

**BDO**

**YOUR BUSINESS LINK  
INTO AFRICA**  
AFRICA DESK



AUDIT • ADVISORY • TAX

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## ABOUT BDO

BDO IN SOUTH AFRICA PROVIDES AUDIT, ADVISORY AND TAX SERVICES TO A BROAD RANGE OF CLIENTS - FROM LARGE JSE-LISTED COMPANIES TO SMALL AND MEDIUM SIZED ENTITIES, INDIVIDUALS AND THE PUBLIC SECTOR. AS THE SOUTH AFRICAN MEMBER FIRM OF BDO INTERNATIONAL, WHICH HAS OFFICES IN 167 COUNTRIES, WE HAVE BEEN DELIVERING EXCEPTIONAL SERVICE TO OUR CLIENTS SINCE 1963.

IN SOUTH AFRICA WE SERVE CLIENTS FROM OFFICES IN CAPE TOWN, DURBAN, JOHANNESBURG, NELSPRUIT, PORT ELIZABETH, PRETORIA AND STELLENBOSCH.

BECAUSE OF OUR SKILLS AND EXPERIENCE, WE ARE TRUSTED TO DELIVER A QUALITY OF SERVICE THAT IS UNDERPINNED BY A TAILORED APPROACH TO EVERY CLIENT. OUR PEOPLE HAVE THE SKILLS AND EXPERIENCE TO TAKE RESPONSIBILITY FOR THE WORK THEY DO AND ARE AGILE AND QUICK IN RESPONDING TO CLIENT DEMANDS. OUR APPROACH INVOLVES LISTENING TO OUR CLIENTS, UNDERSTANDING THEIR EXPECTATIONS AND DELIVERING THE CALIBRE OF SERVICE ASSOCIATED WITH A LEADING GLOBAL FINANCIAL SERVICES FIRM.

### DELIVERING EXCEPTIONAL TAX SERVICE INTO AFRICA

For organisations looking to capture business opportunities provided by other African countries, our team can help you minimise risk and maximise potential. Through our extensive network in almost every African country, we can identify the latest developments as they would pertain to your business venture.

### ISSUES THAT CAN IMPACT YOUR BUSINESS WHEN INVESTING IN AFRICA

Companies that expand into Africa, must consider financing options when they are set up to optimise after tax returns on investment.

Several tax and regulatory issues need to be considered early on in this process. For example, it needs to be established whether the South African company has an offshore parent.

If so, then it is unlikely that South Africa will be used as an intermediate holding company jurisdiction as the parent company may be subject to Controlled Foreign Company legislation (CFC), similar to South Africa. Most multinationals avoid multiple-layered CFC regimes and invest directly from the holding structure.

Many funding decisions require consideration of the tax consequences.

### ISSUES THAT IMPACT THE FUNDING STRUCTURE

	Issue	Structuring considerations	Factors to consider
	Central Bank	Nominal share capital, i.e. thin capitalisation rule.	Local capital regulations; Exchange control rules on remittance of debt versus equity
	Debt/equity ratio	Optimal initial debt/equity mix	Local capital regulations; Exchange control rules on remittance of debt versus equity.
	Currency accounting	Functional currency for accounting and tax purposes	Local advice required
	Earnings currency	Currency in which revenue must be earned	important as it will affect choice of funding currency to ensure loan currency is hedged
	Funding currency	Currency in which loan/equity currency is or must be denominated	Earning currency, remittance issues, bank regulations, local currency exchangeability
	Interest charging	If loan funding is required, must the loan be interest bearing?	Local withholding tax issues, local tax base projections, host country transfer pricing issues, parent guarantees
	Funding source	Loans from parent or from a third party?	Consider options together with issues above
	Guarantees	Consider whether any guarantees are required	Host country transfer pricing rules, local country deductability for guarantee fees
	Special tax regimes	Consider special tax regimes applicable in host country	e.g. special rules for mining operations and incentives for manufacturing in local country.
	Remittance regulations	Level of withholding taxes on interest, service fee and dividend remittances.	Local legislation, double tax treaty relief, regional tax agreements, stability agreements.
	Debt levels	Interest rates in lending and borrowing countries	Transfer pricing rules and double tax treaties to be considered.

