

SAFE



SOUND

Property & Tax Guide 2023

The facts, the figures

Nolands

AUDIT • ADVISORY • LAW



The attitudes of revenue authorities around the world toward tax governance and tax risk management have changed as authorities are increasing their scrutiny of the approach taxpayers are taking to their tax affairs.

This has been aided by new technology and automatic exchange of information agreements. Revenue authorities from different countries routinely share information on their taxpayers with each other.

There is no longer an option for taxpayers other than adopting a conscientious and proactive approach to managing their tax risks.

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CONTENTS

Budget Highlights	2	Sectional Title and Community Schemes	30
Normal Rates of Tax Payable by Natural Persons: 2022, 2023, 2024	3	Costs of Buying & Selling Property	36
Transfer Duty on Immovable Property	5	Purchasing via Legal Entities – Pro's & Con's	38
Capital Gains Tax & Your Property	6	Exchange Control	39
The Deed of Sale	10	Deceased Estates and Immovable Property . .	40
Home Loans and Mortgage Bonds	15	Trusts	45
The Consumer Protection Act	17	Donations Tax	47
The Property Practitioners Act	22	Estate Duty	48
The Protection of Personal Information Act . .	25	Mortgage Bond Repayment Factors	49
Tax Implications on the Leasing of Property . .	26	Sale of Property Timeline	50
The Rental Housing Act	27	Pitfalls & Recommendations	51
Force Majeure and Property	28	Comparative Tax Rates	52
The Electronic Deeds Registration Systems Act	29	Value-added Tax (VAT)	53
Regulations for New Buildings and Energy Usage	29	Interest Rates	54
		Illustrative Table of Bond and Transfer Costs	55

IMPORTANT NOTE AND DISCLAIMER

This guide is an easy reference, pocket-sized overview of the South African Tax System and immovable property in South Africa, incorporating announcements made in the Budget delivered on 22 February 2023.

- ♦ The information contained in this guide is a summary of current legislation, budget proposals and property related information. Due to limitations in length, only key points on each topic are addressed. Words importing the masculine shall include a reference to the feminine and vice versa.
- ♦ We suggest that you do not act solely on material contained in this guide as the nature of the information contained herein is general, and in summarised format, and may in certain circumstances be subject to misinterpretation. In addition, the budget proposals may not include all legislative adjustments which could be made in the near future. The information is provided with the understanding that no legal or professional advice is being rendered in this guide. We recommend that our advice be sought when encountering these potentially problematic areas.
- ♦ While every care has been taken in the compilation of this guide, no responsibility of any nature whatsoever will be accepted for any inaccuracies, errors, or omissions.

2023/2024 BUDGET HIGHLIGHTS

- ◆ Personal Income tax
 - ❖ Granting tax relief by adjusting personal income tax brackets and rebates for the effect of inflation.
- ◆ Fuel & RAF levies
 - ❖ No change to the general fuel levy or the Road Accident Fund (RAF) levy.
- ◆ Excise duties
 - ❖ Increases of 4.9% in excise duties on alcohol and tobacco.
- ◆ Solar
 - ❖ An expanded tax incentive for businesses of 125% of the cost of renewable energy assets used for electricity generation, brought into use during a period of 2 years from 1 March 2023.
 - ❖ A tax rebate to individuals for rooftop solar PV panels of 25% of the cost for a limited period, subject to certain conditions, and capped at R15 000 per individual.
- ◆ Transfer Duty
 - ❖ Adjustments to tax tables to take into account the effect of inflation.
- ◆ Retirement fund lump sum benefits including withdrawal benefits.
 - ❖ Adjustments to both tax tables to take into account the effect of inflation.
- ◆ Two-pot retirement system
 - ❖ The first phase of legislative amendments to the retirement system is due to take effect on 1 March 2024.
- ◆ Research and development tax incentive
 - ❖ The incentive is to be refined and extended for 10 years from 1 January 2024.
- ◆ Diesel fuel refund levy
 - ❖ The levy refund will be extended to manufacturers of foodstuff for a period of 2 years, from 1 April 2023 until 31 March 2025.

**NORMAL RATES OF TAX PAYABLE BY
NATURAL PERSONS FOR THE YEAR ENDED 29 FEBRUARY 2024**

TAXABLE INCOME	RATES OF TAX
R0 - R237 100	+ 18% of each R1
R237 101 - R370 500	R42 678 + 26% of the amount above R237 100
R370 501 - R512 800	R77 362 + 31% of the amount above R370 500
R512 801 - R673 000	R121 475 + 36% of the amount above R512 800
R673 001 - R857 900	R179 147 + 39% of the amount above R673 000
R857 901 - R1 817 000	R251 258 + 41% of the amount above R857 900
R1 817 001 and above	R644 489 + 45% of the amount above R1 817 000

**NORMAL RATES OF TAX PAYABLE BY
NATURAL PERSONS FOR THE YEAR ENDED 28 FEBRUARY 2023**

TAXABLE INCOME	RATES OF TAX
R0 - R226 000	+ 18% of each R1
R226 001 - R353 100	R40 680 + 26% of the amount above R226 000
R353 101 - R488 700	R73 726 + 31% of the amount above R353 100
R488 701 - R641 400	R115 762 + 36% of the amount above R488 700
R641 401 - R817 600	R170 734 + 39% of the amount above R641 400
R817 601 - R1 731 600	R239 452 + 41% of the amount above R817 600
R1 731 601 and above	R614 192 + 45% of the amount above R1 731 600

NORMAL RATES OF TAX PAYABLE BY NATURAL PERSONS FOR THE YEAR ENDED 28 FEBRUARY 2022

TAXABLE INCOME	RATES OF TAX
R0 - R216 200	+ 18% of each R1
R216 201 - R337 800	R38 916 + 26% of the amount above R216 200
R337 801 - R467 500	R70 532 + 31% of the amount above R337 800
R467 501 - R613 600	R110 739 + 36% of the amount above R467 500
R613 601 - R782 200	R163 335 + 39% of the amount above R613 600
R782 201 - R1 656 600	R229 089 + 41% of the amount above R782 200
R1 656 601 and above	R587 593 + 45% of the amount above R1 656 600

Tax rebates: Natural persons	2022	2023	2024
Primary (Persons below age 65)	R15 714	R16 425	R17 235
Secondary (Persons 65 and older)	R8 613	R9 000	R9 444
Tertiary (Persons 75 and older)	R2 871	R2 997	R3 145

Tax thresholds: Natural persons	2022	2023	2024
Below age 65	R87 300	R91 250	R95 750
Age 65 to below 75	R135 150	R141 250	R148 217
Age 75 and over	R151 100	R157 900	R165 689

Interest Exemption: Natural persons	2022	2023	2024
Below age 65	R23 800	R23 800	R23 800
Age 65 and above	R34 500	R34 500	R34 500

TRANSFER DUTY ON IMMOVABLE PROPERTY

Transfer duty is an indirect tax on the acquisition of immovable property situated in South Africa. The following are the main provisions:

- ◆ It is calculated on the value of the immovable property (purchase price or market value whichever is the highest).
- ◆ It is payable within six months after the transaction is entered into.
- ◆ Where a registered VAT vendor purchases property from a non-vendor, the notional input tax is calculated by multiplying the tax fraction [15/115 (14/114 before 1 April 2018)] by the lesser of the consideration paid or market value.
- ◆ The acquisition of a contingent right in a trust that holds a residential property or the shares in a company or the member's interest in a close corporation which owns residential property comprising more than 50% of its assets, is subject to transfer duty at the applicable rate.

Transfer duty is calculated as follows:

R1 – R1 100 000	0%
R1 100 001 – R1 512 500	3% of the value over R1 100 000
R1 512 501 – R2 117 500	R12 375 + 6% of the value over R1 512 500
R2 117 501 – R2 722 500	R48 675 + 8% of the value over R2 117 500
R2 722 501 – R12 100 000	R97 075 + 11% of the value over R2 722 500
R12 100 001 +	R1 128 600 + 13% of the value over R12 100 000

The most notable exemptions from transfer duty are the following:

- ◆ If the purchase price/value is R1 100 000 or less.
- ◆ If the transaction is subject to VAT (i.e. where the seller is a VAT vendor).
- ◆ In the event of immovable property being transferred to a person (including a close corporation, company or trust), in terms of a Last Will and Testament, or as a result of intestate succession.
- ◆ The transfer of any property to a surviving spouse, or divorced person, who acquires sole ownership of the whole or any portion of property registered in the name of his or her deceased or divorced spouse where that property or portion is transferred to that surviving or divorced spouse as a result of the death of his or her spouse or dissolution of the marriage or union.

CAPITAL GAINS TAX & YOUR PROPERTY

IMMOVABLE PROPERTY SUBJECT TO CGT

CGT is payable on disposal of immovable property to the extent that the capital gains arise after 1 October 2001. Persons are subject to CGT on the following immovable property:

- ◆ Residents: On all assets (including immovable) disposed of including overseas assets.
- ◆ Non-residents: are subject to CGT on immovable property or any right or interest in a property situated in South Africa and any asset of a permanent establishment through which a trade is carried on in South Africa (SA).

Note: Any right or interest in a property includes a direct or indirect interest of at least 20% held alone or together with any connected person in the equity share capital of a company, where at least 80% of the value of the net assets of the company is, at the time of the disposal, attributable to immovable property in South Africa.

CGT CALCULATION AND INCLUSION RATES

The capital gain or loss is the difference between the proceeds on disposal and the base cost of the property.

Events that trigger a disposal include a sale, donation, exchange, loss, death, vesting of property in a beneficiary of a trust and emigration.

Proceeds are equal to the amount received by the taxpayer in respect of the disposal.

The base cost is calculated as follows for property bought after 1 October 2001:

- ◆ The purchase price; plus
- ◆ Allowable capital expenditure.

The base cost is calculated as follows for a property bought before 1 October 2001:

- ◆ The valuation date value of the property on 1 October 2001; plus
- ◆ Allowable capital expenditure incurred after 1 October 2001.

The valuation date value is calculated as follows:

- ◆ The market value on 1/10/2001 as determined by a valuation; or
- ◆ 20% of the proceeds after deducting the allowable capital expenditure incurred after valuation date; or
- ◆ The time apportioned base cost, as determined by a formula.

Allowable capital expenditure includes the following:

- ◆ The cost of acquiring, creating or improving the asset (excluding any borrowing costs).
- ◆ The cost for valuation of the property for CGT purposes.
- ◆ Cost incurred in respect of disposal of the property (including sales commission, advertising, valuation costs, accounting and legal costs, removal cost etc.).

A capital gain or loss is calculated separately in respect of each asset disposed. Once determined, gains or losses are combined for that year of assessment and if it is:

- ◆ An assessed capital loss, it is carried forward to the following year; or
- ◆ A net capital gain, it is multiplied by the inclusion rate and included in taxable income.
- ◆ Annual exclusion of R40 000 capital gain or capital loss is granted to individuals and special trusts.
- ◆ Instead of the annual exclusion, the exclusion granted to individuals is R300 000 for the year of death.

The inclusion rates are as follows:

PERSON	2022	2023	2024
Natural person and special trust	40%	40%	40%
Company	80%	80%	80%
Trust	80%	80%	80%

PRIMARY RESIDENCE EXCLUSION

When a primary residence is disposed of capital gains up to R2 million is exempt from CGT. The following are the main provisions relating to primary residences:

- ◆ The exemption is applicable to natural persons and special trusts.
- ◆ Only one residence at a time may be a primary residence of a person.
- ◆ The exemption is applicable if a person merely has an interest in the residence. As a result a share in a share block company and a usufruct may qualify (subject to further provisions).
- ◆ If the residence is held by more than one person as a primary residence an apportionment of the R2 million must be made in relation to their interest.
- ◆ An apportionment of the profit must be done if the person used the house as a primary residence for only part of the time it was owned. If a person was absent from the residence for less than 2 years as a result of the residence being offered for sale and

vacated due to the intended acquisition of a new primary residence, the residence being erected on land acquired, the residence being accidentally rendered uninhabitable or the death of that person, it will not be seen as an absence from the residence.

- ◆ When the residence is used partially for residential and partially for business purposes an apportionment must be done.
- ◆ If a person is absent from his residence for a continuous period of 5 years or less and lets the premises during this time, the absence will be ignored if the person stayed in the residence for a period of at least one year before and after the period it was let, no other residence was treated as a primary residence during this period and the person was absent from the residence due to being absent from South Africa or was employed or engaged in a business in South Africa at a location more than 250 kilometers from the residence.
- ◆ Where the residence is more than 2 hectares in size, the exemption only applies to the gain made on the residence and 2 hectares, provided that the land is used mainly for domestic or private purposes together with the residence and the land is disposed of at the same time and to the same person who buys the residence (this land could be unconsolidated and next to the residence to qualify).

WITHHOLDING TAX ON ACQUISITION OF PROPERTY FROM NON-RESIDENT

The purchaser must withhold CGT on the purchase price where assets are purchased from a non-resident except where the amount payable by the purchaser is less than R2 million. The amount withheld is an advance tax in respect of the sellers' liability for CGT. This withholding tax is not a final tax and is merely a prepayment of the expected CGT.

If the purchaser is a resident withholding tax must be paid within 14 days from the date on which the seller was paid and if the purchaser is a non-resident, within 28 days.

The following withholding tax rates are applicable and are based on the proceeds on disposal:

NON-RESIDENT SELLER	2022	2023	2024
Natural person	7.5%	7.5%	7.5%
Company	10%	10%	10%
Trust	15%	15%	15%

The seller may apply to SARS for a directive in order to reduce the amount to be withheld.

**Individual, under 65 years of age, primary residence,
valued at R1m at 1 October 2001,
sold 7 March 2023 for R5m, costs to dispose asset were R50 000*
Taxable income for year ended 29 February 2024 was R500 000**

	R
Proceeds	5 000 000
Less Base Cost	-1 050 000
Capital Gain	3 950 000
Less primary residence exclusion	-2 000 000
	1 950 000
Less annual exclusion (indiv)	-40 000
Net Capital Gain	1 910 000
At inclusion rate of 40%	764 000

R764 000 as taxable capital gain is included in the taxable income of the individual and taxed at the normal tax rates applicable, as follows:

Taxable income	500 000
Taxable capital gain	764 000
Total Taxable income	1 264 000

Calculation:

Tax per 2024 Tables	417 759
Less Rebate	-17 235
	400 524
Tax payable	400 524

$R764\ 000/R1\ 264\ 000 \times R400\ 524 = R242\ 089$

Therefore R242 089 relates to the capital gain. As such the CGT % on the capital gain is $R242\ 089/3\ 950\ 000 \times 100 = 6.12\%$

*can include estate agents commission, costs, certificates of compliance (electrical, beetle, plumbing, gas and electrical fence compliance certificates, but not selling costs).

THE DEED OF SALE

A written agreement must be drafted and signed. A verbal sale agreement in respect of immovable property is unenforceable and void in South Africa. The following are some important clauses to be borne in mind:

DESCRIPTION OF THE PROPERTY AND PARTIES

The property and parties must be properly defined, so as to be capable of identification from the very wording used in the agreement.

UNFAIR CONTRACT TERMS PROHIBITED

In terms of the Consumer Protection Act (68 of 2008), or “the CPA”, unfair contract terms are to be prohibited in deeds of sale to which the Act applies. Note that it is still ambiguous as to whether the CPA applies at all to residential property sales, as a seller in these “once off” private sales, may not be deemed to be a supplier selling goods in his/her ordinary course of business, as defined in the Act. Where the CPA does apply, each case will be determined on its merits as to what is deemed to be fair or unfair contract terms. Notwithstanding the above, the general view is that Section 49 of the CPA should be taken cognisance of in all cases- and provision should be made that any waiver of liability, assumption of an obligation, or waiver of a right is drawn specifically to the attention of both parties to the agreement in a conspicuous manner.

