

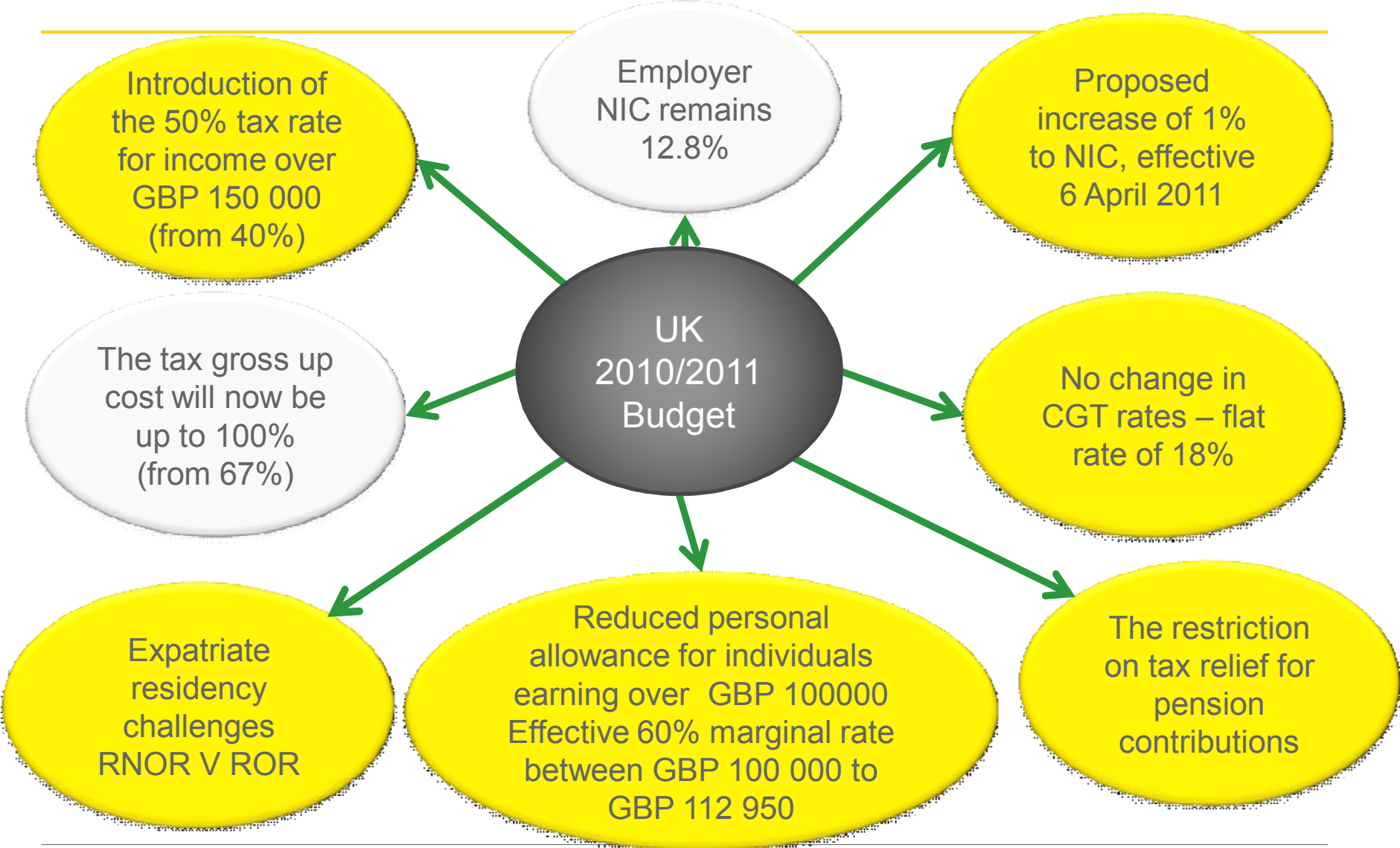


Overview of taxation & immigration matters relating to UK, Nigeria & South Africa

