

**BDO**

**YOUR BUSINESS LINK  
INTO AFRICA**  
AFRICA DESK



AUDIT • ADVISORY • TAX

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**CLEAR ADVICE FROM ETHICAL, INDEPENDENT AND QUALITY-DRIVEN EXPERTS, THROUGHOUT THE COUNTRY AND AROUND THE WORLD.**

1700 people providing clarity in audit, tax, advisory, and business outsourcing to companies across numerous industries. Seven offices in South Africa and 91 054 people in 167 countries around the globe.

We offer industry-specific practices, world-class resources, and an unparalleled commitment to meeting our clients' needs with 75% of our clients recommending us. We serve more than 49 JSE-listed domestic clients and over 158 international clients, who are clear on why they chose BDO:

- Quality, independence and a high ethical standard across all services
- Unparalleled partner-involvement (10:1 staff to partner ratio, globally)
- Deep industry knowledge and participation
- Geographic coverage across South Africa and Africa
- Cohesive global network
- Level 2 BEE Contributor
- Focused capabilities across over 20 disciplines
- Culture defined by values and purpose

Being ethical and quality driven is a given for us, and to show exactly how this is a part of our DNA, we have developed the BDO Clarity Charter. This is our commitment as individuals and as a firm. It underpins all we say and do, from how we live our values to how we engage with you, our clients and all our stakeholders.

