, licences, regulatory work and banking support - are quoted separately according to the required services.

Official sources reviewed for this 2026 guide: South African Government - Companies Act 71 of 2008 and amendments; Companies and Intellectual Property Commission (CIPC) / BizPortal - company registration, fees, directors, beneficial ownership, annual returns and financial statements; South African Revenue Service (SARS) - Budget 2026, corporate tax and SBC rates, VAT, dividends tax, ITR14 guidance, foreign-tax credits, participation exemptions and Special Economic Zone rules.

PREPARED BY BRIS GROUP

South Africa Private Company - Client Guide 2026

Professional incorporation and corporate administration for international clients.