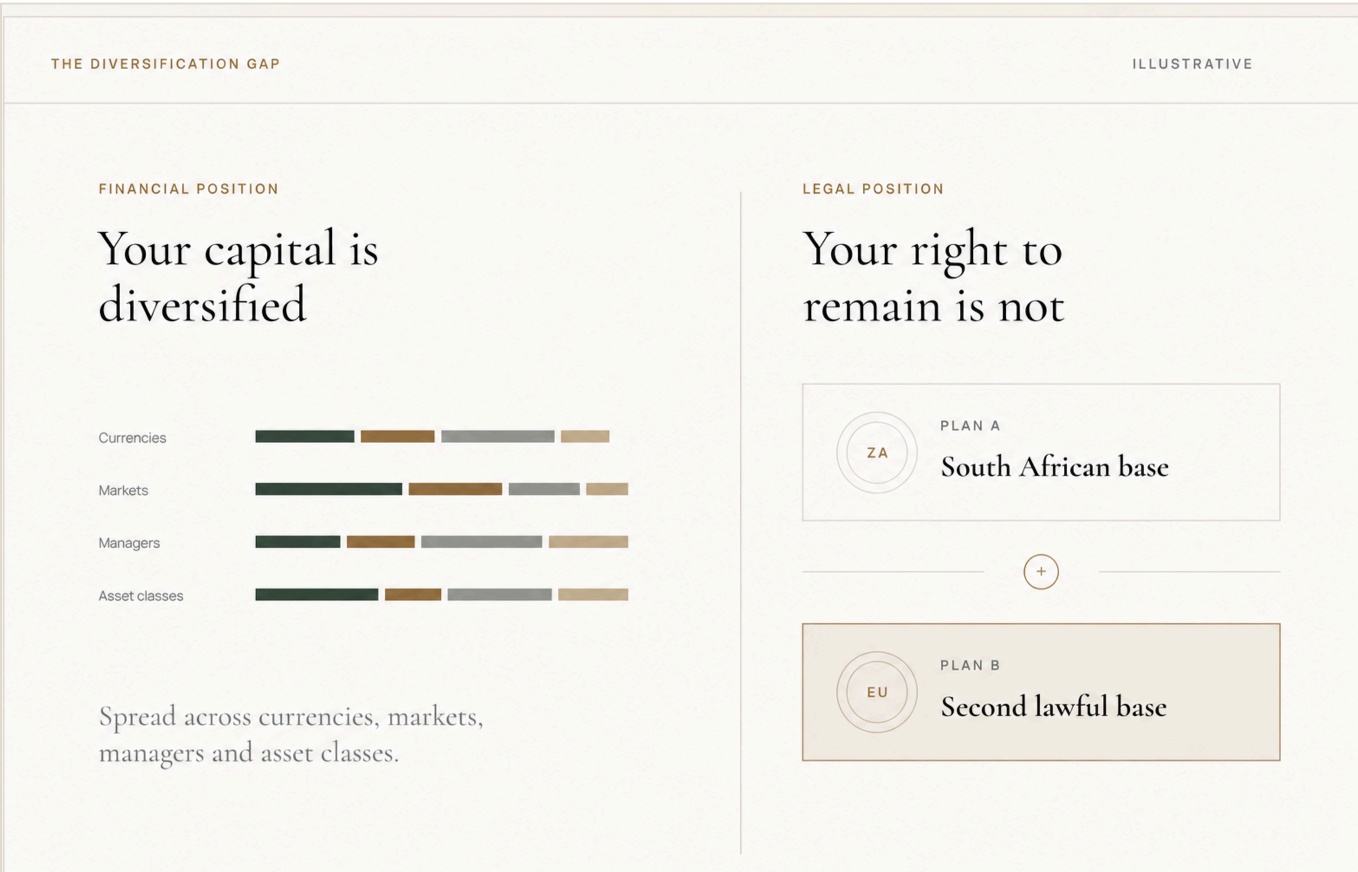
# The 2026 offshore allowance window.

How South African investors are using a single euro allocation for Rand hedging, foreign passive income, European residence and travel freedom.

## WHY A SECOND BASE

A family can be financially diversified and still be geographically concentrated. South African private clients routinely spread capital across currencies, managers, asset classes and markets — yet the family's long-term right to live, remain and establish a base may still depend on one country.