PURCHASE PRICE & PAYMENT

- ◆ The price offered must be clearly stated, written both numerically and alphabetically.
- ◆ Sellers normally do and should require the payment of a deposit, which shows good faith, and the financial ability on the part of the purchaser and also provides security for the seller to cover its losses should the purchaser breach the agreement. As a purchaser, it is advisable to stipulate that the deposit be held in trust in an interest-bearing account, for the purchaser’s benefit pending transfer by the conveyancer [and dealt with in accordance with Section 86(4) of the Legal Practice Act].
- ◆ The balance of the purchase price is normally secured by a bank guarantee, usually coupled with a mortgage bond to be registered over the property. The seller’s conveyancer must make sure that guarantees are provided timeously, and the purchaser must ensure that the contract provides sufficient time to arrange finance and provide guarantees.

LEGAL PRACTICE ACT

Section 86(4) of the Legal Practice Act (28 of 2014) allows legal practitioners to invest client monies in a separate trust savings account where there is an underlying transaction with an explicit mandate from the client to do so. 5% of the interest earned will automatically be paid monthly to the Legal Practitioners Fidelity Fund by the bank (which has been approved by the LPFF). In addition, the Act requires an attorney who receives written instructions from a client, to set out the intended scope of the engagement with clarity and in writing, including estimated costs for the services to be provided.

FATCA

In order to invest funds, the requirement of disclosure of world-wide tax registration is required in terms of the US Foreign Account Tax Compliance Act, and an Inter-Governmental Agreement (IGA).

OCCUPATIONAL INTEREST

Where occupation takes place on a particular date and transfer takes place after the date of occupation, occupational interest is paid at an agreed amount for the period of occupation until transfer. In most cases this is paid by the purchaser, who may take occupation prior to transfer being registered. The terms should be stipulated in the deed of sale. In some cases, it is the seller who is the one who has to stay on in the property he or she has sold and where transfer has been registered. In this case, the seller will be required to pay occupational interest to the purchaser. In general, on occupation, risk passes to the purchaser. Clauses dealing with occupational interest and risk (who is at risk while the purchaser is in occupation) should be included in the deed of sale.

COMPLIANCE CERTIFICATES

The contract of sale is required to include clauses which deal with the Electrical, Beetle, Gas and Plumbing Certificate (where applicable). The City of Cape Town: Water Amendment By-law, 2018 provides that the seller must, before the transfer of a property, submit a plumbing Certificate of Compliance from a registered plumber (who must be registered with CoCT), certifying that any water installation (including alternative water connections) conform to the by-law and any National Building Regulations and Standards. Conveyancers attending to the transfer of a property are required to ensure that the requisite compliance certificates are received well before registration at the Deeds Office.

ELECTRIC FENCE REGULATIONS

Regulation 12 of the “Electrical Machinery Regulations” require that you have an “electric fence system certificate of compliance” if you install, add to, or alter an electric fence after 1 October 2012, or where there is a change of ownership of the premises on which the system exists, if the change of ownership takes place after 1 October 2012.

DISCLOSURE OF LISTED INVASIVE SPECIES

The National Environmental Management Biodiversity Act (10 of 2004) requires that the seller of an immovable property must, prior to the conclusion of the relevant sale agreement, notify the purchaser of such immovable property, in writing, of the presence of listed invasive species on the property. The obligation and the duty to remove could be negotiated between the seller and the purchaser.

BUILDING PLANS

The seller must ensure that all the buildings and structures on the property are approved by the relevant local authority. Before a seller places his home on the market for sale, he should make sure the approved plans reflect the buildings and structures on the property. It is best practice to include a clause in the sale agreement which deals with the building plans specifically. The clause may state that the property is sold subject to the condition that plan approval is obtained and provided to the purchaser prior to transfer, or that the purchaser acknowledges the absence of approved plans and accepts the liability for the risks associated therewith expressly. The seller cannot rely on the voetstoets clause to protect him in the event that plans are not approved, and he fails to disclose, as this will be deemed to be a latent defect known to the seller.

OCCUPATION CERTIFICATE

An Occupation Certificate is a requirement in terms of the National Building Regulations and Building Standards Act (103 of 1977), and is issued by the local authority. It ensures that a building is fit for human occupation, by stating that the roof has been inspected by a truss installer or engineer and is safe, that the plans were properly approved, that all drainage and plumbing work has been certified, that the windows were approved by a Glazing Certificate, that there is an electrical certificate of compliance, that any zoning or similar amendments have been completed, that an engineering completion certificate from a structural or civil engineer stating the property is safe, has been issued, and that, if the property has a thatch roof, that a Fire Certificate has been obtained. The Occupation Certificate is essential, when applying for insurance on a property, or for a home loan / mortgage bond.

PROPERTY DISCLOSURE REPORT: CONSUMER PROTECTION

While it has always been best practice for sellers to provide a property defects disclosure document as part of the sale agreement, the Property Practitioners Act (22 of 2019), which came into operation on 1 February 2022, makes this obligatory. The Regulations, which were published on 14 January 2022, provide the prescribed form for the report. It must be signed by all relevant parties and forms an integral part of the agreement. The sale agreement should expressly state which of the parties will be responsible for the costs incurred to correct any defects listed in the report. A property practitioner must not accept a mandate unless the seller has provided him with a fully signed mandatory disclosure, in the prescribed form. The property practitioner must provide a copy of this form to any prospective purchaser who intends to make an offer for the purchase of the property. Failure to comply may result in the property practitioner being held liable by an affected consumer, and the Regulatory Authority may take action against a property practitioner or impose an appropriate sanction.

THE FICA CLAUSE

Cash transactions and FICA:

The Financial Intelligence Centre Act (38 of 2001), as amended, provides that Accountable institutions (AI's), which include attorneys and estate agents, are required to file a report with the Financial Intelligence Centre in regard to any cash transactions involving domestic and foreign notes and coins, and travellers cheques above R25 000 or an aggregate thereof (i.e. smaller amounts that when taken together at the same time amount to over R25 000). Note that the South African Reserve Bank announced that cheques will not be supported by the country's national payment system from 1 January 2021. There is a proposal to increase the prescribed limit to R50 000. In addition, the transferring attorney and the estate agent are required to request certain documents from both the seller and the purchaser, in compliance with FICA. If applicable, the bank, and the bank's attorneys granting the bond will also require documents, some of which are listed below:

Natural Person

- ◆ Identity document(s) and Income tax registration number (latest tax return submitted to SARS and VAT number – where applicable)
- ◆ Proof: marital status: marriage certificate, antenuptial contract, divorce orders, consent papers
- ◆ Either a utility bill (water or lights), or a levy account that is addressed to the natural person at his or her residential address, not older than 3 months

Estate agent

- ◆ VAT details, income tax details of agency and agent involved in the transaction

Trust

- ◆ Verification of all authorised Trustees and Beneficiaries (income tax, identity numbers and proof of residential addresses not older than 3 months)
- ◆ Letters of authority to act as Trustees and copy of the Trust Deed
- ◆ Resolution authorising Trustee to act on the Trust's behalf in the property transaction
- ◆ Income tax and VAT number (where applicable), of the Trust
- ◆ For bond registrations, the financial institution may require financial statements and/or personal suretyship from the Trustees

Company/Close Corporation

- ◆ Verification of all Directors and shareholders/members (income tax, identity numbers and proof of residential addresses not older than 3 months)
- ◆ Memorandum of Incorporation/Founding Statement (and amended where applicable)
- ◆ CoR 39 Certificate (Certificate of Director amendments)
- ◆ Resolution authorising Director/Member to act on entity's behalf in the property transaction
- ◆ Income tax and VAT number of the company/CC (where applicable)
- ◆ For bond registrations, the financial institution may require financial statements and/or personal suretyship from the shareholders/members

Companies and CC's

- ◆ For bond registrations and transfers, a Factual Findings Report of the Auditor/Independent Reviewer/Accountant, and Certificate For A Transfer for a company/CC/ signed by the Directors/members (whichever is applicable).

AI's are required to conduct greater and enhanced due diligence when dealing with persons who are "prominent and influential domestically", or are "foreign prominent public officials" (or their immediate family members, or known close associates). These lists are not exhaustive and are intended to give an idea of the required documentation for FICA compliance.

DEVELOPER'S RIGHT OF EXTENSION

A right of extension, in terms of Section 25 of the Sectional Titles Act (95 of 1986), allows the developer of a sectional title scheme to reserve a right in its favour, to erect further phases to the development, within a stipulated period and for its personal account, further buildings or extensions on a specified section of the common property, and to divide these buildings into sections. This clause should be specifically dealt with in the deed of sale. The purchaser needs to be advised and made aware as to whether the developer has or does not have a right of extension in terms of the sale agreement.

HOME LOANS AND MORTGAGE BONDS

HOME LOAN AND MORTGAGE DISCLOSURE ACT (63 OF 2000)

A “home loan” is defined as a loan or advance by a financial institution to a person for purposes of constructing, purchasing, renovating or improving a home against security of a mortgage bond or other accepted form of security.

When mortgage finance is necessary, a suspensive condition will be included in the Offer to Purchase setting out the specific terms under which the finance must be approved and these conditions must be fulfilled on or before the time limit stated in the contract, failing which the contract will lapse and be null and void. It cannot be reinstated, even with the agreement of the parties by means of signing an Addendum. Due care should be taken to properly understand the conditions relating to the Bond approval, as once the mortgage bond condition and any other suspensive conditions have been fulfilled, a binding, enforceable contract comes into existence. Financial institutions reserve the right to withdraw the approval should any new or previously undisclosed facts emerge, or should there be a change in circumstances which may prejudice the rights of the financial institution. Financial institutions may also require an Occupancy Certificate from the Local Authority before registering a mortgage bond.

Where the prime interest rate quoted by the financial institutions is increased, the facility in terms of the mortgage bond approval may be withdrawn in the event that the banks find that their rights are prejudiced due to the increase in the bond rate. The withdrawal of the approval does not affect the Seller's rights to argue that the transfer of the property should proceed as the suspensive conditions were fulfilled. This would place the purchaser in the position that the transfer would have to proceed on a cash basis.

THE HOUSING CONSUMERS PROTECTION MEASURES ACT (95 OF 1998)

In terms of Section 18, no financial institution shall lend money to a housing consumer against the security of a mortgage bond registered in respect of a home, with a view to enabling the housing consumer to purchase the home from a home builder, unless that institution is satisfied that the home builder is registered in terms of this Act and that the home is or shall be enrolled with the National Home Builders Regulation Council (the Council) and that the prescribed fees have been or shall be paid. A conveyancer attending to a bond registration for a housing consumer who is borrowing funds to purchase a house from a home builder is required to ensure that the home builder is registered and the home is enrolled. A home builder in terms of this Act refers to a person who carries out the business of a home builder, and only applies to any dwelling unit constructed by a home builder for residential purposes.

THE HOUSING CONSUMER PROTECTION BILL, 2021

The Housing Consumer Protection Bill was tabled in Parliament during 2021. The Bill aims to repeal the current Housing Consumers Protection Measures Act of 1998 (amended in 2008). The Bill aims to expand the mandate of the Council (to be known as the National Home Builders Regulatory Council).

Clause 2 provides that the Bill applies to the building of a new home as well as to any addition to, alteration, renovation or repair of a home, in so far as the activity necessitates the submission of building plans to the local authority.

In terms of clause 25 a homebuilder or developer who undertakes or commissions the building of a home must apply for registration with the Council. There are no exemptions from registration such as allowed by the current Act. This means that every homebuilder, including a person who builds a house or a home for himself, and a developer, will be required to be registered. The Bill applies to residential property, as well as to a section in a scheme, a unit in a retirement scheme, a home forming part of a housing programme initiated by an organ of the state, a private drainage system from a home to a municipal connection, water services in connection with the home from point of supply to point of discharge at fixtures and appliances, any ancilliary building including garages and storage rooms, any retaining walls required for structural integrity, any adjacent building or wall on common property that has the potential to damage the home should it for any reason collapse.

Clause 83 expands on Section 18 of the current Act, and applies not only to the registration of a mortgage bond but also to a transfer. It requires that conveyancers ensure that a home is duly enrolled, and if it is not, conveyancers attending to the registration of a mortgage bond or to a transfer of a property, will have an obligation to inform the Council and the Registrar of Deeds. The Council may report a conveyancer who does not comply, to the Legal Practice Council (estate agents selling homes are also required to advise the Council of such a transgression). In addition, the Registrar of Deeds must also determine whether the home is so enrolled, and if it is not, the Registrar of Deeds must notify the Council, and he or she may not affect the registration of the deed in relation to that home.

Chapter 6 has compulsory clauses that must be part of any contract before construction starts. These include warranties and prohibitions on payments should the home builder fail to register or enrol the property.

THE CONSUMER PROTECTION ACT

Please note that the information contained in this section is not exhaustive and serves as a brief overview of the Consumer Protection Act (68 of 2008), hereinafter referred to as the CPA, as it specifically relates to property related transactions. There are still many ambiguities and uncertainties surrounding some of the provisions of the Act which only time (and the courts) will be able to interpret and clarify. You are strongly advised to contact our offices for further advice or consultation on this topic.

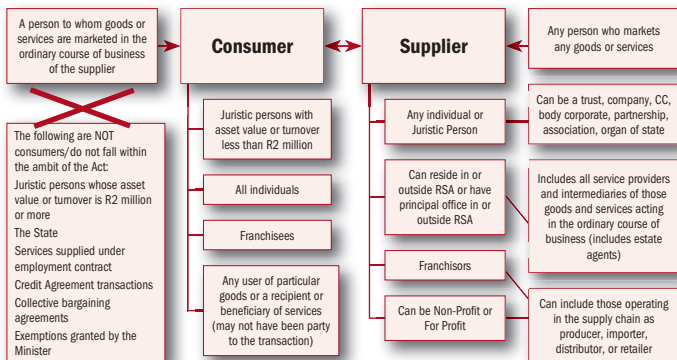
Scope of the Act:

The CPA regulates the activities of suppliers and creates rights for consumers in the event that they fall within the ambit and scope of the Act. The CPA applies to every transaction occurring within SA, and covers both goods or services delivered or rendered “in the ordinary course of business” and it applies to transactions which suppliers enter into with consumers (a transaction refers to the supply of goods or services in return for payment). It therefore covers:

- ♦ The promotion and advertising of goods or services that could lead to the transaction being entered into (unless exempted), the performance of the service and the supply of goods, the goods and services themselves after the transaction is completed, and the goods which form the subject of an exempted transaction.

The CPA does not apply to certain consumers, certain transactions, or in specific instances where exempted by the Minister.

Summary of Consumer/Supplier:



SALE AND PURCHASE OF IMMOVABLE PROPERTY

- ◆ Where the supplier is a seller of property (who sells property as his/her ordinary course of business), and the purchaser is an individual or a juristic body whose turnover or asset value is less than R2 million, the Act will have application.
- ◆ The basic test is whether the consumer purchases the property from the supplier in the course of the latter's "ordinary course of business". This means that it is unlikely that the CPA will apply to property sales in the average "one-off" private sale situation – it is aimed more at "commercial" sales – by property developers, builders, speculators, and other property dealers, extending to transactions where people buy and sell property on a continuous basis. In such cases, the deed of sale and actual transfer of property into the name of the purchaser would fall under the provisions of the CPA (where the purchaser qualifies as a consumer in terms of the Act).

Definition of "goods" includes a legal interest in land or other immovable property:

- ◆ The definition of "goods" in the CPA is defined to include a legal interest in land or any other immovable property, other than an interest that falls within the definition of "services". In other words, the definition of "goods" includes the sale and purchase of immovable property. Note: whether the CPA applies to a once off sale of residential property has not yet been tested in our Courts, as it will depend on who is selling the property, and whether such seller falls within the definition of supplier in terms of the Act.

