



Tax & Legal Flash

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Transfer Pricing – New Interpretation Note on Intragroup Loans

Subsequent to the release of the 2022 updated draft interpretation note on intragroup loans for comment, on 17 January 2023, SARS released the updated and, effectively, new interpretation note on intragroup loans, a copy of which can be accessed [here](#). The 2023 interpretation note essentially contains what was in the 2022 draft interpretation note. However, there is additional guidance provided relating to the South African interest limitation rules as well as on loans granted by a natural person or by a company (at the instance of a natural person) to a trust or a company that is a connected person in relation to a trust in terms of Section 7C of the Income Tax Act.

Being the first finalised guidance relating to intra-group financial loans since Practice Note 2, which was released in 1996, the 2023 interpretation note on intragroup loans provides the needed guidance to taxpayers and is aligned with global principles and guidance.

The focus by SARS on financial assistance transactions between connected persons has been steadily increasing and the long-awaited finalisation of this interpretation note demonstrates SARS' intention to closely scrutinise such transactions.

If you have any questions regarding the above or wish to speak to one of our Senior Transfer Pricing Specialists, please contact either of the below:

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Kind Regards

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