A European residence position is not a prediction that South Africa will fail, and it is not emigration. It is a second lawful base established while decisions can still be made calmly — and while the investment is judged on its own merits.




Add capacity. Keep optionality. Preserve the original plan.

NOT AN EXIT | NOT A FORECAST | A MEASURED ADDITION

## TWO STARTING POINTS

The guide frames every case around one question: where does the capital sit today?

For a family building its offshore position, the 2026 allowance is the funding route: up to R10,000,000 per eligible taxpayer, per calendar year, through SARS's AIT process. The planning question is what is genuinely possible within that capacity once the complete position — the qualifying investment plus foreign taxes, VAT and transaction, application and professional costs — has been priced.

For a family whose capital is already offshore, no new allowance is involved. The move is a reallocation: ring-fence a defined slice of the established portfolio — the guide illustrates 15% — and apply it to a qualifying Greek or Cypriot property or an eligible fund. The same capital then performs a different role: a retained euro-denominated asset that can also support a residence application, such as Greek residence, subject to programme eligibility, due diligence and government approval.

WHERE ARE THE FUNDS TODAY?

SITUATION A

### Building an offshore position

The capital is still in South Africa.

01 **Price the complete position**
Include the asset, foreign taxes, VAT, government charges and professional costs—not only the advertised threshold.

02 **Match the available allowance**
Use the Approval International Transfer (AIT) capacity of the correct taxpayer or taxpayers. Align owner, payer and route; obtain each TCS PIN.

03 **Place the capital deliberately**
Transfer into the documented qualifying property or fund through the agreed route. Keep the banking, title and residence record together.

PATH A · NEW OFFSHORE POSITION
Current-year allowance → qualifying European asset
The investment can then support the relevant residence application.

SITUATION B

### Already holding funds offshore

The capital is already held lawfully outside South Africa.

01 **Review the existing position**
Confirm liquidity and preserve the complete source-of-funds and KYC trail for the capital already abroad.

02 **Ring-fence a suitable allocation**
Carve out only the portion that can be repositioned without weakening the family's wider offshore portfolio.

03 **Reallocate into the qualifying asset**
Apply it to a qualifying Greek or Cypriot property, or Portuguese fund. Redeploying capital already abroad uses no additional current-year allowance.

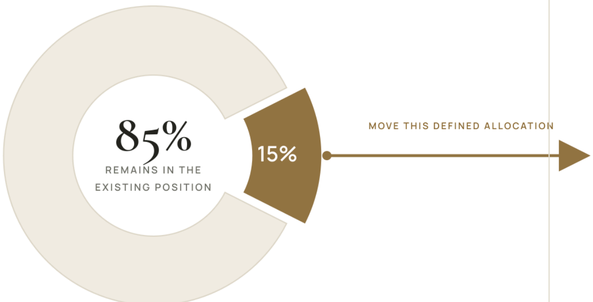
PATH B · EXISTING POSITION, REPOSITIONED
Offshore funds → qualifying European asset
Its redeployment consumes no additional 2026 allowance.

# Take a defined slice. Put it to a different use.

Illustrative portfolio: keep 85% in the established offshore position and reallocate 15% into a qualifying European investment, where that capital can perform a different role.

TAKE 15% FROM HERE

### Established offshore portfolio




PUT IT HERE

### Qualifying European investment

Greece · Cyprus · Portugal
A property or fund route selected on its own merits and programme criteria.

WHAT THAT ALLOCATION MAY ESTABLISH

01 **A retained euro-denominated asset**
A qualifying European property or fund interest remains on the balance sheet.

02 **Residence authorisation**
Subject to programme eligibility, due diligence and government approval.

03 **Residence permit / card**
Issued documentation evidencing the approved residence status.

04 **Underlying asset cash flows**
Rent, distributions, costs and taxes; positive net cash flow is not promised.

## WHAT ONE ALLOWANCE COVERS

A single year's capacity of R10,000,000 funds a complete position of about €526,000 at the planning rate — the qualifying asset and every cost with it. The two property routes therefore describe a range, not an entry price.

Greece runs from €250,000 to about €475,000: the lower case models at €280,000, or R5,320,000 all-in, and a €475,000 property at roughly R9,870,000 — still one taxpayer, with nothing drawn from a spouse.