REMEDIES FOR CONSUMERS (AS PURCHASERS) PROVIDED BY THE ACT:

Right to fair and honest dealing with consumers – Sections 40–42, 44

The CPA deals with unconscionable conduct, false, misleading or deceptive representations (whether by word or conduct), fraudulent schemes or offers, and the consumers right to assume a supplier is entitled to sell goods. Consumers (purchasers) are entitled to fair and reasonable marketing. "Market" is defined in the CPA as the "promotion and supply of any goods or services". All negotiations and representations made by sellers, estate agents, property developers, builders and other property dealers – to purchasers, must comply with the Act, so as to ensure that purchasers are treated lawfully and fairly.

Cooling off period – Section 16

Consumers are afforded a period of five business days to rescind a transaction resulting from any direct marketing without reason or penalty, by notice to the supplier in writing. Direct marketing includes telephone calls, electronic communications and cold calling – as opposed to ordinary marketing-which involves printed brochures, print media and websites.

This section may have the effect of allowing a cooling-off period when a property is purchased due to direct marketing, even if it is sold for more than R250 000 (i.e this cooling off right

is in addition to the cooling off period in terms of Section 29A of the Alienation of Land Amendment Act, which applies where the value of the property is less than R250 000, or such higher amount as the Minister may prescribe in order to counter the effect of inflation, and the purchaser is an individual).

Disclosure and Information – Section 22–28

Consumers (purchasers/tenants where applicable) are entitled to information in plain and understandable language. Purchasers must understand exactly what they are buying. The purchaser has the right to receive express notice of any term in an agreement which limits the risk or liability of the provider, or of any term which constitutes an assumption of risk or liability by the consumer.

Certain information is required to be disclosed by intermediaries, agents and/or estate agents in terms of Regulation 9, such as their full names, identity number, a description of the exact service to be provided and fees to be earned.

Consumer agreements – Sections 48–52

Unfair, unreasonable or unjust contract terms are not allowed in deeds of sale. These agreements will be scrutinised – the meaning and effect of all applicable terms and conditions of the agreement are required to be explained, and no terms or conditions that are deemed unfair for the consumer will be able to be inserted.

Right to fair value, good quality and safety – Sections 53–60

A. Right to fair value

Sale prices could be scrutinised for reasonableness. The price should always be displayed when the property is being advertised for sale.

B. Right to good quality and safety – Sections 55–56

Section 55(2): Except to the extent contemplated in subsection (6), every consumer has a right to receive goods that are reasonably suitable for the purposes for which they are generally intended, are of good quality, in good working order and free of any defects, and will be useable and durable for a reasonable period of time, having regard to the use to which they would normally be put, and to all the surrounding circumstances of their supply. In other words, where the CPA applies, it would seem that the purchaser has a right to return goods (to require the seller to take re-transfer of the property) if any of the requirements listed in the section are not met. Where the sale agreement expressly lists any patent (visible) defects, latent (unknown) defects, or specifies the exact condition of the property, the seller will most likely be protected. Such a clause must be expressly accepted by the purchaser. The purchaser must have expressly agreed to accept the goods (property) in that condition or knowingly acted in a manner consistent with accepting the goods in that condition [Section 55(6)].

Right to return defective goods – Section 56(2)

Within six months after the delivery of any goods to a consumer, the consumer may return the goods to the supplier, without penalty and at the supplier's risk and expense, if the goods fail to satisfy the requirements and standards contemplated in Section 55.

Where the CPA applies, the purchaser has the right to return the goods to the seller –without penalty and at the seller's risk and expense – within six months of delivery (registration of transfer at the deeds office). The purchaser has the choice as to whether the seller will be required to refund the full purchase price or repair the 'goods' (where applicable).

Effect of the CPA on the Voetstoets clause

There are conflicting views on the likely effect of the CPA on the traditional voetstoets clause. Certainly, where the Act applies, traditional voetstoets clauses that breach the consumer's rights as per Section 55 of the Act will no longer be applicable. Property speculators, developers, builders, estate agents, and attorneys involved in the drafting of the contract of sale will be required to comply with Sections 55–56. However it is also likely that the exception in Section 55(6) will relate to the voetstoets clause in that when the purchaser signs the deed of sale, and (s)he acknowledges that (s)he has been expressly informed that the property is sold in the specific condition that (s)he sees it, and which condition is listed in detail in the contract itself, and is acquainted with the property's condition, nature and extent, land use planning and building plan approval, accepts it as is, then the exception should apply. As per Section 49 of the CPA, such provision must have been drawn to the attention of the consumer and in a conspicuous manner, that is likely to attract the attention of an ordinarily alert consumer, having regard to the circumstances, and before the earlier of the time at which the consumer enters into the transaction or agreement, or is required or expected to offer consideration for the transaction or agreement.

LEASES AND LANDLORDS

'Lease' is not defined in the CPA, however, 'services' is defined as including the provision of accommodation or sustenance, access to or use of any premises or other property in terms of a rental. 'Rental' means an agreement for consideration in the ordinary course of business, in terms of which temporary possession of any premises or other property is delivered to or at the direction of the consumer, or the right to use any premises or other property is granted to or at the direction of the consumer, excluding a lease within the meaning of the National Credit Act.

Landlord as Supplier/Tenant as Consumer:

- ◆ The Act applies where the landlord is in the business of letting properties, and the tenant meets the criteria of 'consumer' – being an individual, or juristic body whose turnover or asset value is less than R2 million.

Some sections in the Act which will apply to lease agreements:

- ◆ Sections 22 and 40 of the Act state that it is the inherent duty of the landlord to ensure the tenant understands the lease agreement, and to provide full disclosure and information.
- ◆ The tenant is entitled to information in plain and understandable language.
- ◆ Most lease agreements are for a fixed period. Section 14 provides that the tenant may arbitrarily terminate the lease by providing twenty working days written notice to the landlord (for a lease entered into after 1 April 2011), subject to payment of reasonable cancellation penalties.
- ◆ Where the CPA applies, a landlord can only terminate the lease if there was a material breach and the tenant has not remedied the same within the specified period provided for in the lease agreement.
- ◆ Section 14 however does not apply to transactions between juristic persons, regardless of their annual turnover or asset value.
- ◆ Fixed lease agreements under the CPA have a maximum duration of twenty-four months. After expiry of the agreement, the lease will continue on a month to month basis unless a new agreement is signed. Should the landlord wish to terminate the agreement upon its expiry, he must notify the tenant in writing not more than eighty but not less than forty business days (before expiration of the agreement) of its looming expiry. If the agreement is to be renewed, a notice of any material changes that would apply would need to be provided to the tenant by the landlord within the same time frame. Should the lease continue on a month to month basis after its expiry, then the provisions of the Rental Housing Act will apply, and the landlord can cancel the lease agreement by giving one calendar months' notice, which is a notice that must be given before the end of the month, to terminate the contract at the end of the next month. Where there has been a material breach on the part of the tenant while the lease is on a month to month basis, the CPA will not apply, and a shorter period of demand prior to cancellation may be given.
- ◆ In summary, if two individuals enter into a lease agreement (commercial or residential), the CPA will apply, including Section 14. If an individual as landlord and a juristic person with assets or turnover of less than R2 million, as tenant, enter into a lease agreement, the CPA will apply, including Section 14. However, if two juristic persons, regardless of assets or turnover value, enter into a lease agreement, Section 14 of the Act will not apply (the remaining provisions of the Act may apply where both parties are juristic persons and the tenant as juristic person has assets or turnover value of less than R2 million). Note that where the tenant as juristic person has assets or turnover over R2 million, the CPA will not apply to the lease agreement at all.

THE PROPERTY PRACTITIONERS ACT

The Property Practitioners Act (22 of 2019) came into operation on 1 February 2022. The Act repeals the Estate Agency Affairs Act (112 of 1976), and aims to regulate all property practitioners (not just estate agents), including estate agents and agencies, property brokers, home inspectors, providers of bridging finance, bond brokers, marketers, auctioneers, property managers, sellers of time share, developers, rental agents, home owner associations (where a service is provided as intermediary primarily to sell/lease property in that home owner's association), digital portals that publicly exhibit properties, and employees of attorneys who act as estate agents. The Act specifically excludes a person who does not carry out any of these functions in the ordinary course of business, and a natural person who sells their own property (even if it is in the ordinary course of business), as well as attorneys, candidate attorneys and the Sheriffs of the Court. The Act applies to the marketing, promotion, managing, sale, letting, financing and purchase of immovable property. Some of the key changes it introduces are as follows:

◆ **The Property Practitioners Regulatory Authority (PPRA)**

- ◆ The Estate Agency Affairs Board (EAAB) has been replaced by the PPRA, known as the Board of Authority, which governs the property practitioners profession (not just estate agents. It is also required to conduct campaigns to educate and inform the general public of their rights and the obligations of property practitioners.

◆ **Transformation of Property Sector**

- ◆ When procuring property related goods and services, all organs of state must utilise the services of property practitioners who comply with the broad-based black economic empowerment and employment equity legislation and policies.
- ◆ The PPRA must, within 6 months of its establishment, open a Property Sector Transformation Fund, into which grants are paid- with the aim of benefiting previously disadvantaged individuals (small black-owned property practitioners).
- ◆ The Board must also consult with the services SETA to develop special dispensation for training and development of the historically disadvantaged.
- ◆ The Minister may prescribe measures to promote economic transformation by facilitating the accessibility of finance for property ownership, development and investment in order to enable meaningful participation of historically disadvantaged individuals including women, youth and the disabled.
- ◆ A purchaser/seller/tenant/lessor can request the agreement to be in any of South Africa's official languages, and this must be supplied by the seller.

◆ **Exemptions in respect of accounting records and trust accounts**

- ◆ These exemptions are introduced to assist transformation within the industry.

- ❖ Section 23 provides that a property practitioner, whose turnover is below R2.5 million, may not require an audit, but must cause his, her or its accounting records to be subjected to an independent review by a registered accountant, subject to the provisions of section 54(1)-(7) applied with the necessary changes. All property practitioners whose turnover is above R2.5 million must cause their accounting records to be audited within 6 months of their financial year end.
 - ❖ The Minister may by notice in the Government Gazette, determine circumstances where a property practitioner may be exempted from keeping trust accounts, and determine a different dispensation for the review of the accounting records for those property practitioners. The final Regulations, which were published on 14 January 2022, state that a property practitioner is exempted from keeping a trust account if he has never received any trust monies, or no longer receives the same, and he submits an affidavit to this effect to the Board of Authority.
 - ❖ A managing agent shall not be required to operate a trust account in respect of a body corporate where the funds of that body corporate are held in a bank account opened in the name of the body corporate in terms of Section 21(4)(a) of the Sectional Title's Schemes Management Act (8 of 2011).
- ◆ **Property Practitioners Fidelity Fund and Fidelity Fund Certificates**
- ❖ The Estate Agents Fidelity Fund is now known as the Property Practitioners Fidelity Fund (PPFF). It has the purpose of reimbursing consumers who suffer financial loss by reason of theft of trust money committed by a property practitioner.
 - ❖ Every property practitioner must have a valid Fidelity Fund Certificate, and is prohibited from rendering services without it. He will not only be required to possess a valid Fidelity Fund Certificate, but also a Tax Clearance Certificate, and a valid BEE Certificate.
 - ❖ The property practitioner must apply to the Board of Authority for a Fidelity Fund Certificate every 3 years, and must display the Certificate in every place of business from where he conducts property transactions, to enable consumers to easily inspect it. The Board must issue the Certificate within 30 days. Failure to do so will result in the application being deemed to have been approved and the Board must upon written request by the applicant, produce the Certificate within 10 days.
 - ❖ A valid Fidelity Fund Certificate must be held for all property practitioners within the agency or business. If an entity is a company, close corporation, trust or partnership, then every director, member, trustee and partner in that business must be issued with a Fidelity Fund Certificate, and failure to do so constitutes an offence.
 - ❖ The Regulations provide that a property practitioner, who, on 1 February 2022 holds a Fidelity Fund Certificate issued under the previous Act shall be entitled to

continue acting as a Property Practitioner under the Act, using such existing Fidelity Fund Certificate, until the end of the year during which the effective date falls.

◆ **Consumer protection – Property Defects Disclosure**

- ❖ It is mandatory for sellers or lessors to provide a comprehensive property defects disclosure document as part of a property transfer or lease, which will form part of the sale or lease agreement, and no mandate may be accepted by a property practitioner from a seller or lessor without this document, and a copy thereof must be provided to a prospective purchaser or lessee of the property.

◆ **Inspectors, Compliance Notices and Record Storage**

- ❖ Inspectors may be appointed by the CEO of the Board of Authority. They may, at any reasonable time, and without prior notice, warning or a warrant, conduct an inspection at the business premises of any property practitioner in order to determine whether the provisions of the Act have been complied with. If the property practitioner conducts his business at his private residence, the inspector must notify the property practitioner in advance and in writing. The inspector may issue compliance notices- which could include the imposition of a fine. The property practitioner is required to keep records, including correspondence, legal agreements, copies of advertising and marketing materials, for 5 years. These can be stored electronically.

◆ **Mediation, Adjudication and Appeal**

- ❖ The Board of Authority may consider complaints by members of the public against property practitioners in respect of financing, marketing, managing, letting, hiring and the sale and purchase of property, and may refer the complaint for mediation. Should a property practitioner have been served with a compliance notice and has failed to comply, or to pay the fine stated therein timeously, or mediation has failed, the Board of Authority may cause a notice of adjudication to be served on that person. Any person aggrieved by the decision of adjudicator may appeal against such a decision to the Adjudication Appeal Committee.

◆ **Remuneration**

- ❖ In order for a property practitioner to enforce the collection of remuneration (commission), a valid Fidelity Fund Certificate must be held for all property practitioners within the agency or business – and failure to have it may require the property practitioner to refund any commission paid by the seller. Agents may only receive commission from a property sale on registration (and this requirement cannot be amended by agreement). A conveyancer may not pay any remuneration or other monies to a property practitioner unless that property practitioner has provided the conveyancer with a certified copy of his, her or its Fidelity Fund Certificate, valid during the period, or on the date of the transaction to which the payment relates.

THE PROTECTION OF PERSONAL INFORMATION ACT

- ◆ The Protection of Personal Information Act (4 of 2013), otherwise known as POPIA, promotes the protection of personal information by public and private bodies.
- ◆ The Information Regulator (IR) and its members have been appointed. It is responsible for education, monitoring, enforcement and compliance, as well as the handling of complaints, performing research and facilitating cross-border co-operation. The Act commenced on 1 July 2020. All organisations were required to have been fully compliant with POPIA by the 30 June 2021.
- ◆ Estate agents, intermediaries, property companies and other institutions conducting business in the property sector, are required to comply with the Act and its Regulations, which includes obtaining consent from client before any of their private information is used, and collecting and storing client information in such a way that only individuals with the necessary authorisation are able to access it. Neither estate agents nor conveyancers may share a client's information or pass it on to another organisation or body without the data subject's written consent, and have suitable systems and rules in place so as to properly safeguard the client's personal information. Estate agents will also not be allowed to hand over the information of tenants and interested purchasers to landlords and sellers without the necessary policies having been set up and permissions obtained. A breach may expose the holder of the information to a damages claim, and/or prosecution for a criminal offence – attracting a possible fine or a period of imprisonment, or both.
- ◆ The Act sets out 8 conditions which are required to be met for the lawful processing of personal information of data subjects, as follows: Accountability, Processing Limitation, Purpose Specification, Further Processing Limitation, Information Quality, Openness, Security Safeguards and Data Subject Participation. Codes of Conduct may be developed in order to clarify how the 8 conditions are to be applied within a particular Sector or Profession. The Sector within which Property Practitioners operate may therefore develop their own Codes of Conduct, service level agreements, as well as amended employment contracts, so as to ensure compliance with POPIA.
- ◆ Estate agents will need to be cognisant of the strict limits imposed by POPIA relating to direct marketing. They will need to obtain the necessary permissions in order to continue communications to clients such as sending newsletters and campaigns, online marketing, bulk emailing, special offers and latest listings.