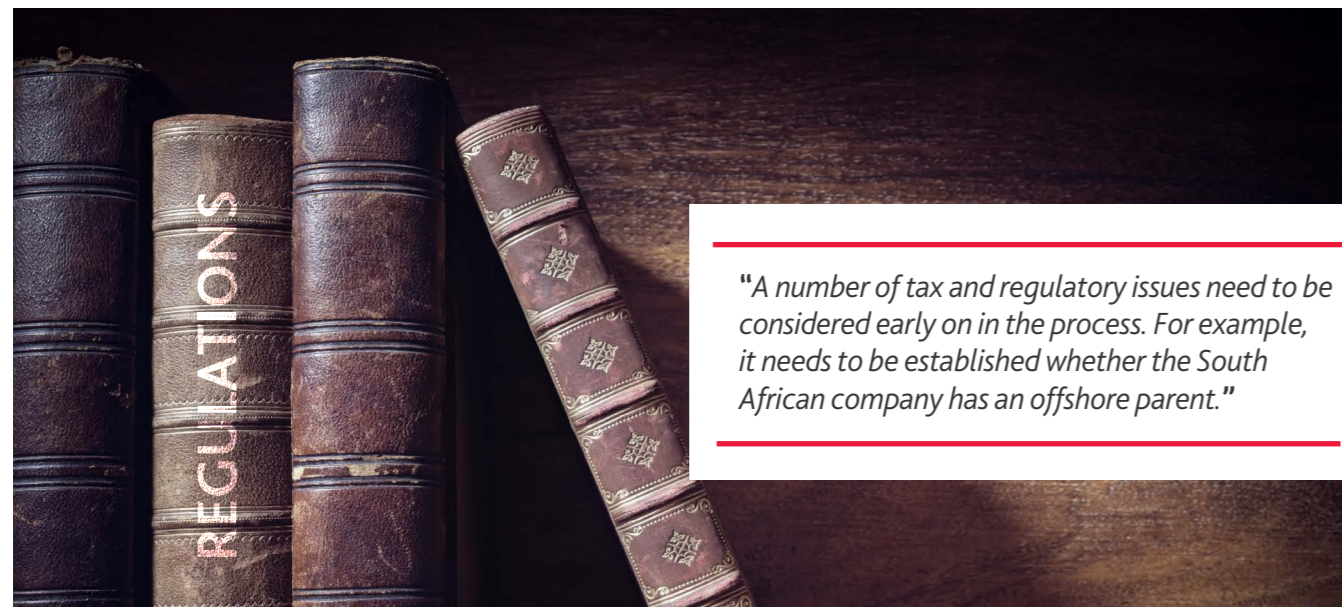
### FOR COMPANIES SEEKING TO INVEST OR DO BUSINESS IN AFRICA

There are numerous cultural, legal, financial, infrastructural and risk management challenges to consider. BDO can help with all of these.

Our business advisers bring country- specific, tailored advice to businesses facing the challenge of efficiently administering multiple operations within and across varying business jurisdictions. Expanding across borders is a complex exercise – unfamiliar cultures, new business landscapes, complicated tax structures and differing regulatory regimes can present daunting hurdles. It is vital to partner with an experienced team who can guide you every step of the way.

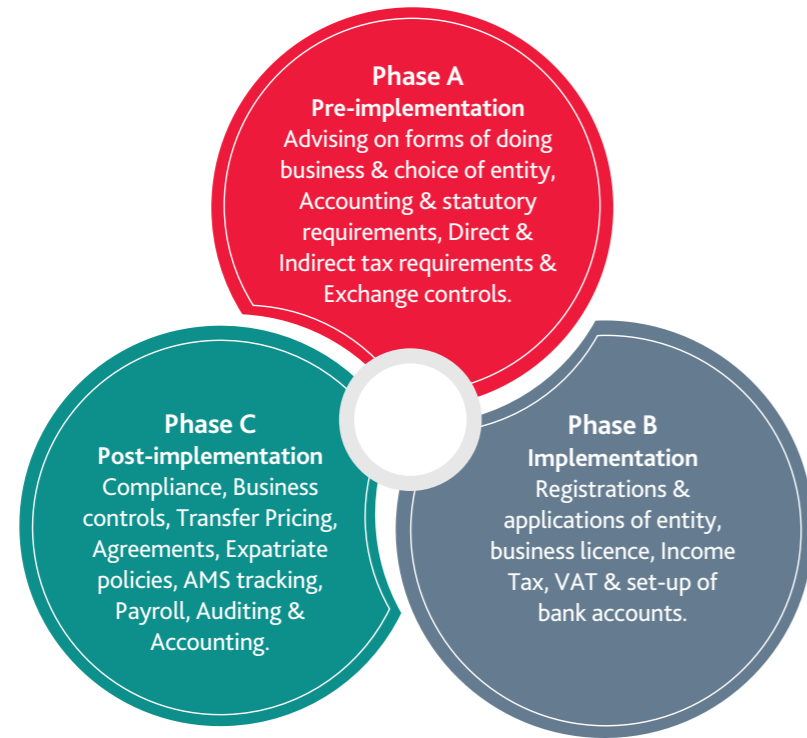
We become the face for your company in the country in which you are starting a new business. We advise on the most efficient way of establishing a business, including examination of accounting, tax, legal, statutory and exchange control requirements in each country. This is all coordinated from one office in South Africa.

