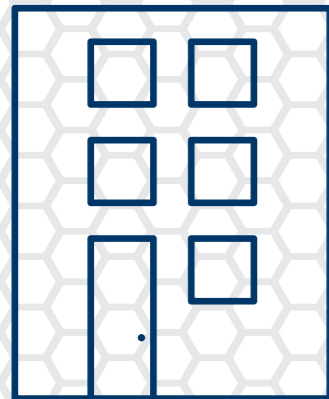


Filing guide for the master file (MF) and local file (LF) in South Africa

Applicable for financial years starting on or after 1 January 2016

STEP 1:
Evaluation of the obligation to prepare and file MF/LF



South African Company

When is the MF/LF required?

The MF/LF is to be filed if:

1. The South African company is the Reporting Entity for CbC Reporting purposes (other than a surrogate parent entity);
- or
2. The South African company, which forms part of a MNE Group, has an aggregate value of potentially affected transactions exceeding ZAR 100 million for the year of assessment.

Please note:

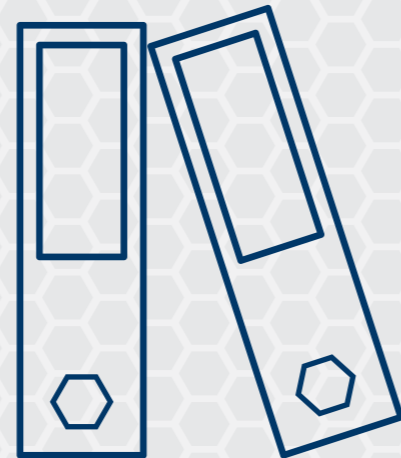
Transfer pricing documentation should also be prepared if the taxpayer intends to state in the ITR14 return that it has been prepared.

For more information please contact us

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For details of the source material, please visit our website: <https://grapheneconomics.com>

STEP 2:
Preparation of the MF/LF



Content

Both MF and LF will be compliant with South African TP regulations if they are prepared in line with the OECD BEPS Action Point 13.

Ideally, the MF should be prepared by the ultimate parent company, since the information required to be included might not be available to other MNE Group companies. In producing the MF, MNE Groups should use prudent business judgement in determining the appropriate level of detail for the information to be supplied, keeping in mind the objective of the MF.

Please note:

In addition to the MF and LF, tax payers need to consider the information to be retained as per the SARS Notice on Record-keeping issued on 28 October 2016.

STEP 3:
Submission of the MF/LF



Submission process

1. Registration on the Financial Data Reporting (FDR) website is necessary for the first submission (hosted via the SARS eFiling platform).
2. The required documents need to be attached (can be done in pdf format).
3. Upon submission, the user is required to declare that the documents loaded are true and correct.
4. Once submitted, SARS will continue to manually validate the information and may request additional information. If the documents pass the validations, they will be saved on the SARS system for exchange with other tax jurisdictions.

STEP 4:
Exchange of the MF and/or LF on request



Exchange process

There will be no automatic exchange of the MF and/or LF reports with other tax administrations. SARS will exchange the MF and/or LF with other tax administrations upon request if international tax treaties cater for such exchange of information.