Cyprus runs from €300,000 to about €425,000, in each case before VAT: R7,125,000 all-in at the entry case, and roughly R9,950,000 at the upper end. Cyprus is the EU permanent-residence route rather than a Schengen one.

## WHAT THE 2026 ALLOWANCES CAN FUND

At Kestrel Private's deliberately rounded planning rate of €1 = R19, the five cases map as follows:

| EUROPEAN INVESTMENT ROUTE | ADVERTISED ASSET THRESHOLD | MODELLED EURO REQUIREMENT | RAND REQUIREMENT | INDICATIVE SOUTH AFRICAN ROUTE |
|---|---|---|---|---|
| Greece<br>QUALIFYING CONVERSION OR RESTORATION PROPERTY | €250,000<br>within one allowance | Approximately €280,000 | R5,320,000 | One R10,000,000 allowance via AIT; R4,680,000 of that year's capacity remains |
| Greece<br>STANDARD REGIONAL PROPERTY | €400,000<br>to €475,000 within one allowance | Approximately €440,000 | R8,360,000 | One R10,000,000 allowance via AIT; R1,640,000 of that year's capacity remains |
| Greece<br>PRIME-AREA PROPERTY | €800,000<br>two allowances required | Approximately €865,000 | R16,435,000 | Two R10,000,000 allowances —one per eligible taxpayer; R3,565,000 of that capacity remains |
| Cyprus<br>QUALIFYING NEW PROPERTY | €300,000 plus VAT<br>to €425,000 within one allowance | Approximately €375,000 | R7,125,000 | One R10,000,000 allowance via AIT; R2,875,000 of that year's capacity remains |
| Portugal<br>QUALIFYING INVESTMENT FUND | €500,000<br>R260,000 beyond one allowance | Approximately €540,000 | R10,260,000 | One R10,000,000 allowance via AIT, plus R260,000 from funds already held offshore |

These are indicative two-adult planning cases, not fixed quotations. The euro figures include the qualifying investment and modelled foreign taxes, VAT and transaction, application and professional costs. Family composition, the selected property or fund, professional advisers, banking arrangements and the live exchange rate will determine the final amount.

## WHAT A FILE USUALLY INVOLVES

01 Price the whole thing, not the threshold. The investment plus foreign taxes, VAT and professional costs is the number that has to fit.

02 Check it against the capacity actually left this year, across both spouses, and against anything already held offshore.

03 Confirm the qualifying asset and who will own it, since that determines who has to be the payer.

04 Obtain AIT status and the TCS PIN for the amount, stating the purpose of the transfer.

05 Transfer, and keep the banking, tax, title and residence records together.

Kestrel Private's advice is not to externalise capital merely because an allowance is available. It is to plan early enough that a genuine European investment can be completed through the correct taxpayers, ownership interests and banking routes.

## ONE ALLOCATION, FOUR DISTINCT FUNCTIONS

An investment can do more than one job. The discipline is to separate those jobs — and test each on its own merits. Four separate reasons to say yes — or no.

THE FOURFOLD EURO INVESTMENT

DECISION FRAMEWORK

### Euro asset

A retained, euro-denominated investment with its own risk, liquidity and exit characteristics.

01 · CURRENCY DIVERSIFICATION

### Underlying cash flow

Rent, distributions or other returns may be generated in euros by the underlying asset. Positive net cash flow is not guaranteed.

02 · EURO CASH FLOW

ONE QUALIFYING

€

ALLOCATION

### Schengen mobility

An approved residence permit may allow visa-free travel within the Schengen Area, subject to applicable entry and stay rules.

03 · TRAVEL FREEDOM

### Residence permit

If approved, the family gains lawful residence in the issuing country, subject to the programme's ongoing renewal rules.

04 · SECOND BASE

**BASIS.** Planning rate €1 = R19, deliberately rounded up so a rand figure is never understated; the bank's signed quotation controls. Indicative two-adult planning cases — not quotations, tax or legal advice, or exchange-control approval. Greece and Portugal issue Schengen-area permits; Cyprus grants EU permanent residence and is not yet fully in the Schengen area. Final classification rests with the Authorised Dealer, SARS and SARB FinSurv. Sources: SARB Currency and Exchanges Manual, Circular 6/2026, SARS AIT guidance and the official programme instruments.

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