26 May 2010

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Quality In Everything We Do

The impact of the 2010/2011 UK Budget

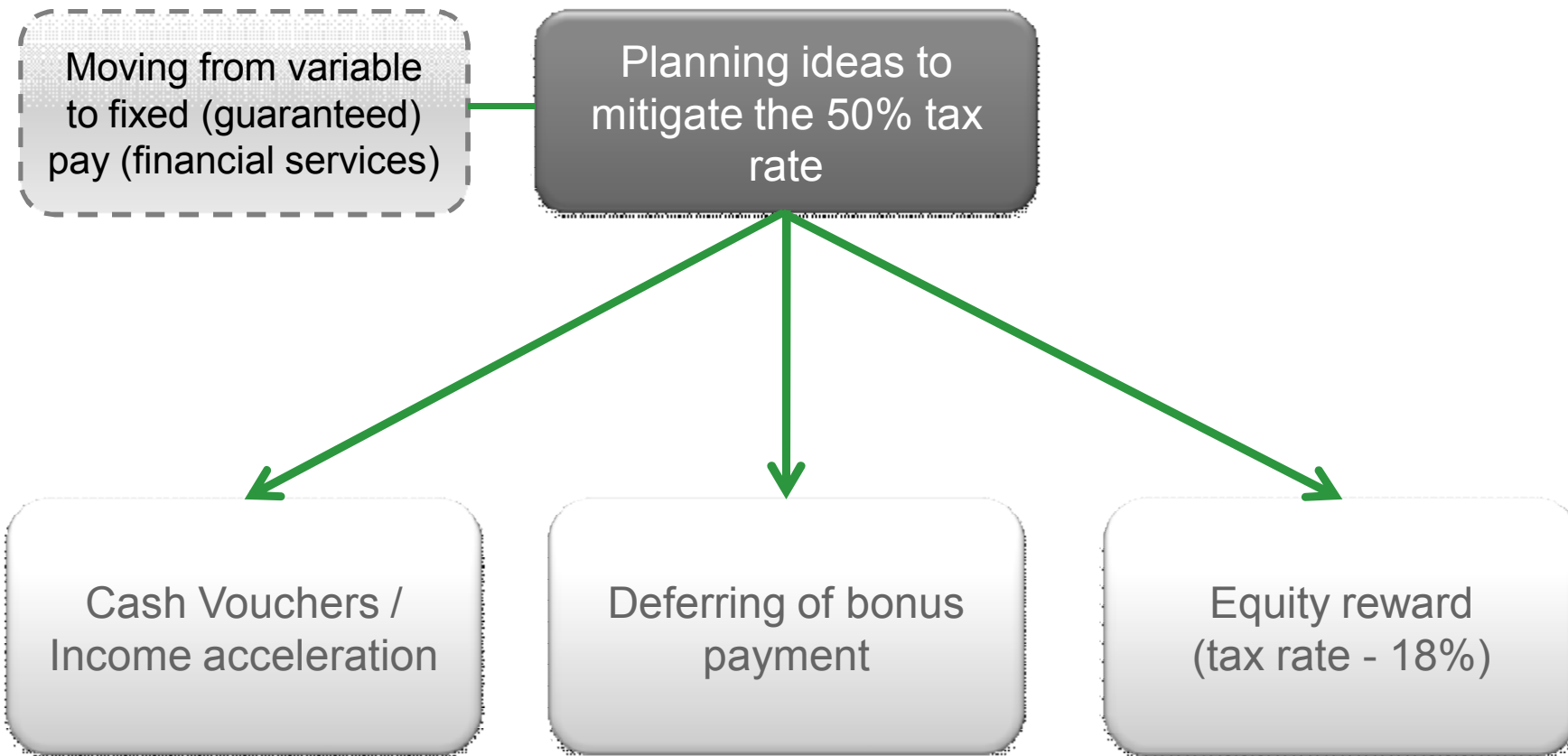


Income comparison

Non equalised individual without pension contributions

Earnings Summary	Yearly 2008/2009	Yearly 2009/2010	Yearly 2010/2011
Gross Pay	£180,000.00	£180,000.00	£180,000.00
Tax Free Allowances	£6,035.00	£6,475.00	£0.00
Total Taxable	£173,965.00	£173,525.00	£180,000.00
Tax Due	£62,626.00	£61,930.00	£67,520.00
National Insurance	£5,203.40	£5,559.60	£5,559.60
Total Deductions	£67,829.40	£67,489.60	£73,079.60
Net Earnings	£112,170.60	£112,510.40	£106,920.40
Employers National Insurance	£22,341.12	£22,307.84	£22,307.84
Impact on net earnings		From 2008/2009 £339-80	From 2009/2010 Loss £5,590-00

Tax saving opportunities



Cash vouchers / Income acceleration

Objective:

Bringing forward the tax point of UK taxable income so that it is taxed in the current tax year at 40% instead of 50%

Achieved by:

Making use of cash vouchers exchangeable for cash

Benefits to the business:

1. Produces a cash saving for the business.
2. This saving will be reduced by any amount shared with the employees as an incentive for agreeing to participate.

Benefits to the employee:

1. The planning can easily be structured so that part of the tax savings accrue to the employees as additional cash reward.

Bonus Deferral