TAX IMPLICATIONS ON THE LEASING OF PROPERTY

For the landlord:

- ◆ All income received from rental of a property is of a revenue nature and has to be declared as part of a landlord's gross income.
- ◆ Deductions are available, such as: interest on bond repayments, repairs and maintenance, municipal rates and taxes, letting agent's fees (if applicable), and expenses not recovered from the tenant, such as security, utilities or garden services. In the case of a sectional title scheme, the levy is also deductible.
- ◆ In order for the deductions to be allowed the expenditure must have been actually incurred in the production of income and not be of a capital nature. The landlord must effectively be able to satisfy SARS that he is carrying on a bona fide trade through the rental of his property.
- ◆ The cost of improvements, reconstructions or additions to the property cannot be deducted, as these expenses are of a capital nature. Improvements made to leasehold property in terms of a lease agreement by the tenant must be included in the income of the landlord. Either the stipulated amount or a fair and reasonable value will be included. There may be relief available for the landlord, in terms of Section 11(h) of the Income Tax Act.

For the tenant:

- ◆ The tenant can claim the rental expense as a deduction for tax purposes if the rental payment or expenditure was actually incurred in the production of income.
- ◆ If improvements are made to leasehold property in terms of a lease agreement by the tenant, these must be included in the income of the landlord. Either the stipulated amount or a fair and reasonable value will be included.
- ◆ The tenant may deduct such expenditure over the period of the lease. The landlord may be entitled to discount the value of the improvements over the period of the lease or 25 years, whichever is the shorter.

THE RENTAL HOUSING ACT

The Rental Housing Act (50 of 1999), as amended, aims to regulate the relationship between tenants and landlords of residential property (utilised for dwelling purposes) in South Africa – by setting out general requirements relating to leases, laying down general principles and governing conflict resolution. The Rental Housing Tribunal's function is to ensure that unfair practices between landlords and tenants are eliminated and hence it interprets both the Act and the Procedural and Unfair Practice Regulations, where applicable, in its deliberations. The service is free to both tenants and landlords. A lease will be deemed to include a number of terms, which cannot be waived by either party, some of which are listed below:

- ◆ The landlord must furnish the tenant with written receipts for all payments received by the landlord from the tenant.
- ◆ If on the expiration of the lease, the tenant remains in the dwelling with the express or tacit consent of the landlord, the landlord and tenant are deemed, in the absence of a further written lease, to have entered into a periodic lease, on the same terms and conditions as the expired lease, except that at least one month's written notice must be given of the intention by either party to terminate the lease.
- ◆ A deposit must be invested by the landlord in an interest bearing account, such interest not to be less than the rate applicable to a savings account. During the period of the lease, the tenant is entitled to request proof from the landlord in respect of interest accrued.
- ◆ A tenant has the right, during the lease period, to privacy, and should the landlord wish to exercise his or her right of inspection, the inspection must be done in a reasonable manner after reasonable notice to the tenant.
- ◆ A landlord must provide a tenant with a dwelling that is fit and suitable to live in, maintain the existing structure of the dwelling and facilitate the provision of utilities to the dwelling.
- ◆ The Rental Housing Amendment Act (35 of 2014) addresses some of the shortcomings of the Act, and will come into operation on a date yet to be proclaimed. Some of the main changes that the Amendment Act brings about are that:
 - ❖ Leases must be reduced to writing. The onus will be on the landlord to make sure it is in writing.
 - ❖ The deposit and interest accrued on it must be paid to the tenant within 7 days of the expiration of the lease, however a reasonable cost incurred in repairing damage to the dwelling may be deducted from the deposit, but relevant receipts reflecting these costs must be made available to the tenant for inspection. Failure by a landlord to repay the deposit to the tenant is a criminal offence.

FORCE MAJEURE AND PROPERTY

- ◆ A general “force majeure” (or “act of God”) clause is often included in lease agreements, and in most cases, its definition is termed broadly. Such a clause will only apply in circumstances which are beyond the parties’ control, which human foresight could not have anticipated, and which make performance in terms of the contract objectively impossible.
- ◆ Over the past two years, whether the outbreak of Covid-19 and the resulting National Disaster (and lockdown regulations), were categorised as such an event, and thus deemed a “force majeure” depended on each case’s specific circumstances. For example, where furniture and fittings remained on the premises of a restaurant, even although the restaurant was not trading during the lockdown period, the landlord may have been able to show that the tenant had partial or total beneficial occupation, and gained some form of value or benefit from the occupation. The fact that prevailing circumstances (lack of income) made performance (payment of rent) uneconomical or difficult does not necessarily mean that it had become impossible to fulfil the terms of the contract.
- ◆ For a reduction of rent in these circumstances, due to “force majeure” the determining circumstance is a loss of beneficial occupation as a direct result of the “force majeure”, and not the loss of income used to pay the rent. The reduction in rent would be proportionate to the extent that the tenant has been deprived of the beneficial occupation and use of the premises.
- ◆ If a lease agreement provides that the premises is being leased for a specific purpose, then beneficial occupation is in relation to that purpose only.
- ◆ If a lease is entered into or renewed during the “force majeure” event, liability for performance will not be escaped. It is recommended that parties opt to make express provision in their lease agreements for future “force majeure” (or “act of God”) events, such as the Covid-19 pandemic or any future similar events.
- ◆ In the event that a lease agreement does not contain any clause relating to “force majeure”, then the common law relating to supervening impossibility may come into play. The parties may rely on this principle to suspend their obligations under the agreement, but only if it has become objectively impossible for them to perform under the agreement as a result of this unforeseeable and unavoidable event.

THE ELECTRONIC DEEDS REGISTRATION SYSTEMS ACT

The Electronic Deeds Registration Systems Act (19 of 2019), was signed into law on the 19 September 2019, and published in the Government Gazette on 3 October 2019. Only Section 2 is currently operational. The remainder of the Act will come into operation on a date fixed by the President by proclamation in the Gazette (who may set different dates for the coming into operation of any or certain provisions of this Act for the different deeds registries). The Act aims to facilitate the development of an Electronic Deeds Registration System, known as e-DRS – which will enable the electronic processing, preparation, lodgement and registration of deeds and documents by conveyancers and the Registrar of Deeds over the internet.

REGULATIONS FOR NEW BUILDINGS AND ENERGY USAGE

The Energy Efficiency Regulations for energy usage in buildings provide that all new buildings and building extensions in South Africa must conform to the regulations on energy conservation, including homes, industrial buildings, hotels and schools. Building plans will not be approved without compliance, and Inspectors are required to confirm same, specifically energy usage requirements. No compliance – no Occupancy Certificate.

TAX ALLOWANCE FOR ENERGY-EFFICIENCY SAVINGS

Regulations on the tax allowance for Energy-efficiency savings stipulate that any company holding a certificate that can prove their energy savings are genuine, can submit the certificate to claim an allowance from SARS. The allowance is as contemplated in Section 12L (2) of the Income Tax Act, 1962. Section 12L provides that tax incentives are available for savings in all energy forms, and not only electricity. The energy-efficiency savings tax incentive is calculated at a rate of 95c/kWh and also applies to cogeneration projects.

SECTIONAL TITLE AND COMMUNITY SCHEMES

The Sectional Titles Schemes Management Act (8 of 2011) or “STSMA” and The Community Schemes Ombud Service Act (9 of 2011), or “CSOSA”, and regulations aim primarily to protect owners in sectional title and community schemes and provide for management procedures and dispute resolution processes through the Ombud Service.

Attorneys, Estate Agents, Trustees of Sectional Title Schemes, Directors of Share Block Companies, Members of the Management Associations of housing schemes for retired persons, Owners, Developers and Managing Agents are required to know the critical aspects of the CSOSA. Trustees, Owners, Developers and Managing agents of Sectional Title Schemes are required to have knowledge and apply the provisions of the STSMA.

THE SECTIONAL TITLES SCHEMES MANAGEMENT ACT AND REGULATIONS

The following persons/groups of persons involved in Sectional Title Schemes are defined in the STSMA as follows:

The Body Corporate	
Developer	A person who is the registered owner of land situated within the area of jurisdiction of a local municipality, on which is situated or be erected a building or buildings which he or she has divided or proposes to divide into two or more sections in terms of a scheme.
Owner	In relation to a unit or a section or an undivided share in the common property forming part of such unit, means the person in whose name the unit is registered at a deeds registry in terms of the Sectional Titles Act.
Trustee	All the members (owners) are trustees from the establishment of the body corporate until the end of the first general meeting.

The executives of a community scheme, including the body corporate of a Sectional Title Scheme, may appoint Managing Agents to provide the scheme with management services to the community scheme for reward.

THE BODY CORPORATE

The body corporate is automatically established as soon as any person (other than the developer) becomes an owner of a unit in the scheme. At such time the developer and such persons are the members of the body corporate, and any person who thereafter becomes an owner of a unit becomes a member. The developer ceases to be a member when he or she

ceases to have a share in the common property. The body corporate is responsible for the enforcement of the Rules of the scheme, and the control, administration and management of the common property. Some of its more important functions are to establish and maintain an Administration Fund and Reserve Fund, and to require owners to contribute to these funds and to raise these amounts by levying contributions on the owners in proportion to the quotas of their respective sections, to insure buildings and keep them insured to the replacement value thereof.

TEN-YEAR REPAIR, REPLACEMENT AND MAINTENANCE PLAN

A body corporate or the Trustees are required to prepare a written, ten-year repair, replacement and maintenance plan for the common property, setting out a number of items including major capital items expected to require maintenance, repair and replacement within the next 10 years, the estimated cost of such maintenance, repair and replacement and the expected life of those items. This plan is used to ascertain Reserve Fund Contributions.

MEETINGS OF THE BODY CORPORATE

The developer must convene a meeting of the members of the body corporate not more than 60 days after the establishment of the body corporate, and is required to furnish the members with information and documentation regarding the scheme. Where a special or unanimous resolution will be taken, 30 days' prior notice must be given to all the members in the prescribed form. Votes are calculated in value, or in number, as is set out in section 6(6) and (7).

A person may not act as a proxy for more than 2 members of the body corporate.

A body corporate or an owner who is unable to obtain a special or unanimous resolution may approach the Chief Ombud for relief.

OWNER MEETINGS

The body corporate must hold an AGM within 4 months of the end of each financial year, unless this requirement is waived. Business must not be transacted at any general meeting unless a quorum is present or represented, and the requirements for a quorum to be met are set out in detail in the Act.

MANAGEMENT AND CONDUCT RULES

Sectional Title schemes are regulated and managed by means of Management and Conduct Rules, subject to the STSMA. Management rules exist to specify in detail how the body corporate's operations must be carried out and they also set out the rights and duties of its

trustees and members. Conduct rules exist to regulate the behaviour of owners and occupiers, setting out their rights and in their use of sections and the common property – for example, rules relating to the keeping of animals, reptiles and birds, refuse and waste disposal, vehicles, damage to common property, storage of flammable materials and eradication of pests.

TRUSTEES OF THE BODY CORPORATE

The functions and powers of the body corporate must, (subject to the provisions of the Act, the Rules and any restriction imposed or direction given at a general meeting of the owners of sections), be performed and exercised by the trustees of the body corporate, holding office in terms of the Rules.

GOVERNANCE DOCUMENTATION REQUIREMENTS FOR SECTIONAL TITLE SCHEMES

The Management Rules may be amended, added to, repealed, or substituted, as follows:

By the developer (when applying to open a sectional title register)	By the body corporate
subject to the approval of the Chief Ombud, and provided they are not inconsistent with any other Management Rule,	by unanimous resolution provided that at such time there are owners (other than the developer) of at least 30% of the units in the scheme (subject to certain exceptions).

Conduct Rules may be substituted, added to, amended or repealed by **special resolution** of the body corporate (provided that such Conduct Rules may not be irreconcilable with any prescribed Management Rule).

Unanimous resolution	Special resolution
<p>Means a resolution –</p> <p>(a) passed unanimously by all the members of the body corporate at a meeting at which (i) at least 80% calculated both in value and in number, of the votes of all of the members of a body corporate are present or represented, and (ii) all the members who cast their votes do so in favour of the resolution, OR</p> <p>(b) agreed to in writing by all the members of the body corporate.</p>	<p>Means a resolution –</p> <p>(a) passed by at least 75% calculated both in value and in number, of the votes of the members of a body corporate who are represented at a general meeting, OR</p> <p>(b) agreed to in writing by members of a body corporate holding at least 75% calculated both in value and in number, of all the votes.</p>

The body corporate must lodge a notification of an amendment to the scheme's Management and/or Conduct Rules as soon as reasonably possible, with the Ombud Service – but not later than 10 days after the date of the relevant resolution of the body corporate, and must compile and keep a complete set of all Management and Conduct Rules. The Chief Ombud must approve and issue a certificate for any Rules that may be substituted, added to, or changed. The Certificate must be lodged at the Registrar of Deeds.

All other community schemes (Share Block company's, home owner's associations etc.) will have their own rules, own constitutions, Memorandum of Incorporation (whichever is applicable), however these also have to be lodged with and approved by the Chief Ombud.

RELIEF AVAILABLE FOR AGGRIEVED PERSONS

An aggrieved person who is dissatisfied with the management, or any other aspect of the Sectional Title Scheme, may refer any dispute to the Chief Ombud in terms of the CSOSA, or appoint an Executive Management Agent by special resolution of the body corporate, to perform the functions and exercise the powers of the trustees, or, on the basis of serious financial and administrative mismanagement of the body corporate, may apply to a Magistrate's Court for the appointment of an Administrator.

- ◆ refer any dispute to the Chief Ombud in terms of the CSOSA
- ◆ appoint an Executive Managing Agent by special resolution of the body corporate (in terms of Regulation 28), to perform the functions and exercise the powers of the trustees
- ◆ apply to a Magistrate's Court for the appointment of an Administrator in terms of Section 16 of the STSMA, on the basis of serious financial and administrative mismanagement of the body corporate.

THE COMMUNITY SCHEMES OMBUD SERVICE ACT AND REGULATIONS

The CSOSA applies to "community schemes" which are defined as shared use of and responsibility for parts of land and buildings, including but not limited to a sectional titles development scheme, a share block company, a home or property owners' association, however constituted, established to administer a property development, a housing scheme for retired persons, and a housing co-operative as contemplated in the South African Co-operatives Act (no 14 of 2005).

GOVERNANCE AND CONTROL OF COMMUNITY SCHEMES

CSOS establishes an **Ombud Service**, with some of its functions being to regulate, monitor and control the quality of all sectional title and other scheme governance documentation, to

develop and provide a dispute resolution service, and to provide education and documentation to owners, occupiers, executive committees as regards their rights and obligations.

APPLICATIONS FOR RELIEF TO THE CSOS

Any person may make an application to CSOS for dispute resolution, if such person is a party to or affected materially by a dispute (the relief is therefore available to persons such as tenants, owners, trustees etc.). The grounds on which such an application may be made include: financial issues, behavioural issues, scheme governance issues, meetings, management services, any works pertaining to private areas and common areas, and any general and other issues.