Why not profit from our experience when venturing into Africa?



*"A number of tax and regulatory issues need to be considered early on in the process. For example, it needs to be established whether the South African company has an offshore parent."*

OUR THREE PHASE APPROACH

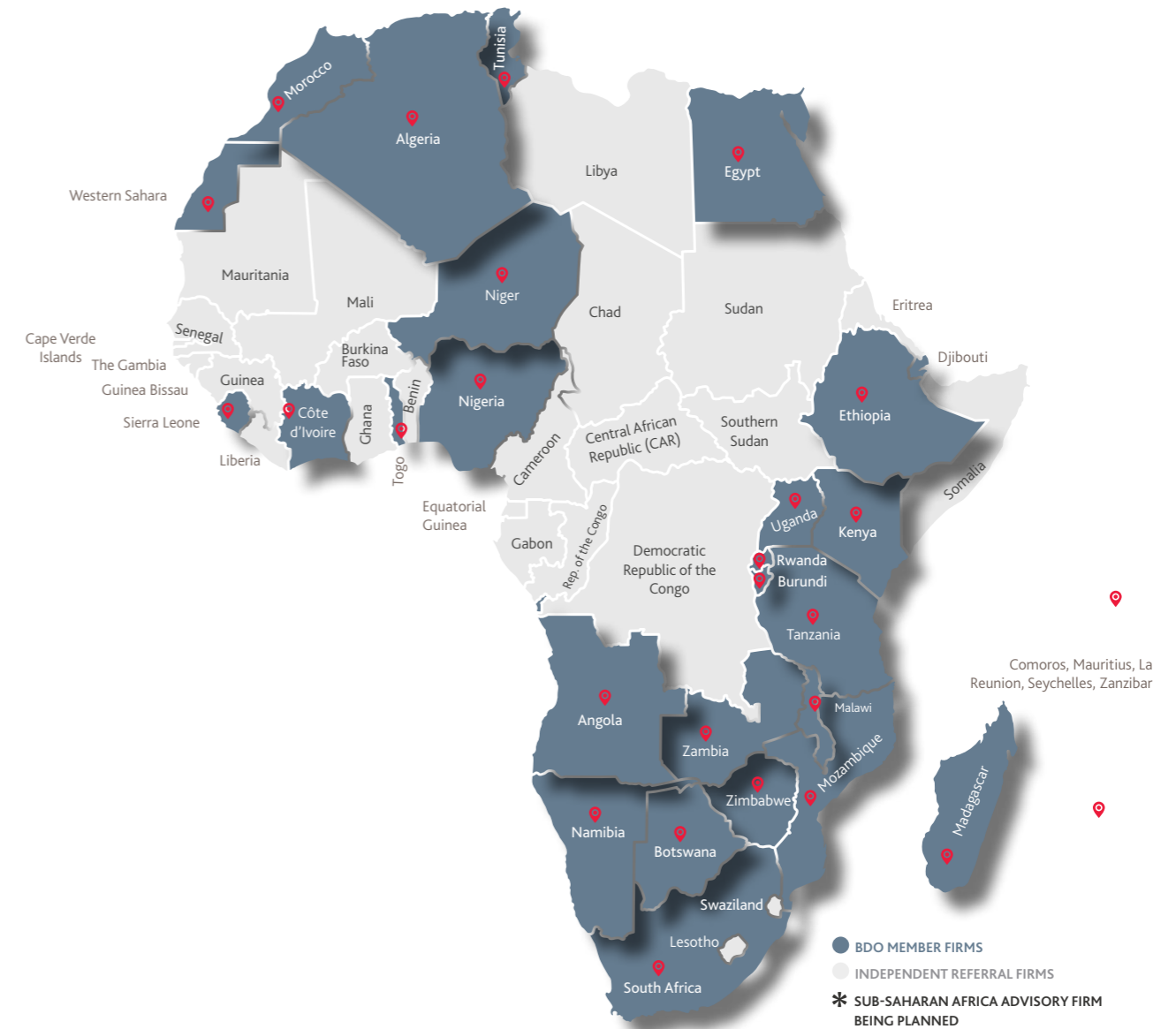


THE BDO TEAM CAN ASSIST YOU WITH YOUR ENTRY INTO AFRICA

- Establishing business operations
- Educating you on African business cultural behaviors
- Undertaking due diligence of company affairs in Africa
- Performing taxation compliance, expatriate payroll and accounting services
- Setting up back office functions (representative offices and expatriate policies)
- Structuring and planning for international taxation
- Reorganising corporate structure in Africa