Objective:

Discretionary bonus payment can be delivered so that the tax point is deferred, providing the opportunity for the bonus to be enjoyed in the future at potentially lower tax rates.

Achieved by:

The business establishes an Employer Funded Retirement Benefit Scheme trust (EFRBS)

Benefits to the business:

1. The EFRBS contributions are not taxable.
2. Provides a flexible planning tool for employees which should enhance retention and recruitment.
3. Able to claim a deduction when payments are made out of the EFRBS

Benefits to the employee:

1. Attractive to employees earning in excess of GBP 180 000 because 80% in the EFRBS compares favourable to the 49% they would receive in their hands (after 51% tax), and to the 70% they would be able to put into their approved pension plan (after 50% tax less 20% restricted basic relief)

Jointly owned equity

Objective:

Equity based awards can be delivered using a structure that allows the share price growth to be taxed as capital (18%) rather than income (at an expected top rate of 65.8% including the employer NIC)

Achieved by:

Giving employees a legal interest in actual shares at the initial award date

Benefits to the business:

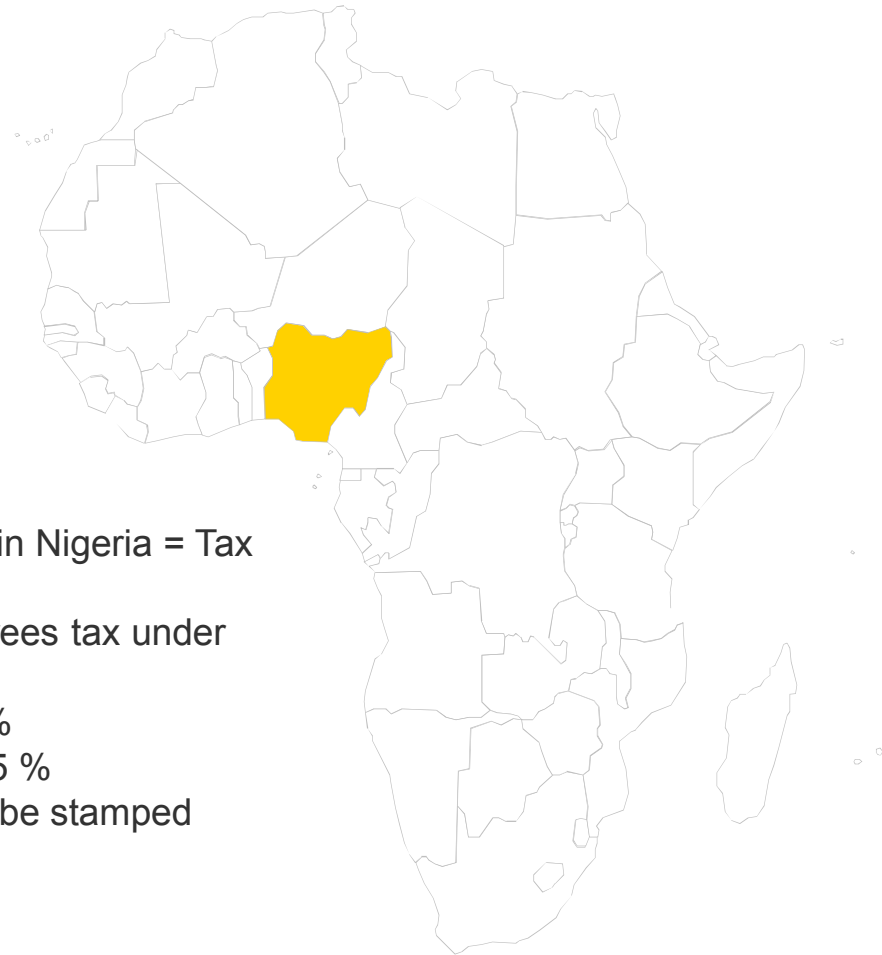
1. Making executive reward packages attractive with increasing the overall package cost
2. Where capital treatment applies the business saves employer NIC (13%)