CONCILIATION, ADJUDICATION, APPEAL

On acceptance of an application and after receipt of any submissions from affected persons, or responses from the applicant, if the Ombud considers that there is a reasonable prospect of a negotiated settlement of the dispute, he must refer the matter to conciliation.

Should conciliation fail, the Ombud must refer the application, together with any submissions and responses thereto, to an adjudicator, who may make an order to dismiss the application, or grant or refuse each part of the relief sought by the applicant, or an order requiring a person to act, or to refrain from acting in a specified way.

An applicant, the association or any affected person who is dissatisfied by an adjudicator's order, may appeal to the High Court, but only on a question of law.

OMBUD SERVICE FEES

The fee for applying to the Ombud to resolve a dispute is just R50, and once it reaches adjudication, R100 is payable. A person whose monthly net household (gross income less PAYE) income is below R5 500 is entitled to a 100% waiver of application and adjudication fees.

SCHEME LEVIES

The CSOS is also funded by a small levy attached to every community scheme's levy payment, payable on a quarterly basis, commencing January 2017.

The levy is calculated subject to any applicable maximum amount, discount or waiver, according to the following formula:

The lessor of R40 or 2% of the amount by which the monthly levy charged by the Scheme exceeds R500

The CSOS levy is included in the monthly levy that owners pay to their managing agent in return for the above-mentioned functions. The managing agent/trustees then pay the amounts collected from owners for the CSOS levy over to CSOS once a year.

Should a community scheme, or person, fail to pay a levy or amount due to the CSOS on the date due and payable, interest on that amount is payable for the period it remains outstanding at a rate prescribed by the National Credit Act (34 of 2005), as amended.

ANNUAL RETURNS, ANNUAL FINANCIAL STATEMENTS, CERTIFICATES AND FORMS

Every community scheme must file an annual return, and a copy of its annual financial statements with the Ombud Service, in the prescribed form, within 4 months after the end of the community scheme's financial year.

PROMOTION OF GOOD GOVERNANCE, TRAINING AND EDUCATION

Duties of Scheme Executives

A scheme executive (which includes Trustees of a Sectional Title body corporate, the board of directors of a share block company, and the management association of any housing scheme for retirement persons), must inform and educate himself about the community scheme, legislation and governance documentation, as well as obtain sufficient information and advice about all matters to be decided by scheme executives. He or she must attend all meetings of the scheme executives and attend the Annual General Meeting (unless excused by the Chairperson), exercise due diligence and act in a fiduciary capacity at all times.

Fidelity Insurance

Every community scheme is obliged to obtain fidelity insurance and insure against the risk of loss of money belonging to the scheme, as a result of any act of fraud or dishonesty committed by any "insurable person", which means a scheme executive, an employee or agent of a community scheme, who has control over the money of a community scheme, a managing agent, and a contractor, employee or other person acting on behalf of or under the direction of a managing agent, who in the normal course of the community scheme's affairs has access to or control over the monies of the community scheme.

OFFENCES AND PENALTIES

CSOS aims to keep Trustees and members of the body corporate in line, in that it provides that any person is guilty of an offence, and is liable, on conviction, to a fine or imprisonment for a period not exceeding five years or to both a fine and such imprisonment, where he or she contravenes the Act. The list of offences to which this provision applies are set out in Section 34.

COSTS OF BUYING & SELLING PROPERTY

TYPICAL COSTS OF BUYING

PURCHASE PRICE

- ◆ A deposit (usually 10% of the gross purchase price) to the estate agent or conveyancer payable usually on signature of the deed of sale by both parties or within 7 to 14 days from signature (if applicable).
- ◆ The balance of the purchase price is lodged with the conveyancer prior to transfer, or is secured by way of a bank guarantee. Over and above the purchase price, the purchaser should have the cash available to cover the transfer costs (if this is not included in the bond) and the bond registration costs as follows:

TRANSFER COSTS

- ◆ **Transfer duty** – calculated on a sliding scale between 0% to 13% of the gross purchase price, is payable to SARS. (R0 to R1 100 000 is exempt).
- ◆ If the seller is a VAT vendor, then VAT is payable at 15% of the purchase price from 1 April 2018. As the seller is liable for payment, it is important to add the VAT to the purchase price, and to state clearly whether the agreed purchase price includes or excludes VAT. If nothing is stated, it is deemed to be inclusive of VAT, and the seller will be liable for VAT at the “tax fraction” (which equates to 13.04% of the gross price).
- ◆ The transaction may be zero-rated only when an income generating entity, which is also a going concern, is sold from a VAT vendor to a VAT vendor.
- ◆ **Conveyancing fees** – of the transferring attorney, may vary slightly according to rates set by the conveyancer who attends to the transfer, but are based on recommended fee guidelines from the law society (plus VAT).
- ◆ **Bond registration costs** – the purchaser normally pays the transfer and bond registration costs (plus VAT).
- ◆ **Other costs** – the bank may also charge a bond initiation fee – usually a base fee plus % of the loan amount, which is usually debited off home loan account. A homeowners insurance policy (to cover property and structures on it against natural disasters), home loan protection assurance (death, disability), moving costs, and telephone and internet connection costs may also need to be taken into account.

- ◆ **Deeds office/registration fees** – a fee which varies dependent on purchase price/value of property.
- ◆ **Sundry charges** – may include posts and petties payable to the transferring attorney, valuation certificates – a disbursement to the local authority to obtain valuation and rates clearance certificate – which varies depending on the local authority, electronic documentation generation fee costs, e-VAULT fees, deeds office search fees, a home-owners consent fee, FICA costs, and a transactional billing fee.
- ◆ **Occupational rental** – where the buyer takes occupation before registration of transfer of the property takes place, occupational rental is payable as per agreement and usually prior to and adjusted on registration of transfer.

TYPICAL COSTS OF SELLING

- ◆ **Estate agent's commission** – Commission rates are calculated as a % of the gross purchase price and should be negotiated upfront with the agent. Sellers need to establish very clearly what commission an agent proposes to charge before awarding a mandate and to ensure that the % agreed upon after any negotiation is written into the mandate document (where applicable) and establish whether such % includes VAT.
- ◆ **Beetle inspection, electrical inspection, plumbing and gas certificates** – the seller will be responsible for any repairs required before such a clearance certificate can be issued. The beetle inspection certificate may be required by inclusion in the contract of sale (KZN and Cape Provinces). The electrical inspection certificate is required to be obtained by the seller in terms of legislation – the Occupational Health and Safety Act (85 of 1993) – all provinces.
- ◆ **Bond cancellation fees** – to cancel an existing bond. Sellers should be aware that they need to give their financial institution 90 days notice of their intent to sell and in turn cancel their bond finance to avoid early termination penalties.
- ◆ **Rates and taxes** – the seller is normally liable to pay rates and taxes and utilities (levied by the local authority) up to the date of transfer. This may involve paying a 60 days rates in advance (Cape Town), payable to obtain clearance before registration of transfer (can vary from agreement to agreement). The seller may then claim a refund from council for any amount overpaid, covering the period after registration of transfer.
- ◆ **Electrical System Fence Certificate** – Usually this will be provided for in sale agreements concluded after 1 October 2012, which in most cases, will require the seller to bear the cost of ensuring compliance with specifications, together with the cost of obtaining the compliance certificate.

PURCHASING VIA LEGAL ENTITIES – PRO'S & CON'S

COMPANY

ADVANTAGES

1. CC, trust, company can be shareholders
2. Strictly controlled by legislation Companies Act (71 of 2008) as amended
3. Can have more than 10 shareholders
4. Has greater image value than a CC or a trust as a business vehicle
5. Relatively easy sale of interest through a sale of shares

6. Shareholders agreement can neatly regulate the relationship between the shareholders (subject to the MOI and Act)
7. A bond may be registered subject to the solvency and liquidity requirements of Section 44

DISADVANTAGES

1. The costs of annual audit (where applicable)
2. Complex legislation to comply with

CLOSE CORPORATION

ADVANTAGES

1. Management is also represented by members who hold interest in the CC

DISADVANTAGES

1. Membership limited to 10
2. Since 2011, no new CC's may be registered

TRUST

ADVANTAGES

1. The trust is treated as an entity separate from the individuals
2. Assets don't form part of the insolvent estate in the event of sequestration
3. Strict controls - Trustees accountable to Master of the High Court
4. Special trusts formed for mentally ill or seriously disabled, will be allowed CGT exemption if primary residence (and meets other requirements to qualify)
5. Special trusts - taxed at individual rates
6. Trust deed can be set up so as to determine the manner in which Trustee

- administers the fixed property and the Trustee is dutybound to obey these wishes
7. The Trust Property Control Act (no. 57 of 1988), as recently amended, sets out guidelines for the administration of a trust in SA and introduces increased responsibilities and liabilities for trustees.

DISADVANTAGES

1. Cannot be sold as an entity
2. The beneficiaries normally have discretionary rights which are not assets that can be sold such as shares
3. Trustees cannot act until Letters of Authority have been issued

Transferring property into a trust should be considered in light of recent tax law amendments – trusts should no longer be created to simply limit taxes, but may still have other benefits. Each situation should be considered on its own merits (with the aid of specialists in the field).

APPLICABLE TO ALL ENTITIES

ADVANTAGES

1. Separate legal personality (CC's and Companies)
2. If shares held in trust, may protect the shares as long as not offered as security against a loan
3. Shares/Members interests can be sold
4. Continues to exist as an entity even in event of death or resignation of member/shareholder/director/trustee
5. Need not be in existence at time of signing agreement (CC's and Companies)

DISADVANTAGES

1. CGT - where property is held in Company/CC, ordinary trust, and special testamentary trust, no primary residence exemption allowed
2. Dividends tax levied on the shareholder at a rate of 20% on the amount of any dividend paid by a company (subject to certain exemptions). The tax is to be withheld by the company paying the taxable dividends and paid across to SARS
3. Transfer of members interest, shares – subject to Securities Transfer Tax at a rate of 0.25% on the transfer of listed or unlisted securities

EXCHANGE CONTROL

ACQUISITION OF FIXED PROPERTY BY NON-RESIDENTS

Non-residents may invest in the Republic (including the acquisition of fixed property), provided that suitable documentary evidence is received in order to ensure that such transactions are concluded at arms' length, at fair market-related prices, and are financed in an approved manner. The following provisions relate to financial assistance in South Africa:

- ◆ **Emigrants:** Local financial assistance made available to emigrants is subject to the 1:1 ratio.
- ◆ **Non-residents:** Authorised Dealers may grant or authorise local financial assistance facilities to non-residents in respect of bona fide foreign direct investments into South Africa (including the acquisition of commercial property), without restrictions. Where the funds are required for the acquisition of residential property (or other financial transactions) in South Africa the 1:1 ratio will apply.
- ◆ **Affected persons (i.e. where non-residents directly or indirectly owns 75% or more of an entity):** There is no restriction on the amount that could be borrowed locally in instances where an affected person wishes to borrow locally to finance a foreign direct investment into South Africa (including the acquisition of commercial property), or for domestic working capital requirements. Wholly non-resident owned subsidiaries may borrow locally up to 100% of the total shareholders' investment in respect of the acquisition of residential property (and or other financial transactions) in South Africa. The effect of local participation in non-resident controlled entities is to make the abovementioned norms more liberal the greater the local participation, i.e. the ability to borrow locally increases. This is based on a formula.

DISPOSAL OF FIXED PROPERTY BY NON-RESIDENTS

Proceeds from the sale of assets, including immovable property by non-residents in South Africa may be remitted abroad, with submission of proof (records) that foreign funds were brought into South Africa in order to purchase the property. A non-resident who brings funds into South Africa in order to purchase property, and who obtains either permanent or temporary residency in South Africa, may remit the proceeds of the sale of the property abroad (with proof) as if he or she was a non-resident, within 5 years of becoming a permanent or temporary resident, however, after 5 years has passed, will be treated as a South African resident for these purposes. Where there is a lack of proof, a special application to the Reserve Bank can be made. Proceeds on the sale of assets, including immovable property in South Africa by Emigrants will be subject to the blocked account provisions, and withholding tax.

DECEASED ESTATES AND IMMOVABLE PROPERTY

When a person, who owns immovable property registered in his name at the date of his death, passes away, a number of scenarios may arise, as follows:

WHERE A PERSON DIES LEAVING A VALID LAST WILL AND TESTAMENT:

- ◆ A valid Last Will and Testament, in most cases, nominates an Executor to administer the estate (or a Master's Representative where the estate value is R250 000 or less).
- ◆ The immovable property will be transferred to the heir/s or beneficiaries as per the provisions of the Last Will and Testament.
- ◆ If the property is subject to a mortgage bond, and where no mention is made of a bond on the property, the Executor is required to settle the bond from the estate residue, and only then is he able to transfer the property to the heirs or beneficiaries, simultaneously with the cancellation of the bond.
- ◆ To protect any beneficiaries or heirs who are minors (under 18 years old), a testator may wish to set up a testamentary trust in his Last Will and Testament.
- ◆ Where agricultural property is bequeathed, the testator needs to be aware of Section 3 of the Subdivision of Agricultural Land Act (70 of 1970), which prevents the subdivision of agricultural land, and such land being registered in undivided shares in more than one person's name. This is especially relevant when the testator is considering bequeathing agricultural land to more than one beneficiary.
- ◆ If a testator bequeaths his immovable property to a number of heirs in equal shares (or otherwise), this may give rise to impracticalities due to the indivisibility of the bequest, and may give rise to a redistribution agreement being drawn up between the heirs.
- ◆ **To save costs and time, to protect beneficiaries/heirs, and ensure that a person's wishes are carried out, it is imperative that he executes a valid Last Will and Testament.**

NO VALID LAST WILL AND TESTAMENT (INTESTATE):

Where a person dies without leaving a valid Last Will and Testament:

- ◆ The estate is intestate, and the Master of the High Court will appoint an Executor or Master's Representative after receiving nominations from interested parties. A parent, surviving spouse or child of the testator may be appointed without having to provide security for the proper performance of his duties. In all other cases, the Executor will need to provide a bond of security to the Master – either issued by the Legal Practice Council or a financial institution.
- ◆ The immovable property will be transferred to the heir/s or beneficiaries in terms of the Intestate Succession Act (81 of 1987).

THE EXECUTOR'S DUTIES IN RELATION TO THE IMMOVABLE PROPERTY:

- ◆ The Executor is the only person who is lawfully authorised and empowered to deal with the assets of the deceased (including the immovable property), and until such time as he is appointed, no-one can act on behalf of the deceased estate.
- ◆ All Powers of Attorney executed by the deceased person before he died, will automatically fall away on his death, and this would include a Power of Attorney to register a transfer.
- ◆ The transfer of immovable property which was sold prior to the deceased's death, may proceed, however the Executor will be required to sign new documents, including a new Power of Attorney to register the transfer of the property.
- ◆ Once Letters of Executorship have been issued, the Executor may, in terms of the provisions of the Last Will and Testament or in terms of intestate succession (whichever is applicable), either pass transfer of the immovable property to the heir/s, or sell the immovable property to a third-party purchaser, provided consent is obtained from the heirs.