BDO'S AFRICAN FOOTPRINT



BDO MEMBER FIRMS

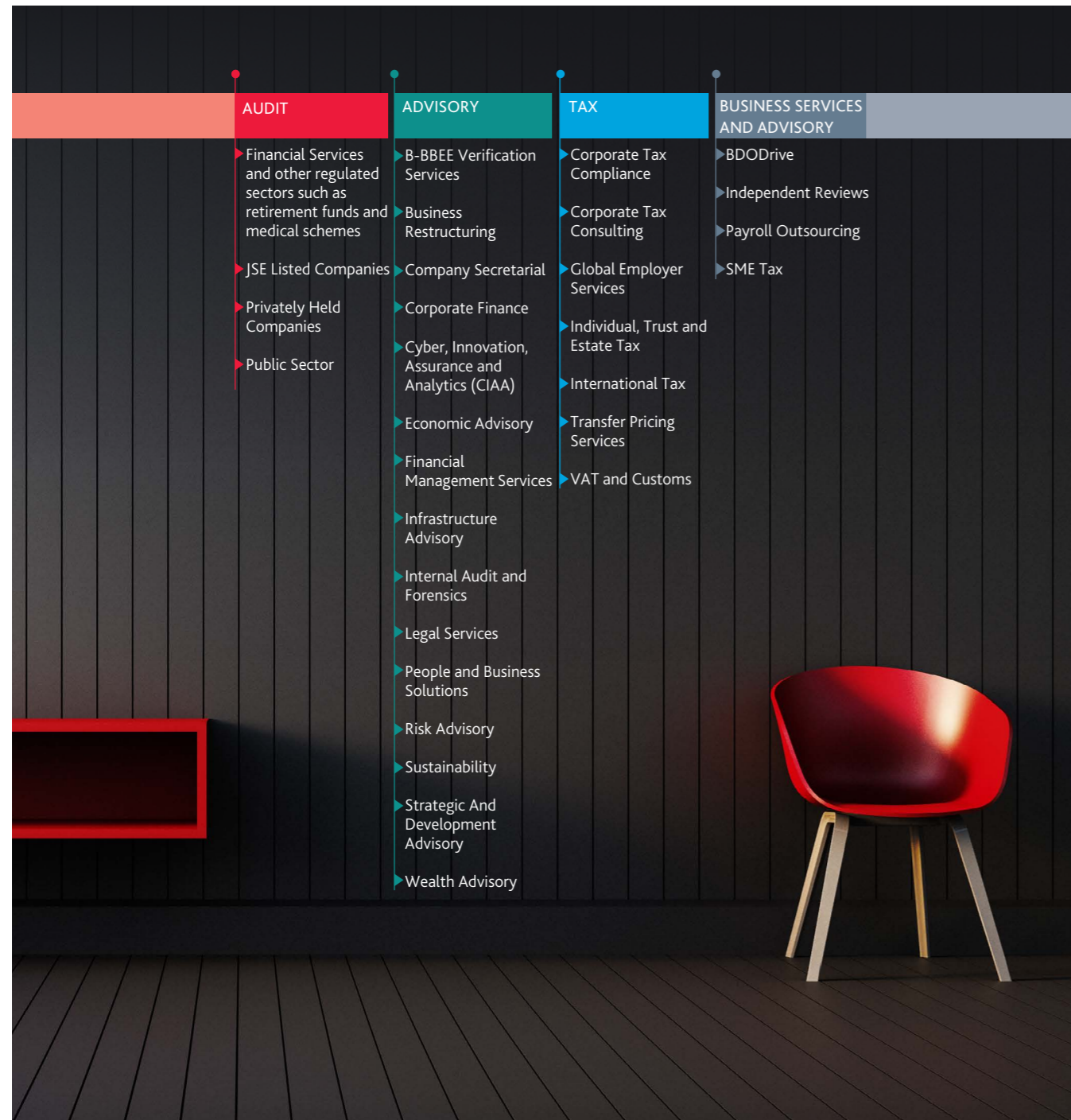
Algeria, Angola, Botswana, Burundi, Cape Verde Islands, Comoros, Egypt, Ethiopia, Ivory Coast, Kenya, La Reunion, Madagascar, Malawi, Mauritius, Morocco, Mozambique, Namibia, Niger, Nigeria, Rwanda, Seychelles, Sierra Leone, South Africa, Tanzania, Togo, Tunisia, Uganda, Western Sahara, Zambia, Zanzibar and Zimbabwe