**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

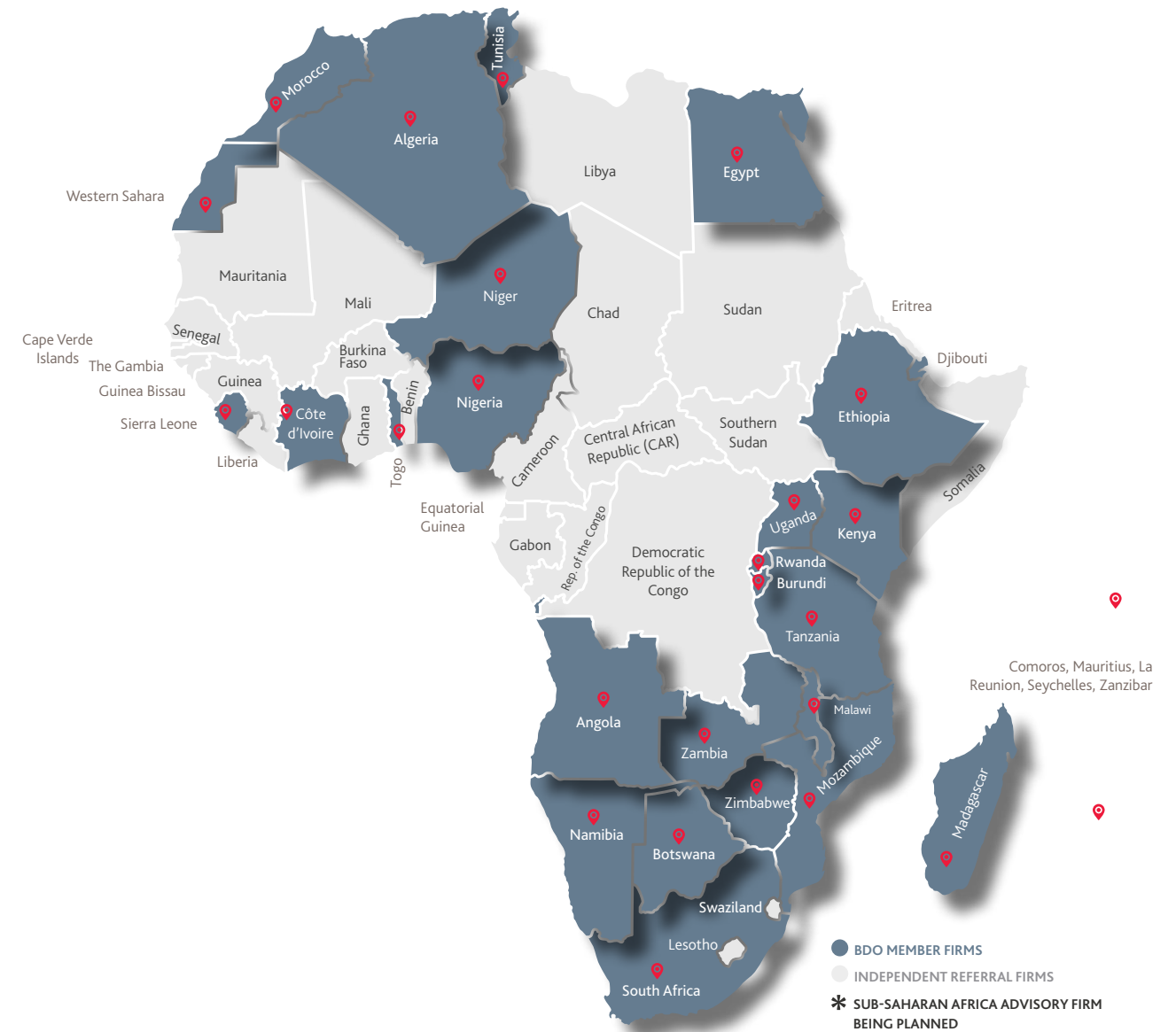


THE BDO TEAM CAN ASSIST YOU WITH YOUR ENTRY INTO AFRICA

- 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

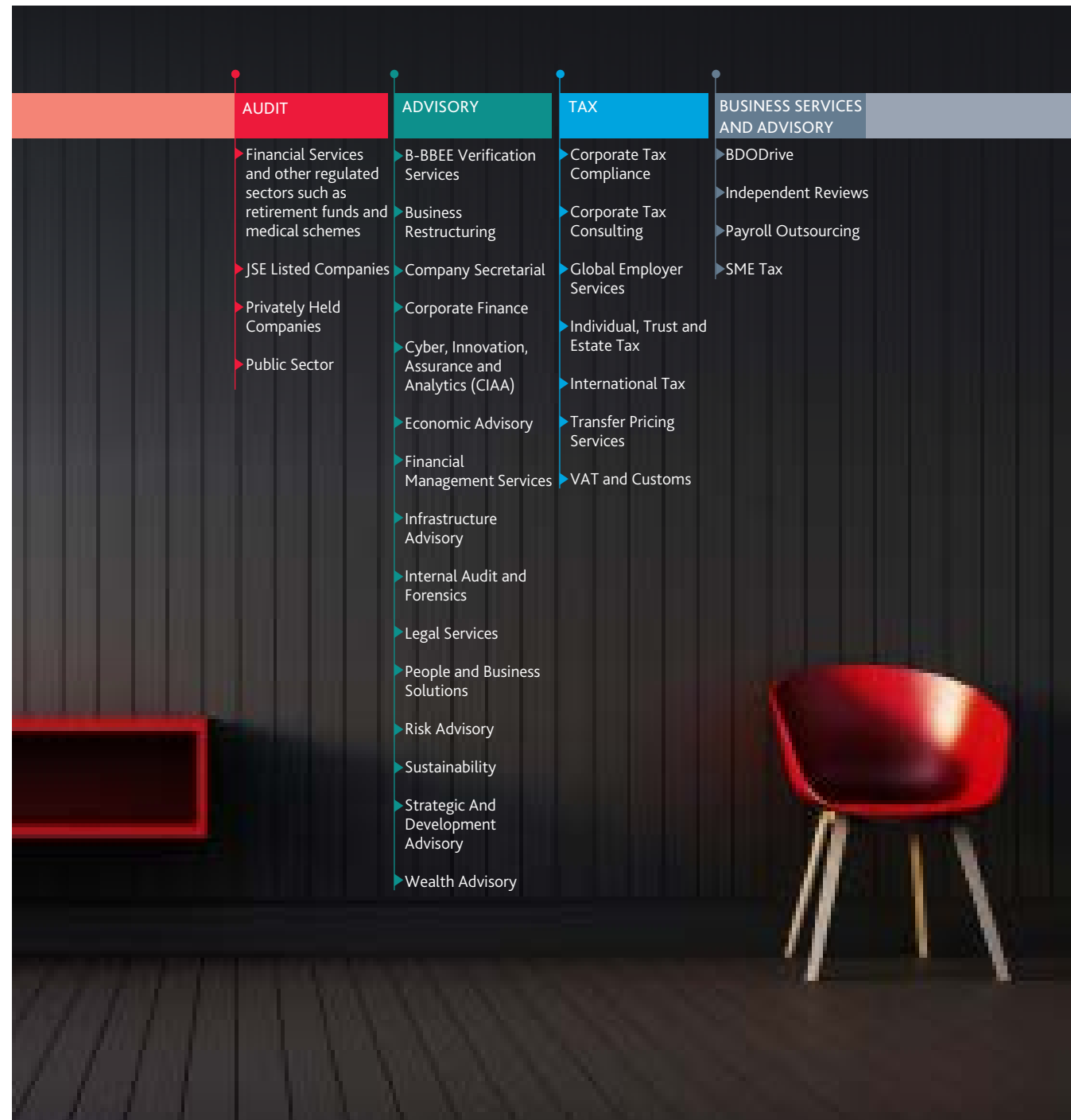
INDEPENDANT REFERRAL FIRMS

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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