TRANSFER OF IMMOVABLE PROPERTY TO HEIRS:

- ◆ The transfer of the property to the heir/s cannot be registered before the Liquidation and Distribution Account has lain for inspection without objection, in terms of Section 35 of the Administration of Estates Act (66 of 1965).
- ◆ A Conveyancing Attorney will need to be appointed by the Executor, who will need to certify, in terms of Section 42 (1) of the Administration of Estates Act, that the transfer is in terms of the Liquidation and Distribution Account which has lain for inspection without objection, and that the transfer is in accordance with the Liquidation and Distribution Account.
- ◆ A Master's certified copy of the Last Will and Testament and next-of-kin-affidavit (in the case of an intestate estate) will need to be lodged at the Deeds Office with the other documents for registration.
- ◆ There will be no transfer duty payable.
- ◆ The deceased estate will bear the conveyancing costs including disbursements such as the Deeds Office fee.
- ◆ The deceased estate will also need to bear the cost of obtaining rates and levy clearance certificates – valid until after the anticipated date of registration of the immovable property.
- ◆ If the gross value of the estate is R250 000 or less, the Master of the High Court may, at his discretion, direct that the estate is wound up as a Section 18(3) estate, and will issue his written directions to the person charged with the duties (Master's Representative) in terms of which he is ordered to take control of the estate assets, pay the liabilities and transfer ownership of the residue to the beneficiaries. The remaining

provisions of the Administration of Estates Act regarding the administration of the estate are not applicable. A Liquidation and Distribution Account does not need to be drawn up, there is no requirement for advertisements or a Section 42(1) certificate from the Conveyancer.

TRANSFER OF IMMOVABLE PROPERTY TO A SURVIVING SPOUSE:

- ◆ Where a deceased person was married out of community of property, there may be specific provisions in his antenuptial contract in regard to his immovable property, which may override his wishes in terms of his Last Will and Testament.
- ◆ Where a deceased person was married in community of property one half of his estate is owned by his surviving spouse as a consequence of the marriage. The other half of the immovable property will devolve either in terms of the deceased's Last Will and Testament or according to the rules of intestate succession (where applicable).
- ◆ If the deceased bequeathed his immovable property to his surviving spouse (either by way of Last Will and Testament or by intestate succession), the following taxation consequences are applicable:
 - ❖ Estate duty – There is no estate duty payable on all property accruing to a surviving spouse [Section 4q of the Estate Duty Act (45 of 1955)].
 - ❖ Transfer duty: There is no transfer duty payable.
 - ❖ Capital Gains Tax (CGT) consequences: immovable property bequeathed to a surviving spouse does not incur capital gains tax, as this will be subject to roll-over relief.

SALE OF THE PROPERTY BY EXECUTOR TO A THIRD-PARTY PURCHASER

- ◆ The Executor can cause the immovable property in the estate to be marketed and sold, before the Liquidation and Distribution Account has lain for inspection, where:
 - ❖ The Executor deems it beneficial to do so (for liquidity in the estate).
 - ❖ The deceased has specifically instructed that the property be sold in his Last Will and Testament.
 - ❖ The heirs or the beneficiary/s wish the property to be sold, or have entered into a redistribution agreement to this effect, and the heirs have consented to the sale and there is a clause in the agreement of sale stating that the sale is subject to the approval of the Master of the High Court.
- ◆ The Executor would sign the sale agreement in his capacity as such and in due course would sign the transfer documents, also in such capacity.
- ◆ The Conveyancer will need to obtain a Section 42(2) endorsement from the Master on the original Power of Attorney to pass transfer, to confirm the Master's approval.
- ◆ The costs of the transfer, including transfer duty, would be payable by the Purchaser.

- ◆ The deceased estate would carry the costs of obtaining rates and levy clearance certificates valid until after registration, and of cancelling any bonds registered over the property.
- ◆ Where the Executor sells the immovable property during the administration of the estate to a third-party purchaser, the value of such property may increase or decrease between the date of death and the date of sale, which may have capital gains tax implications for the estate.
- ◆ These CGT implications are discussed in more detail below.

CAPITAL GAINS TAX, DEATH AND IMMOVABLE PROPERTY

THE DECEASED PERSON

- ◆ At death, the deceased person is deemed to have disposed of all his assets, including immovable property, to his estate, at an amount received or accrued equal to the market value at the time of death. Capital gains tax is activated through this deemed disposal.
- ◆ The R300,000 annual exclusion granted in the year of death of the individual will apply to these disposals made to the deceased estate.
- ◆ The exclusion for primary residence may apply (R2 million).
- ◆ The CGT inclusion rate of 40% applies to the deceased person, and this amount will attract tax at the deceased's marginal rate of income tax.
- ◆ An exclusion to this provision is provided in Section 9HA(2) read with Section 25(4) of the Income Tax Act (58 of 1962), which provides that where assets (including immovable property) are disposed of to a surviving spouse (by means of either intestate or testate succession, or by way of a redistribution agreement between the heirs or legatees), the liability for capital gains tax for the deceased person is postponed until the death of the surviving spouse or until such time as the surviving spouse disposes of it him or herself. This is known as "roll over relief" and is similar to the exemption in Section 4q of the Estate Duty Act, where the estate duty liability in respect of assets inherited by a surviving spouse is postponed.

SALE OF IMMOVABLE PROPERTY BY THE EXECUTOR AND CGT

- ◆ Where the Executor sells the immovable property during the administration of the estate to a third-party purchaser, the value of such property may increase or decrease between the date of death of the deceased and the date of sale of the property, which may have a capital gains tax implication for the estate.
- ◆ The proceeds would equal the selling price of the property, less the base cost equal to the market value of the property at date of death, which will result in either a capital gain or loss.

- ◆ Capital gains tax is levied in a deceased estate at the same rate as for individuals.
- ◆ The deceased estate will be entitled to the same exemptions and exclusions as would have been available to the deceased before his death (the annual exclusion of R40 000), however it will not be entitled to any assessed capital loss that might have remained in the estate of the deceased, or to the R300 000 annual exclusion, nor to the primary residence exclusion of R2 million. Deceased estates are not provisional taxpayers.

TRANSFER OF IMMOVABLE PROPERTY TO THE HEIRS/LEGATEES AND CGT

- ◆ In this case, the calculation for CGT will reflect the proceeds as equal to the market value of the property at date of death of the deceased, less the base cost equal to the market value of the property at date of death, resulting in a tax-neutral transfer of assets from the deceased estate to heirs or legatees.
- ◆ Under most circumstances, although capital gains tax may be paid at the death of the deceased (in terms of the deceased person's final income tax return, as described above), no further capital gains tax will be payable when an heir or legatee receives the property from the deceased estate.
- ◆ Capital gains tax will only arise again when the heir disposes of the property at a later stage, where the calculation will reflect the proceeds as equal to the selling price of the property, and the base cost equal to the market value of the property at the date of death of the deceased.

TRANSFER OF IMMOVABLE PROPERTY TO THE SURVIVING SPOUSE AND CGT

- ◆ All assets that pass to a surviving spouse (either by way of a Last Will and Testament, or by intestate succession, or by way of a redistribution agreement between the heirs/legatees) are subject to "roll over" CGT relief.
- ◆ This means that capital gains tax is postponed until the surviving spouse disposes of the assets during his or her lifetime or at death- the capital gain is then determined from the date of acquisition by the first dying spouse and the base cost at such disposal is the base cost as incurred by the first dying spouse.
- ◆ The implication is that the original base cost is rolled over to the surviving spouse, and when he or she finally disposes of the property, capital gains tax will be levied on the difference between the proceeds and the original base cost.

TRUSTS

TAX RATES

Tax rates applicable to trusts are as follows:

TYPE OF TRUST	INCOME TAX RATES	CAPITAL GAINS TAX INCLUSION RATE
Normal Trust	45%	80%
Special Trust	Same as those applicable to natural persons, except that the rebates and interest exemptions do not apply.	40%

Note: A special trust is a trust created solely for the benefit of someone who suffers from a disability that prevents such person from earning sufficient income for their maintenance or from managing their own financial affairs. A special trust can also be created by way of a testamentary trust whereby relatives of the testator who are alive on the date of death are the beneficiaries. In order to qualify as a special trust, the youngest of the beneficiaries must, on the last day of the year of assessment of that trust, be under the age of 18 years.

INTEREST-FREE AND LOW-INTEREST LOANS TO A TRUST

With effect 1 March 2017 loans made to a trust by

- ♦ a natural person, or
- ♦ at the instance of that person, a company in relation to which that person is a connected person, and where that person or company is a connected person in relation to the trust

the difference between the amount of interest incurred by the trust (if any, otherwise nil) and the interest that would have been incurred by that trust at the official rate of interest will be a continuing, annual donation for purposes of donations tax, made by the lender on the last day of the year of assessment of the trust

Loans by a natural person or a company to a company is also subject to donation tax on the same basis if 20% or more of the shares of the company is held directly or indirectly by a trust (or beneficiary of trust or spouse of beneficiary). Preference shares issued by a company are also regarded as loans for this donation tax calculation.

The following will be specifically excluded from the above donation provisions:

- ◆ special trusts that are created solely for the benefit of disabled persons
- ◆ trusts that fall under public benefit organisations
- ◆ vesting trusts (in respect of which the vesting rights and contributions of the beneficiaries are clearly established)
- ◆ loans used by the trusts to fund the acquisition of a primary residence
- ◆ loans that are subject to transfer pricing provisions
- ◆ loans provided to the trust in terms of a sharia-compliant financing arrangement, or
- ◆ loans that are subject to dividends tax
- ◆ loans to employee share purchase trusts

The lender may utilise the annual donations tax exemption of R100 000 (or remaining portion if applicable) against this deemed donation. No deduction, loss, allowance or capital loss may be claimed in respect of the reduction, waiver or other disposal of such a loan, advance or credit by the lender and will thus have no tax benefit for the lender.

OTHER ANTI-AVOIDANCE PROVISIONS

Anti-avoidance provisions exist to combat the use of trusts for income splitting and tax avoidance schemes. These provisions will normally be applicable where income accrues to a person other than the donor as a result of a donation, settlement or other disposition made (i.e. interest free loans). These provisions may apply where income accrues to the following persons:

- ◆ The donor's spouse, a minor child of the donor, the trust to whom the donation, settlement or other disposition has been made, and non-residents.

The result of the anti-avoidance provisions are that the income that accrues to the person's mentioned above are deemed to be the income of the donor.

CHECKLIST WHEN BUYING OR SELLING A PROPERTY FROM A TRUST

1. Review the Trust deed: review the clauses pertaining to the powers and authority of the Trustees to act. They must have the requisite capacity to contract on behalf of the trust regarding the acquisition or disposal of property, or power to obtain a mortgage bond or pass a mortgage bond over any immovable property held in trust by them.
2. Letters of Authority: trustees must be duly authorised to act in terms of the most recent Letters of Authority issued by the Master of the High Court, or Master's Certificate, if the trustees have changed.
3. FICA: obtain all signing Trustees' Identity documents, and other FICA documentation.
4. Board of Trustees: the Board must be properly constituted. The minimum number of Trustees required by the Trust Deed must be appointed.

5. Administrative requirements: provided the Trustees are authorised by the trust deed to delegate their authority to act, they must then issue the necessary authority for one Trustee to act on their behalf, failing which, all Trustees are required to sign the necessary documentation. A prior resolution of Trustees is required authorising the purchase or sale of any immovable property in the name of the Trust. If this is not effected, all of the Trustees will be required to sign the Deed of Sale.

DONATIONS TAX

Donations Tax is payable by any South African resident. The donations tax provisions do not apply to non-residents even if they donate South African assets. Donations tax is payable on the value of any gratuitous disposal of property (including the disposal of property for inadequate consideration) and the renunciation of rights.

PRINCIPAL EXEMPTIONS

- ◆ Donations between spouses
- ◆ Donations to charitable, ecclesiastical and educational institutions, and certain public bodies in the Republic of South Africa (limited to certain thresholds)
- ◆ Donations by natural persons not exceeding R100 000 per year
- ◆ The donation of assets situated outside the Republic, subject to certain conditions
- ◆ Donations by companies not considered to be public companies up to R10 000 per annum
- ◆ Donations where the donee will not benefit until the death of the donor
- ◆ Donations made by companies which are recognised as public companies for tax purposes
- ◆ Donations cancelled within six months of the effective date
- ◆ Property disposed of under and in pursuance of any trust
- ◆ Donations between companies forming part of the same group of companies
- ◆ Reasonable bona fide contributions to the maintenance of individuals

RATES

Donations tax is payable at the end of the month following the month in which the donation was made, at a flat rate of 20% on the first R30 million donations. Donations tax on the donations in excess of R30 million will be 25%. Only donation from 1 March 2018 will count towards the R30 million threshold.

ESTATE DUTY

The general rule is that if the taxpayer is ordinarily resident in the Republic at the time of death, all of his assets (including deemed property), wherever they are situated, will be included in the gross value of his estate for the determination of duty payable thereon. Estate duty is levied at 20% on the first R30 million of the dutiable estate. Estate duty will be levied at 25% on the dutiable estate in excess of R30 million. Estate duty is levied on the South African property of non-residents.

Deemed property includes insurance policies on the life of the deceased, claims in terms of the matrimonial property act as well as property that the deceased was competent to dispose of immediately prior to his death.

The most important deductions are:

- ◆ Debts due at date of death
- ◆ Bequests to public benefit organisations
- ◆ Bequests to a surviving spouse

The Act allows for a R3.5 million estate duty abatement. This abatement could rollover from the deceased to a surviving spouse, so that the surviving spouse can use a R7 million abatement on death. The portability of the deduction will apply to the extent that the first dying spouse did not use the whole abatement.

There is relief from Estate Duty in the case of the same property being included in the estates of taxpayers dying within ten years of each other. The deduction is calculated on a sliding scale varying from 100% where the taxpayers die within two years of each other and 20% where the deaths are within eight to ten years of each other.

Executor's remuneration

An executor is entitled to the following remuneration:

- ◆ The remuneration fixed by deceased in the will, or
- ◆ 3.5% of gross assets
- ◆ 6% on income accrued and collected from date of death

Executor's remuneration is subject to VAT where the executor is registered as a vendor.

MORTGAGE BOND REPAYMENT FACTORS

INTEREST	YEARS			INTEREST	YEARS		
%	20	25	30	%	20	25	30
8.00	8.36	7.72	7.34	18.00	15.43	15.17	15.07
8.50	8.68	8.05	7.69	18.25	15.63	15.37	15.28
9.00	9.00	8.39	8.05	18.50	15.62	15.57	15.48
9.50	9.32	8.74	8.41	18.75	16.01	15.78	15.68
9.75	9.49	8.91	8.59	19.00	16.21	15.98	15.89
10.00	9.65	9.09	8.78	19.25	16.40	16.16	16.09
10.50	9.98	9.44	9.15	19.50	16.60	16.38	16.30
11.00	10.32	9.80	9.52	19.75	16.79	16.58	16.50
11.50	10.66	10.16	9.90	20.00	16.99	16.78	16.71
12.00	11.01	10.53	10.29	20.25	17.18	16.99	16.92
12.50	11.36	10.90	10.67	20.50	17.38	17.19	17.12
13.00	11.72	11.28	11.06	20.75	17.58	17.89	17.33
13.50	12.07	11.66	11.45	21.00	17.78	17.60	17.53
14.00	12.44	12.04	11.85	21.25	17.97	17.80	17.74
14.50	12.80	12.42	12.25	21.50	18.17	18.00	17.95
15.00	13.17	12.81	12.64	21.75	18.37	18.21	18.15
15.25	13.35	13.00	12.84	22.00	18.57	18.41	18.36
15.50	13.54	13.20	13.05	22.25	18.77	18.62	18.57
15.75	13.73	13.39	13.25	22.50	18.97	18.82	18.77
16.00	13.91	13.59	13.45	22.75	19.17	19.03	18.98
16.25	14.10	13.79	13.65	23.00	19.37	19.23	19.19
16.50	14.29	13.98	13.85	23.25	19.57	19.44	19.39
16.75	14.48	14.18	14.05	23.50	19.77	19.64	19.60
17.00	14.67	14.38	14.26	23.75	19.97	19.85	19.81
17.25	14.86	14.58	14.46	24.00	20.17	20.05	20.01
17.50	15.05	14.78	14.66	24.25	20.38	20.26	20.22
17.75	15.24	14.97	14.87	25.00	20.98	20.88	20.85

The table gives a monthly repayment per R1,000 of a loan with an interest rate ranging between 8% and 25% p.a. over a period of 20, 25 or 30 years. For example, if the loan is R100 000 at an interest rate of 10% p.a. to be repaid over 20 years, the monthly repayment is R100 000 divide by R1,000 \times 9.65 which is R965. Monthly repayments of approximately R965 will be required to liquidate capital and interest on a bond of R100 000.