Benefits to the employee:

1. At anticipated future rates employees could save up to 52% on the first GBP 10 100 of annual capital gains, and up to 34% thereafter.

Nigeria – General Information

Population	141 million
Primary industry sector	Crude Oil, Coal, Tin
Major trading partners	USA, Spain, Brazil
CPI	8.2 %



Tax Responsibilities for an employer

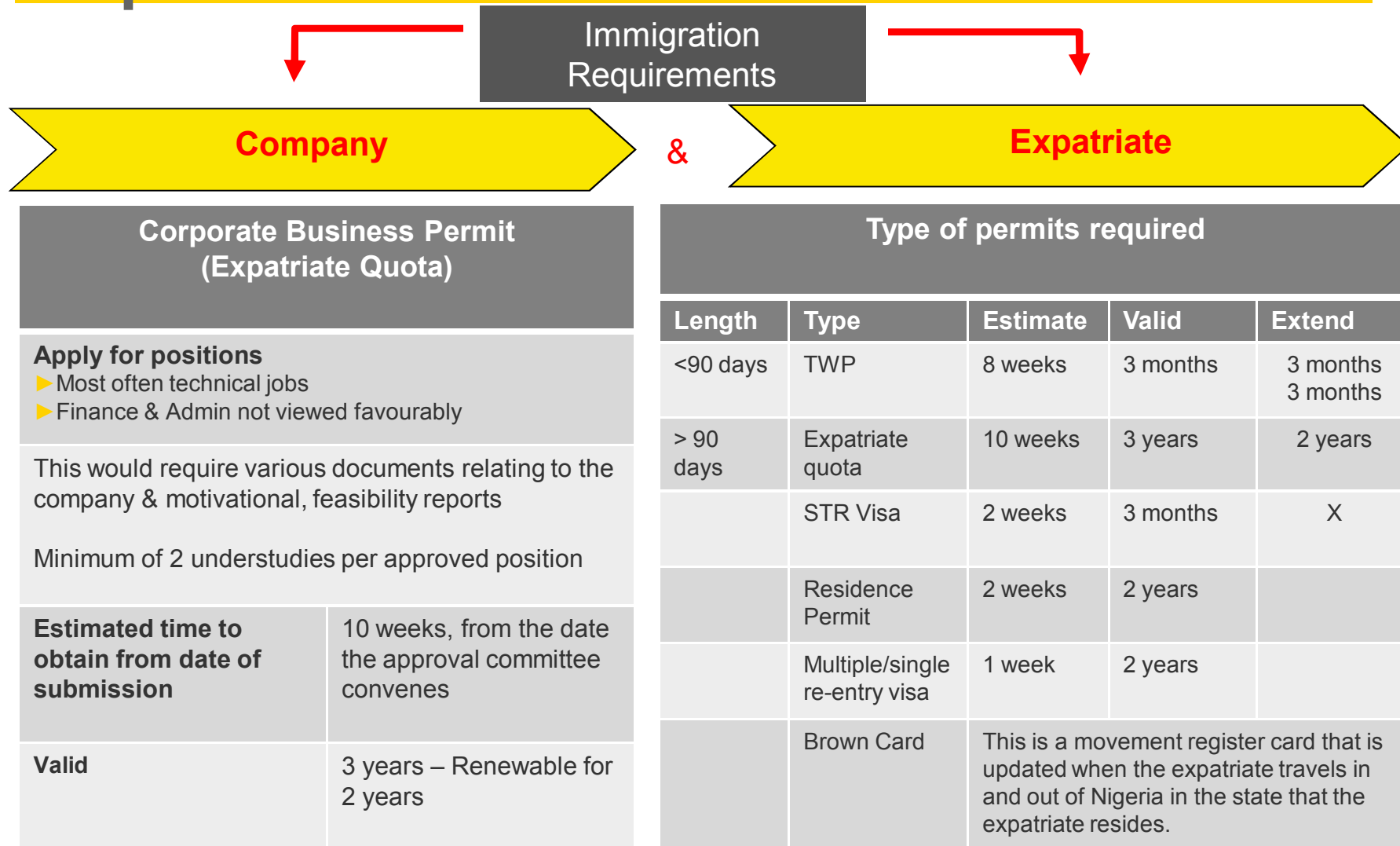
Monthly

- ▶ Resident : >183 days in Nigeria = Tax on worldwide income
- ▶ Withholding of employees tax under the PAYE system
 - Min tax rate - 5%
 - Max tax rate – 25 %
- ▶ Tax deduction card to be stamped

Annual

- ▶ Filing of form A
- ▶ Filing of tax clearance certificate

Nigeria – Overview of Immigration Requirements



Nigeria – Overview of Immigration Requirements

- Notify Immigration Authorities



Departure



Before Arrival

- Expatriate Quota
- STR Visa
- TWP

Nigeria Immigration Process



On-going



On Arrival

- Monthly Expatriate Return
- Filing of movement card in state the expat resides (Brown Card)

- Residence Permit
- Multiple / Single journey re-entry visa
- Brown Card

South Africa – Overview of Immigration Requirements

- Notify the Department of Home Affairs (DHA)



- Passport to be valid for 6 months
- At least 2 blank pages in passport
- Business invite letter
- Apply for long term permit

South African Immigration Process

- **Quota permit**
 - Annual compliance - report every 12 months to confirm employment in same occupational category
- **General Work Permit**
 - Report to DHA annually to confirm employment
- **Change to condition and status of permit**
 - Notify DHA by filing the prescribed form and documents

