YOUR REVENUE AUTHORITY

South Africa: what the authority has published, and what CoVal does about it

Authority: South African Revenue Service (SARS), including its Share Valuations Team.
Last checked: 24 November 2026. Updated monthly.

> This page compares CoVal's default recommendations with what SARS has published. SARS has not reviewed or approved CoVal, and nothing here is tax advice. The valuer chooses the inputs, signs the valuation and remains responsible for it.

In short

SARS will not rule in advance on the market value of an asset, and it keeps the right to challenge any valuation. [1] For estate duty it goes further: the Commissioner must approve the valuation of unlisted shares held at death, through a dedicated Share Valuations Team. [2] That team has set out the methods it accepts and the practices that concern it. [3] SARS says little about how a discount rate is built.

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How CoVal compares

TOPIC	WHAT SARS HAS PUBLISHED	WHAT COVAL RECOMMENDS	HOW THEY COMPARE
Accepted methods	Net asset value at market values, an earnings multiple or capitalisation, and cash flow methods including discounted cash flow. [3]	The same three families of method.	Matches published guidance
Combining methods	SARS lists averaging the results of methods among its concerns. [3]	One primary method gives the value. A second method is shown as a cross-check and is never averaged in.	Matches published guidance
Risk specific to the business	The discount rate must reflect the circumstances of the business valued. A single rate across a group, applied to a start-up, was held to be a defect, as was a 15% risk premium for which the valuer gave only vague reasons. [4]	Sector beta adjusted for the maturity of the business, plus a scored premium limited to risks not already counted.	Matches published guidance
A business with a limited life	A terminal value that ignored the 15-year term of the company's only licence was a defect: the risk of non-renewal, or at least the cost of renewal, had to be allowed for. [4]	The terminal value can be switched off, and the report says so.	Matches published guidance
Control	The value may reflect how far the buyer can control the company. For estate duty, the deceased's power of control counts. [5] [6]	A scored control premium above 50%, or a minority discount at 50% or below.	Matches published guidance
Restrictions on transfer	Ignored. The shares are valued as if freely transferable. [5] [6]	A marketability discount scored on company profile, exit horizon and dividend history. No factor	Matches published guidance We found no court decision on whether a marketability

		uses restrictions in the MOI or a shareholders' agreement.	discount survives this rule.
What SARS asks to see	The valuation, financial statements at the date and for two prior years, and supporting documents on a published checklist. [7]	A report that lists the statements used and sets out method, inputs and sources.	Matches published guidance
Forecasts	A valuer may not accept management's figures without testing them. SARS lists unsupported assumptions among its concerns. [3] [4]	Checks on forecast growth, margins and working capital, with a reason required for every override.	Valuer to confirm The report must show the checks and what you did about them.
Net asset value	Market values at the date, with tax taken into account. SARS lists liquidation values among its concerns. [3]	Net assets restated to fair value. Tax effects are entered by the valuer.	Valuer to confirm State the premise and enter the tax effects.
Rights on winding-up	Value may not be less than what the holder would receive on winding-up, where that is out of proportion to the holding. [5]	No automatic test.	Valuer to confirm Applies only where a class has such rights.
Earnings multiples	SARS accepts a multiple of maintainable earnings. It lists revenue multiples, and using a discount rate inside a multiple valuation, among its concerns. [3]	EBITDA or price-earnings multiples from screened peers. Foreign peers are adjusted for country risk.	Valuer to confirm Avoid the revenue multiple, and explain the adjustments. SARS has not published a view on adjusting foreign comparables.
Risk-free rate, equity risk premium, size premium, cost of capital, growth, order of adjustments (6 items)	Nothing.	A 10-year government bond yield less default risk; a published equity risk premium; a scored size premium; growth from IMF forecasts, capped.	No published position CoVal's inputs are sourced and shown in the report.
Share classes and conversion rights	Class rights must be considered. Preference shares were taxed on their conversion value. [5]	One class of share.	Not covered Value class rights outside the platform.

Where the authority will look to you

CoVal's default is consistent with the authority's position on the points marked Valuer to confirm . The authority expects the valuer to address them, and CoVal will prompt for each and record the answer in the report.

References

1. SARS, Guide to Advance Tax Rulings; Tax Administration Act 28 of 2011, section 80.
2. SARS, Update on share valuations for Estate Duty, 20 October 2021.
3. SARS Share Valuations Team, Share valuations: Deceased Estates, presentation hosted by FISA, February 2026. A presentation, not an official SARS publication.
4. Commissioner for SARS v Stepney Investments (Pty) Ltd [2015] ZASCA 138.
5. SARS, Guide on Determining the Market Value of Assets for CGT Purposes, Issue 5, 28 July 2021; Income Tax Act 58 of 1962, Eighth Schedule, paragraph 31.
6. Estate Duty Act 45 of 1955, section 5(1)(f)bis.
7. SARS, Unlisted Shares Valuation Pack Checklist.

How to read the marks.Matches published guidance: the authority has published a position on this input and CoVal's default follows it. **Consistent with practice**: no published rule for share valuations, but the authority applies the approach elsewhere or its tax court has accepted it. **No published position**: the authority has said nothing; CoVal's default is sourced and shown in the report. **Valuer to confirm**: CoVal's default is consistent with the authority's position, but the authority expects the valuer to address this point; CoVal will prompt for it and record the answer in the report. **Country setting**: the authority applies its own rule or figure; for tax work there CoVal's default is that rule. **Not covered**: CoVal does not do this; the valuer handles it outside the platform. No mark means "approved".

Prepared by Covaluation (Pty) Ltd. This page compares; it does not certify. It is not tax advice and creates no assurance that a valuation will be accepted by any authority. Sources are listed above; where a summary rather than the source itself was read, the reference says so. covalapp.com