SALE OF PROPERTY TIMELINE

While the transfer process follows a series of successive stages, the time period involved varies considerably. Here are some guidelines:

- ◆ Cash transactions may take 6 to 8 weeks.
- ◆ In normal circumstances, from date of approval of conditions, approx 2 months.
- ◆ There will be a 4-6 week delay in the event that an application for a lost or destroyed Deed or Bond is required, including an additional expense in regard to the advertising requirement relating thereto.

Purchaser and Seller sign agreement

Stage 1

- ◆ Seller to advise bank of intention to cancel bond to avoid 90 day cancellation penalty **Stage 2**
- ◆ Bond approved
- ◆ Fulfillment of other suspensive conditions
- ◆ Deposit paid
- ◆ Transferring, bond and cancellation attorneys instructed
- ◆ Parties to provide FICA documentation and copy of rates account
- ◆ Transfer attorney requests title deeds and cancellation figures from the bank, and prepares transfer documents for signature by parties
- ◆ Bond attorney advises transfer attorney of amount available for guarantees

- ◆ Purchaser pays transfer costs **Stage 3**
- ◆ Rates clearance and valuation certificates applied for (seller pays rates and utilities to transferring attorney).
- ◆ Transfer attorney receives title deed and cancellation figures from cancellation attorneys and sends draft deed to bond attorney
- ◆ Bond documents prepared once draft deed received
- ◆ Cancellation attorney is requested to cancel seller's bond on receipt of guarantees from the new bond attorney, or purchaser's bankers
- ◆ Purchaser signs bond documents and pays bond registration costs
- ◆ Purchaser signs transfer documents
- ◆ Seller signs transfer documents
- ◆ Electrical, beetle, gas and electric fence certificates arranged (and plumbing, where appropriate)
- ◆ Electrical certificate required by bond attorneys

- ◆ Transfer attorney pays rates/levies and transfer duty to SARS (electronically) **Stage 4**
- ◆ Bond attorneys send guarantees to the transfer or cancellation attorneys
- ◆ Transfer attorney obtains consent from the bondholder to cancel the seller's bond

- ◆ Documents lodged at Deeds Office
- ◆ Documents are checked in the Deeds Office (+10 days, regulation: 7 days - dependent on closures of the Deeds Office due to Covid-19)
- ◆ Purchaser must pay the balance of the purchase price to transfer attorney before lodgement, or when called for in terms of the agreement

ON REGISTRATION:

- ◆ Financial institution's attorneys have bond amount available
- ◆ Property registered in purchaser's name. Seller's bond cancelled. Purchaser's bond registered

PITFALLS & RECOMMENDATIONS

- ♦ **Delays** – various factors can cause delays e.g. the municipality requiring additional documentation/funds when rates clearance figures are applied for, either party delaying payment of the required funds. Lost or destroyed title deeds will also cause delays, as well as added costs. A written application and affidavit is required to be submitted to the Registrar of Deeds, stating that the title deeds have been lost or destroyed, and pursuant to this, an advertisement must be placed in a local newspaper that it is the advertiser's intention to apply for a certified copy of the title deed. Closure of the Deeds Office for deep cleaning as a result of the Covid-19 pandemic will also cause delays.
- ♦ **Title deeds** – onerous conditions – the conditions of title and any servitudes over a property are reflected in title deeds. For e.g any form of servitude, or restrictive condition regarding usage. It is critical to inspect the title deeds to avoid any dispute at a later stage.
- ♦ **Building plans.** The seller must ensure that all the buildings and structures on the property are approved by the relevant local authority before he places his home on the market for sale. When a new residential property is still under construction as at the date that the deed of sale is signed, draft specifications with the builder for the completion of the house should be attached to the sale agreement. Insert a special clause which states that the seller undertakes to complete the dwelling in accordance with the specification and local building by-laws, and that the seller undertakes to complete the dwelling for occupation on or before a specified date. In addition, ensure that the builder is registered with the National Home Builder Registration Council (NHBC). A clause warranting that plans have been approved by the local authority should be included.
- ♦ **Beacons** – if the buyer is not happy with the various beacons defining the boundaries of the property, insert a clause stating that the seller is responsible for resurvey, within a stipulated period.
- ♦ **Fixtures and fittings** – normally if of a permanent nature, these will remain on the property, and form part of the purchase price. Any items in doubt, such as a TV aerial, satellite dish, jet master fireplace, extractor fan/s, burglar bars, alarm systems, pot plants, jojo tank/s, a chandelier, garden wendy house and pool cleaning equipment – should be stated in the agreement of sale as a fixture which should remain and will be in working condition, and fully paid for, on date of registration. For example, should the seller wish to remove any item, such as a satellite dish, he should clearly disclose this fact to both the estate agent and the purchaser to avoid any perception that the dish would remain. The agreement should specifically regulate that this item is excluded.

COMPARATIVE TAX RATES

CATEGORY	2022	2023	2024
NATURAL PERSONS			
◆ Maximum marginal rate	45%	45%	45%
◆ Reached at a taxable income	1 656 600	1 731 601	1 817 000
◆ Minimum rate	18%	18%	18%
◆ Up to taxable income of	216 200	226 000	237 100
◆ CGT inclusion rate	40%	40%	40%
COMPANIES & CC's			
◆ Normal tax rate	28%	28%*	27%
◆ Dividends Tax	20%	20%	20%
◆ CGT inclusion rate	80%	80%	80%
TRUSTS (other than special trusts)			
◆ Flat rate	45%	45%	45%
◆ CGT inclusion rate	80%	80%	80%
SUNDRY			
◆ Donations Tax	20%–25%*	20%–25%**	20%–25%**
◆ Estate Duty	20%–25%*	20%–25%**	20%–25%**
◆ VAT	15%	15%	15%
SMALL BUSINESS CORPORATIONS			
◆ Maximum marginal rate	28%	28%*	28%*
◆ Reached at a taxable income	550 000	550 000	550 000
◆ Minimum rate	0%	0%	0%
◆ Up to a taxable income of	87 300	91 250	91 250
MICRO BUSINESS			
◆ Maximum rate of tax	3%	3%	3%
◆ On turnover of	750 000	750 000	750 000
◆ Minimum rate	0%	0%	0%
◆ Up to a turnover of	335 000	335 000	335 000

*For tax years ending on or after 31 March 2023 the tax rate is reduced to 27%.

**Estates and cumulative donations in excess of R30 million will be taxed at 25%.

VALUE-ADDED TAX (VAT)

The VAT system comprises of three types of supplies:

- ◆ Standard-rated supplies – supplies of goods and services subject to the VAT rate in force at the time of supply. With effect 1 April 2018 the VAT rate was increased from 14% to 15%.
- ◆ Exempt supplies – supplies of certain services not subject to VAT. Vendors making exempt supplies are not entitled to input VAT credits.
- ◆ Zero-rated supplies – supplies of certain goods or services subject to VAT at zero percent. Vendors making zero-rated supplies are entitled to input VAT credits.

KEY FEATURES

- ◆ Enterprises with a turnover of less than R1 000 000 in any period of 12 months are not obliged to register for VAT.
- ◆ Enterprises with a turnover of less than R50 000 in any period of 12 months are not permitted to register for VAT. A vendor making taxable supplies of more than R50 000, but not more than R1 million per annum, may apply for voluntary registration.
- ◆ VAT returns are generally submitted on a two monthly basis unless turnover in any period of 12 months exceeds R30 million, in which case returns are submitted monthly.
- ◆ Farmers may submit VAT returns on a six monthly basis as long as their turnover does not exceed R1.5 million and property letting companies and trusts may, subject to certain requirements, submit annual VAT returns.
- ◆ Vendors may reclaim the VAT element on expenditure incurred for the purpose of making taxable VAT supplies except on, entertainment, excluding qualifying subsistence, passenger vehicles (including hiring) and club subscriptions.
- ◆ Input tax credits may not be claimed on expenditure relating to exempt supplies.
- ◆ Input tax credits may only be claimed upon receipt of a valid tax invoice.
- ◆ In order to be a valid tax invoice the name, address and VAT registration number of the recipient and supplier must appear on tax invoices where the VAT inclusive total exceeds R5 000.
- ◆ A deposit is not subject to output VAT until the supplier applies the deposit as consideration for payment.

INTEREST RATES

EFFECTIVE DATE	RATE
Late or underpayments of Tax	
1 September 2022	8.25%
1 November 2022	9.00%
1 January 2023	9.75%
1 March 2023	10.50%
Fringe benefits – official rate of interest	
1 December 2021	4.75%
1 February 2022	5.00%
1 April 2022	5.25%
1 June 2022	5.75%
1 August 2022	6.50%
1 October 2022	7.25%
1 December 2022	8.00%
1 February 2023	8.25%
Overpayments of tax	
1 July 2022	3.75%
1 September 2022	4.25%
1 November 2022	5.00%
1 January 2023	5.75%
1 March 2023	6.50%
Prime Overdraft Rates	
24 March 2022	7.75%
19 May 2022	8.25%
21 July 2022	9.00%
22 September 2022	9.75%
24 November 2022	10.50%
26 January 2023	10.75%
Prescribed Rate of interest (legal)	
1 January 2023	10.50%

ILLUSTRATIVE TABLE OF BOND AND TRANSFER COSTS

Price/Value/ Bond amount R	Transfer Costs					Bond Costs				
	Transfer fee (Excl)	VAT @ 15%	Deeds Office Levy	Total	Transfer Duty	Total	Bond fee (Excl)	VAT @ 15%	Deeds Office Levy	Total
100 000,00	6 110	916,50	45	7 071,50	0	7 071,50	6 110	916,50	496	7 522,50
100 000,01	7 085	1 062,75	101	8 248,75	0	8 248,75	7 085	1 062,75	496	8 643,75
200 000,00	8 060	1 209,00	101	9 370,00	0	9 370,00	8 060	1 209,00	642	9 911,00
200 000,01	9 035	1 355,25	642	11 032,25	0	11 032,25	9 035	1 355,25	642	11 032,25
300 000,00	10 010	1 501,50	642	12 153,50	0	12 153,50	10 010	1 501,50	642	12 153,50
300 000,01	10 985	1 647,75	800	13 432,75	0	13 432,75	10 985	1 647,75	800	13 432,75
400 000,00	11 960	1 794,00	800	14 554,00	0	14 554,00	11 960	1 794,00	800	14 554,00
400 000,01	12 935	1 940,25	800	15 675,25	0	15 675,25	12 935	1 940,25	800	15 675,25
500 000,00	13 910	2 086,50	800	16 796,50	0	16 796,50	13 910	2 086,50	800	16 796,50
500 000,01	15 795	2 369,25	800	18 964,25	0	18 964,25	15 795	2 369,25	800	18 964,25
600 000,00	15 795	2 369,25	800	18 964,25	0	18 964,25	15 795	2 369,25	800	18 964,25
600 000,01	17 680	2 652,00	1 126	21 458,00	0	21 458,00	17 680	2 652,00	1 126	21 458,00
700 000,00	17 680	2 652,00	1 126	21 458,00	0	21 458,00	17 680	2 652,00	1 126	21 458,00
700 000,01	19 565	2 934,75	1 126	23 625,75	0	23 625,75	19 565	2 934,75	1 126	23 625,75
800 000,00	19 565	2 934,75	1 126	23 625,75	0	23 625,75	19 565	2 934,75	1 126	23 625,75
800 000,01	21 450	3 217,50	1 293	25 960,50	0	25 960,50	21 450	3 217,50	1 293	25 960,50
900 000,00	21 450	3 217,50	1 293	25 960,50	0	25 960,50	21 450	3 217,50	1 293	25 960,50
900 000,01	23 335	3 500,25	1 293	28 128,25	0	28 128,25	23 335	3 500,25	1 293	28 128,25
950 000,00	23 335	3 500,25	1 293	28 128,25	0	28 128,25	23 335	3 500,25	1 293	28 128,25
1 000 000,00	23 335	3 500,25	1 293	28 128,25	0	28 128,25	23 335	3 500,25	1 293	28 128,25

ILLUSTRATIVE TABLE OF BOND AND TRANSFER COSTS

Price /Value/ Bond amount R	Transfer Costs					Bond Costs				
	Transfer fee (Excl)	VAT @ 15%	Deeds Office Levy	Total	Transfer Duty	Total	Bond fee (Excl)	VAT @ 15%	Deeds Office Levy	Total
1 000 000,01	25 220	3 783,00	1 453	30 456,00	0	30 456,00	25 220	3 783,00	1 453	30 456,00
1 050 000,00	25 220	3 783,00	1 453	30 456,00	0	30 456,00	25 220	3 783,00	1 453	30 456,00
1 100 000,00	25 220	3 783,00	1 453	30 456,00	0	30 456,00	25 220	3 783,00	1 453	30 456,00
1 150 000,00	25 220	3 783,00	1 453	30 456,00	1 500	31 956,00	25 220	3 783,00	1 453	30 456,00
1 200 000,00	25 220	3 783,00	1 453	30 456,00	3 000	33 456,00	25 220	3 783,00	1 453	30 456,00
1 200 000,01	27 105	4 065,75	1 453	32 623,75	3 000	35 623,75	27 105	4 065,75	1 453	32 623,75
1 250 000,00	27 105	4 065,75	1 453	32 623,75	4 500	37 123,75	27 105	4 065,75	1 453	32 623,75
1 300 000,00	27 105	4 065,75	1 453	32 623,75	6 000	38 623,75	27 105	4 065,75	1 453	32 623,75
1 300 000,01	27 105	4 065,75	1 453	32 623,75	6 000	38 623,75	27 105	4 065,75	1 453	32 623,75
1 350 000,00	27 105	4 065,75	1 453	32 623,75	7 500	40 123,75	27 105	4 065,75	1 453	32 623,75
1 400 000,00	27 105	4 065,75	1 453	32 623,75	9 000	41 623,75	27 105	4 065,75	1 453	32 623,75
1 400 000,01	28 990	4 348,50	1 453	34 791,50	9 000	43 791,50	28 990	4 348,50	1 453	34 791,50
1 450 000,00	28 990	4 348,50	1 453	34 791,50	10 500	45 291,50	28 990	4 348,50	1 453	34 791,50
1 500 000,00	28 990	4 348,50	1 453	34 791,50	12 000	46 791,50	28 990	4 348,50	1 453	34 791,50
1 500 000,01	28 990	4 348,50	1 453	34 791,50	12 000	46 791,50	28 990	4 348,50	1 453	34 791,50
1 550 000,00	28 990	4 348,50	1 453	34 791,50	14 625	49 416,50	28 990	4 348,50	1 453	34 791,50
1 600 000,00	28 990	4 348,50	1 453	34 791,50	17 625	52 416,50	28 990	4 348,50	1 453	34 791,50
1 600 000,01	30 875	4 631,25	1 453	36 959,25	17 625	54 584,25	30 875	4 631,25	1 453	36 959,25
1 650 000,00	30 875	4 631,25	1 453	36 959,25	20 625	57 584,25	30 875	4 631,25	1 453	36 959,25

