GOVERNMENT NOTICES • GOEWERMENTSKENNISGEWINGS

NATIONAL TREASURY

NO. R. 7839 **19 August 2026**

SETTING THE REQUIREMENTS AND CONDITIONS THAT MUST BE MET BY A COMPANY FOR PURPOSES OF PARAGRAPH (*b*) OF THE DEFINITION OF "REIT" IN SECTION 1(1) OF THE INCOME TAX ACT, 1962 (Act No. 58 of 1962)

Under paragraph *(b)* of the definition of "REIT" in section 1(1) of the Income Tax Act, 1962, I, Enoch Godongwana, Minister of Finance, hereby, in the Schedule hereto, set the requirements and conditions that must be met by a company for purposes of that paragraph.

E GODONGWANA
Minister of Finance

SCHEDULE

1. Definitions

In this Schedule, unless the context otherwise indicates, any word or expression to which a meaning has been assigned in the Income Tax Act, 1962, (Act No. 58 of 1962) bears the meaning so assigned; and—

(a) **"IFRS"** means the International Financial Reporting Standards issued by the International Accounting Standards Board;

(b) **"insurer"** means an insurer as defined in section 29A of the Act;

(c) **"retirement fund"** means a "pension fund", "provident fund", "pension preservation fund", "provident preservation fund" or "retirement annuity fund", as defined in section 1(1) of the Act;

(d) **"REIT"** means a company contemplated in paragraph *(a)* of the definition of "REIT" in section 1(1) of the Act;

(e) **"rental income"** means rental income as defined in section 25BB(1) of the Act;

(f) **"short-term insurer"** means a short-term insurer as defined in section 28 of the Act;

(g) **"the Act"** means the Income Tax Act, 1962 (Act No. 58 of 1962); and

(h) **"wholly-owned subsidiary"** means a company of which all its issued equity shares are directly held, alone or in any combination, by an insurer, a retirement fund, a short-term insurer, a state-owned company listed in Part B of Schedule 3 of the Public Finance Management Act,1999, (Act No. 1 of 1999) or a REIT.

2. Requirements and conditions

A company meets the requirements and conditions to qualify as a REIT if—

(a) the company is a "wholly-owned subsidiary";

(b) as at the end of the year of assessment or at the end of the immediately preceding year of assessment 80 per cent or more of the value of its assets, reflected in the annual financial statements prepared in accordance with IFRS or the Companies Act for the current or previous

year of assessment, is directly attributable to immovable property or a property company as defined in section 25BB(1) of the Act;

(c) at least 75 per cent of its revenue, reflected in the statement of comprehensive income of the company in its audited or reviewed annual financial statements prepared in accordance with IFRS or the Companies Act for the current or immediately preceding year of assessment, is derived from rental income;

(d) total liabilities or consolidated liabilities of the company is not more than 60 per cent of the total assets or consolidated assets as reflected in its audited or reviewed annual financial statements prepared in accordance with IFRS or the Companies Act for the current or immediately preceding year of assessment ;

(e) the company has gross assets of at least R300 million as reflected in its audited or reviewed annual financial statements prepared in accordance with IFRS or the Companies Actfor the current or immediately preceding year of assessment;

(f) the company distributes at least 75 per cent of its total distributable profits, reflected in its audited or reviewed annual financial statements prepared in accordance with IFRS or the Companies Act for a year of assessment, to the holders of its equity shares by no later than six months after the end of that year of assessment subject to the relevant solvency and liquidity test as defined in and applied in section 46 of the Companies Act; and

(g) the audit committee or a separate risk committee of the board of the company is responsible for–

(i) adopting and implementing an appropriate risk management policy, which policy must as a minimum:

(aa) be in accordance with industry practice; and

(bb) specifically prohibit the company from entering into any derivative transactions that are not in the normal course of the property company's business; and

(ii) reporting in the annual report each year that they have monitored compliance with the policy and that the company has, in all material respects, complied with the policy during the year concerned.

3. Effective date

The requirements and conditions set in terms of this Schedule come into operation on the date of publication in the Government *Gazette* and apply to years of assessment of companies commencing after that date.