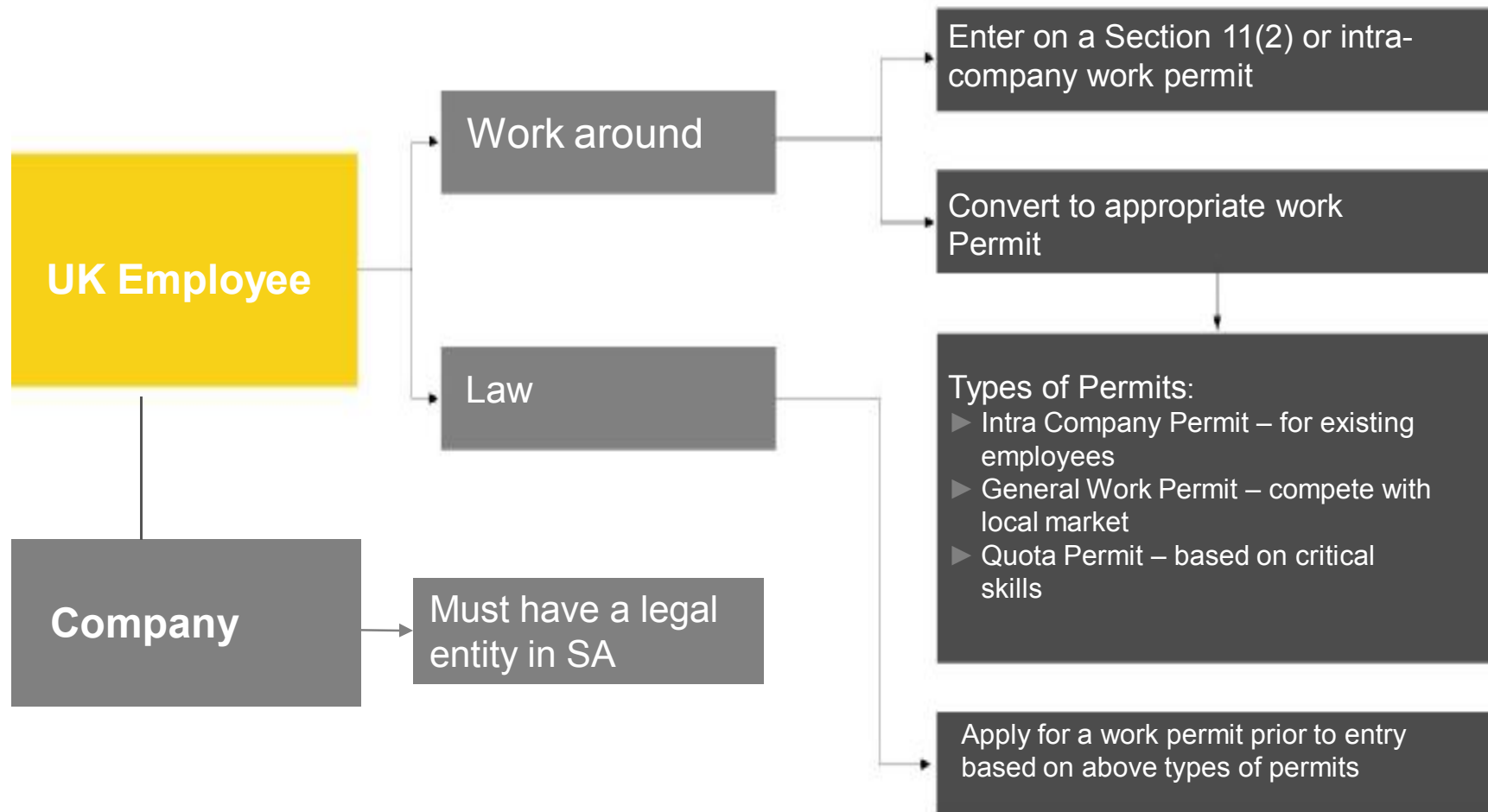


Process



- Report to Immigration official
- Present passport with entry visa (if not visa exempt)
- Visa exempt nationals to obtain visa at airport – present invite letter or enter on a work permit

Immigration workaround/law in South Africa



Immigration workaround/law in South Africa

Work around

- ▶ Enter on a Section 11(2) – this allows you to work or attend meetings for a maximum period of 90 days
- ▶ Enter on an intra-company permit and convert to quota work permit

Benefits of a quota permit

- ▶ Exemptions
 - ▶ No need to advertise and to do salary benchmarking
 - ▶ No competition with local labour market
 - ▶ Easy to motivate

Law

- ▶ Apply for work permit in host country or country of residence prior to entry
- ▶ Type of permit will be determined on skills, duration and activities.
- ▶ Existing employee: Intra-company permit.
- ▶ Permanent offer : category of permit will be determined based on skills, qualifications and experience
- ▶ Types of permits for permanent offers:
 - ▶ Quota permit: based on scarce skills
 - ▶ General Work Permit – compete with local market



Questions ?