INDEPENDANT REFERRAL FIRMS

Benin, Burkina Faso, Cameroon, CAR, Chad, Congo, Djibouti, DRC, Equatorial Guinea, Eritrea, Gabon, Gambia, Ghana, Guinea Bissau, Guinea, Lesotho, Liberia, Libya, Mali, Mauritania, Senegal, Soa Tome & Principe, Somalia, Southern Sudan, Sudan and Swaziland,



# MULTIDISCIPLINARY OPERATIONAL MODEL



"BDO in South Africa provides audit, tax, and advisory services to a broad range of clients - large JSE-listed organisations, privately-owned companies, the public sector, individuals and small and medium sized entities."

# OUR GLOBAL PRESENCE

## AMERICAS

- Anguilla
- Antigua & Barbuda
- Argentina
- Aruba
- Bahamas
- Barbados
- Bolivia
- Bonaire
- Brazil
- British Virgin Islands
- Canada
- Cayman Islands
- Chile
- Colombia
- Costa Rica
- Curacao
- Dominica & Grenada
- Dominican Republic
- Eastern Caribbean
- Ecuador
- El Salvador
- Guatemala
- Honduras
- Jamaica
- Mexico
- Montserrat
- Nicaragua
- Panama
- Paraguay
- Peru
- Puerto Rico
- St. Kitts & Nevis
- St. Lucia
- St. Maarten
- St. Vincent & Grenadines
- Suriname
- Trinidad & Tobago
- Turks & Caicos
- United States of America
- Uruguay
- US Virgin Islands
- Venezuela

## EMEA

- Albania
- Algeria
- Andorra
- Angola
- Armenia
- Austria
- Azerbaijan
- Bahrain
- Belarus
- Belgium
- Botswana
- Bulgaria
- Burundi
- Cape Verde
- Comoros
- Croatia
- Cyprus
- Czech Republic
- Denmark & Faroe Islands
- Egypt
- Estonia
- Ethiopia
- Finland
- France
- Francophone West Africa
- French Guiana
- Georgia
- Germany
- Gibraltar
- Greece
- Greenland
- Guernsey
- Hungary
- Iceland
- Ireland
- Isle of Man
- Israel
- Italy
- Ivory Coast
- Jersey
- Jordan
- Kazakhstan
- Kenya
- Kosovo
- Kuwait
- Latvia
- Lebanon
- Liechtenstein
- Lithuania
- Luxembourg
- Macedonia
- Madagascar
- Malawi
- Malta
- Mauritius
- Moldova
- Mongolia
- Montenegro
- Morocco
- Mozambique
- Namibia
- Netherlands
- Niger
- Nigeria
- Northern Ireland
- Norway
- Oman
- Poland
- Portugal
- Qatar
- Republic of Srpska (Bosnia and Herzegovina)
- Reunion Island and Mayotte
- Romania
- Russia
- Rwanda
- San Marino
- Saudi Arabia
- Serbia
- Seychelles
- Sierra Leone
- Slovak Republic
- Slovenia
- South Africa
- Spain
- Sweden
- Switzerland
- Tajikistan
- Tanzania
- Togo
- Tunisia
- Turkey
- Turkmenistan
- UAE
- Uganda
- Ukraine
- United Kingdom
- West Bank & Gaza
- Zambia
- Zimbabwe

## ASIA PACIFIC

- Afghanistan
- Australia
- Bangladesh
- Brunei Darussalam
- Cambodia
- China
- Fiji
- French Polynesia
- Hong Kong & Macao
- India
- Indonesia
- Japan
- Korea
- Laos
- Malaysia
- Myanmar
- Nepal
- New Caledonia and Wallis & Futuna
- New Zealand
- Pakistan
- Papua New Guinea
- Philippines
- Samoa
- Singapore
- Sri Lanka & Maldives
- Taiwan
- Thailand
- Vietnam

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[www.bdo.co.za](http://www.bdo.co.za)

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