1 700 000,00	30 875	4 631,25	1 453	36 959,25	23 625	60 584,25	30 875	4 631,25	1 453	36 959,25
1 700 000,01	30 875	4 631,25	1 453	36 959,25	23 625	60 584,25	30 875	4 631,25	1 453	36 959,25
1 750 000,00	30 875	4 631,25	1 453	36 959,25	26 625	63 584,25	30 875	4 631,25	1 453	36 959,25
1 800 000,00	30 875	4 631,25	1 453	36 959,25	29 625	66 584,25	30 875	4 631,25	1 453	36 959,25
1 800 000,01	32 760	4 914,00	1 453	39 127,00	29 625	68 752,00	32 760	4 914,00	1 453	39 127,00
1 850 000,00	32 760	4 914,00	1 453	39 127,00	32 625	71 752,00	32 760	4 914,00	1 453	39 127,00
1 900 000,00	32 760	4 914,00	1 453	39 127,00	35 625	74 752,00	32 760	4 914,00	1 453	39 127,00
1 900 000,01	32 760	4 914,00	1 453	39 127,00	35 625	74 752,00	32 760	4 914,00	1 453	39 127,00
1 950 000,00	32 760	4 914,00	1 453	39 127,00	38 625	77 752,00	32 760	4 914,00	1 453	39 127,00
2 000 000,00	32 760	4 914,00	1 453	39 127,00	41 625	80 752,00	32 760	4 914,00	1 453	39 127,00
2 000 000,01	34 645	5 196,75	2 014	41 855,75	41 625	83 480,75	34 645	5 196,75	2 014	41 855,75
2 050 000,00	34 645	5 196,75	2 014	41 855,75	44 625	86 480,75	34 645	5 196,75	2 014	41 855,75
2 100 000,00	34 645	5 196,75	2 014	41 855,75	47 625	89 480,75	34 645	5 196,75	2 014	41 855,75
2 150 000,00	34 645	5 196,75	2 014	41 855,75	51 275	93 130,75	34 645	5 196,75	2 014	41 855,75
2 200 000,00	34 645	5 196,75	2 014	41 855,75	55 275	97 130,75	34 645	5 196,75	2 014	41 855,75
2 250 000,00	36 530	5 479,50	2 014	44 023,50	59 275	103 298,50	36 530	5 479,50	2 014	44 023,50
2 300 000,00	36 530	5 479,50	2 014	44 023,50	63 275	107 298,50	36 530	5 479,50	2 014	44 023,50
2 350 000,00	36 530	5 479,50	2 014	44 023,50	67 275	111 298,50	36 530	5 479,50	2 014	44 023,50
2 400 000,00	36 530	5 479,50	2 014	44 023,50	71 275	115 298,50	36 530	5 479,50	2 014	44 023,50
2 450 000,00	38 415	5 762,25	2 014	46 191,25	75 275	121 466,25	38 415	5 762,25	2 014	46 191,25
2 500 000,00	38 415	5 762,25	2 014	46 191,25	79 275	125 466,25	38 415	5 762,25	2 014	46 191,25
2 550 000,00	38 415	5 762,25	2 014	46 191,25	83 275	129 466,25	38 415	5 762,25	2 014	46 191,25
2 600 000,00	38 415	5 762,25	2 014	46 191,25	87 275	133 466,25	38 415	5 762,25	2 014	46 191,25
2 650 000,00	40 300	6 045,00	2 014	48 359,00	91 275	139 634,00	40 300	6 045,00	2 014	48 359,00
2 700 000,00	40 300	6 045,00	2 014	48 359,00	95 275	143 634,00	40 300	6 045,00	2 014	48 359,00

ILLUSTRATIVE TABLE OF BOND AND TRANSFER COSTS

Price /Value/ Bond amount R	Transfer Costs					Bond Costs				
	Transfer fee (Excl)	VAT @ 15%	Deeds Office Levy	Total	Transfer Duty	Total	Bond fee (Excl)	VAT @ 15%	Deeds Office Levy	Total
2 750 000,00	40 300	6 045,00	2 014	48 359,00	100 100	148 459,00	40 300	6 045,00	2 014	48 359,00
2 800 000,00	40 300	6 045,00	2 014	48 359,00	105 600	153 959,00	40 300	6 045,00	2 014	48 359,00
2 850 000,00	42 185	6 327,75	2 014	50 526,75	111 100	161 626,75	42 185	6 327,75	2 014	50 526,75
2 900 000,00	42 185	6 327,75	2 014	50 526,75	116 600	167 126,75	42 185	6 327,75	2 014	50 526,75
2 950 000,00	42 185	6 327,75	2 014	50 526,75	122 100	172 626,75	42 185	6 327,75	2 014	50 526,75
3 000 000,00	42 185	6 327,75	2 014	50 526,75	127 600	178 126,75	42 185	6 327,75	2 014	50 526,75
3 100 000,00	44 070	6 610,50	2 014	52 694,50	138 600	191 294,50	44 070	6 610,50	2 014	52 694,50
3 100 000,01	44 070	6 610,50	2 014	52 694,50	138 600	191 294,50	44 070	6 610,50	2 014	52 694,50
3 150 000,00	44 070	6 610,50	2 014	52 694,50	144 100	196 794,50	44 070	6 610,50	2 014	52 694,50
3 200 000,00	44 070	6 610,50	2 014	52 694,50	149 600	202 294,50	44 070	6 610,50	2 014	52 694,50
3 200 000,01	45 955	6 893,25	2 014	54 862,25	149 600	204 462,25	45 955	6 893,25	2 014	54 862,25
3 250 000,00	45 955	6 893,25	2 014	54 862,25	155 100	209 962,25	45 955	6 893,25	2 014	54 862,25
3 300 000,00	45 955	6 893,25	2 014	54 862,25	160 600	215 462,25	45 955	6 893,25	2 014	54 862,25
3 300 000,01	45 955	6 893,25	2 014	54 862,25	160 600	215 462,25	45 955	6 893,25	2 014	54 862,25
3 350 000,00	45 955	6 893,25	2 014	54 862,25	166 100	220 962,25	45 955	6 893,25	2 014	54 862,25
3 400 000,00	45 955	6 893,25	2 014	54 862,25	171 600	226 462,25	45 955	6 893,25	2 014	54 862,25
3 400 000,01	47 840	7 176,00	2 014	57 030,00	171 600	228 630,00	47 840	7 176,00	2 014	57 030,00
3 450 000,00	47 840	7 176,00	2 014	57 030,00	177 100	234 130,00	47 840	7 176,00	2 014	57 030,00
3 500 000,00	47 840	7 176,00	2 014	57 030,00	182 600	239 630,00	47 840	7 176,00	2 014	57 030,00

3 500 000,01	47 840	7 176,00	2 014	57 030,00	182 600	239 630,00	47 840	7 176,00	2 014	57 030,00
3 550 000,00	47 840	7 176,00	2 014	57 030,00	188 100	245 130,00	47 840	7 176,00	2 014	57 030,00
3 600 000,00	47 840	7 176,00	2 014	57 030,00	193 600	250 630,00	47 840	7 176,00	2 014	57 030,00
3 600 000,01	49 725	7 458,75	2 014	59 197,75	193 600	252 797,75	49 725	7 458,75	2 014	59 197,75
3 650 000,00	49 725	7 458,75	2 014	59 197,75	199 100	258 297,75	49 725	7 458,75	2 014	59 197,75
3 700 000,00	49 725	7 458,75	2 014	59 197,75	204 600	263 797,75	49 725	7 458,75	2 014	59 197,75
3 700 000,01	49 725	7 458,75	2 014	59 197,75	204 600	263 797,75	49 725	7 458,75	2 014	59 197,75
3 750 000,00	49 725	7 458,75	2 014	59 197,75	210 100	269 297,75	49 725	7 458,75	2 014	59 197,75
3 800 000,00	49 725	7 458,75	2 014	59 197,75	215 600	274 797,75	49 725	7 458,75	2 014	59 197,75
3 800 000,01	51 610	7 741,50	2 014	61 365,50	215 600	276 965,50	51 610	7 741,50	2 014	61 365,50
3 850 000,00	51 610	7 741,50	2 014	61 365,50	221 100	282 465,50	51 610	7 741,50	2 014	61 365,50
3 900 000,00	51 610	7 741,50	2 014	61 365,50	226 600	287 965,50	51 610	7 741,50	2 014	61 365,50
3 900 000,01	51 610	7 741,50	2 014	61 365,50	226 600	287 965,50	51 610	7 741,50	2 014	61 365,50
3 950 000,00	51 610	7 741,50	2 014	61 365,50	232 100	293 465,50	51 610	7 741,50	2 014	61 365,50
4 000 000,00	51 610	7 741,50	2 014	61 365,50	237 600	298 965,50	51 610	7 741,50	2 014	61 365,50
4 000 000,01	53 495	8 024,25	2 443	63 962,25	237 600	301 562,25	53 495	8 024,25	2 443	63 962,25
4 050 000,00	53 495	8 024,25	2 443	63 962,25	243 100	307 062,25	53 495	8 024,25	2 443	63 962,25
4 100 000,00	53 495	8 024,25	2 443	63 962,25	248 600	312 562,25	53 495	8 024,25	2 443	63 962,25
4 200 000,00	53 495	8 024,25	2 443	63 962,25	259 600	323 562,25	53 495	8 024,25	2 443	63 962,25
4 250 000,00	55 380	8 307,00	2 443	66 130,00	265 100	331 230,00	55 380	8 307,00	2 443	66 130,00
4 300 000,00	55 380	8 307,00	2 443	66 130,00	270 600	336 730,00	55 380	8 307,00	2 443	66 130,00
4 400 000,00	55 380	8 307,00	2 443	66 130,00	281 600	347 730,00	55 380	8 307,00	2 443	66 130,00
4 400 000,01	57 265	8 589,75	2 443	68 297,75	281 600	349 897,75	57 265	8 589,75	2 443	68 297,75
4 450 000,00	57 265	8 589,75	2 443	68 297,75	287 100	355 397,75	57 265	8 589,75	2 443	68 297,75
4 500 000,00	57 265	8 589,75	2 443	68 297,75	292 600	360 897,75	57 265	8 589,75	2 443	68 297,75

ILLUSTRATIVE TABLE OF BOND AND TRANSFER COSTS

Price /Value/ Bond amount R	Transfer Costs					Bond Costs				
	Transfer fee (Excl)	VAT @ 15%	Deeds Office Levy	Total	Transfer Duty	Total	Bond fee (Excl)	VAT @ 15%	Deeds Office Levy	Total
4 550 000,00	57 265	8 589,75	2 443	68 297,75	298 100	366 397,75	57 265	8 589,75	2 443	68 297,75
4 600 000,00	57 265	8 589,75	2 443	68 297,75	303 600	371 897,75	57 265	8 589,75	2 443	68 297,75
4 650 000,00	59 150	8 872,50	2 443	70 465,50	309 100	379 565,50	59 150	8 872,50	2 443	70 465,50
4 700 000,00	59 150	8 872,50	2 443	70 465,50	314 600	385 065,50	59 150	8 872,50	2 443	70 465,50
4 800 000,00	59 150	8 872,50	2 443	70 465,50	325 600	396 065,50	59 150	8 872,50	2 443	70 465,50
4 850 000,00	61 035	9 155,25	2 443	72 633,25	331 100	403 733,25	61 035	9 155,25	2 443	72 633,25
4 900 000,00	61 035	9 155,25	2 443	72 633,25	336 600	409 233,25	61 035	9 155,25	2 443	72 633,25
4 950 000,00	61 035	9 155,25	2 443	72 633,25	342 100	414 733,25	61 035	9 155,25	2 443	72 633,25
5 000 000,00	61 035	9 155,25	2 443	72 633,25	347 600	420 233,25	61 035	9 155,25	2 443	72 633,25
5 000 000,01	65 785	9 867,75	2 443	78 095,75	347 600	425 695,75	65 785	9 867,75	2 443	78 095,75
5 050 000,00	65 785	9 867,75	2 443	78 095,75	353 100	431 195,75	65 785	9 867,75	2 443	78 095,75
5 100 000,00	65 785	9 867,75	2 443	78 095,75	358 600	436 695,75	65 785	9 867,75	2 443	78 095,75
5 150 000,00	65 785	9 867,75	2 443	78 095,75	364 100	442 195,75	65 785	9 867,75	2 443	78 095,75
5 200 000,00	65 785	9 867,75	2 443	78 095,75	369 600	447 695,75	65 785	9 867,75	2 443	78 095,75
5 250 000,00	65 785	9 867,75	2 443	78 095,75	375 100	453 195,75	65 785	9 867,75	2 443	78 095,75
5 300 000,00	65 785	9 867,75	2 443	78 095,75	380 600	458 695,75	65 785	9 867,75	2 443	78 095,75
5 350 000,00	65 785	9 867,75	2 443	78 095,75	386 100	464 195,75	65 785	9 867,75	2 443	78 095,75
5 400 000,00	65 785	9 867,75	2 443	78 095,75	391 600	469 695,75	65 785	9 867,75	2 443	78 095,75
5 500 000,00	65 785	9 867,75	2 443	78 095,75	402 600	480 695,75	65 785	9 867,75	2 443	78 095,75

5 550 000,00	65 785	9 867,75	2 443	78 095,75	408 100	486 195,75	65 785	9 867,75	2 443	78 095,75
5 600 000,00	65 785	9 867,75	2 443	78 095,75	413 600	491 695,75	65 785	9 867,75	2 443	78 095,75
5 650 000,00	65 785	9 867,75	2 443	78 095,75	419 100	497 195,75	65 785	9 867,75	2 443	78 095,75
5 700 000,00	65 785	9 867,75	2 443	78 095,75	424 600	502 695,75	65 785	9 867,75	2 443	78 095,75
5 750 000,00	65 785	9 867,75	2 443	78 095,75	430 100	508 195,75	65 785	9 867,75	2 443	78 095,75
5 800 000,00	65 785	9 867,75	2 443	78 095,75	435 600	513 695,75	65 785	9 867,75	2 443	78 095,75
5 850 000,00	65 785	9 867,75	2 443	78 095,75	441 100	519 195,75	65 785	9 867,75	2 443	78 095,75
5 900 000,00	65 785	9 867,75	2 443	78 095,75	446 600	524 695,75	65 785	9 867,75	2 443	78 095,75
5 950 000,00	65 785	9 867,75	2 443	78 095,75	452 100	530 195,75	65 785	9 867,75	2 443	78 095,75
6 000 000,00	65 785	9 867,75	2 443	78 095,75	457 600	535 695,75	65 785	9 867,75	2 443	78 095,75
6 000 000,01	70 535	10 580,25	2 909	84 024,25	457 600	541 624,25	70 535	10 580,25	2 909	84 024,25
6 050 000,00	70 535	10 580,25	2 909	84 024,25	463 100	547 124,25	70 535	10 580,25	2 909	84 024,25
6 100 000,00	70 535	10 580,25	2 909	84 024,25	468 600	552 624,25	70 535	10 580,25	2 909	84 024,25
6 150 000,00	70 535	10 580,25	2 909	84 024,25	474 100	558 124,25	70 535	10 580,25	2 909	84 024,25
6 200 000,00	70 535	10 580,25	2 909	84 024,25	479 600	563 624,25	70 535	10 580,25	2 909	84 024,25
6 300 000,00	70 535	10 580,25	2 909	84 024,25	490 600	574 624,25	70 535	10 580,25	2 909	84 024,25
6 350 000,00	70 535	10 580,25	2 909	84 024,25	496 100	580 124,25	70 535	10 580,25	2 909	84 024,25
6 400 000,00	70 535	10 580,25	2 909	84 024,25	501 600	585 624,25	70 535	10 580,25	2 909	84 024,25
6 500 000,00	70 535	10 580,25	2 909	84 024,25	512 600	596 624,25	70 535	10 580,25	2 909	84 024,25
6 550 000,00	70 535	10 580,25	2 909	84 024,25	518 100	602 124,25	70 535	10 580,25	2 909	84 024,25
6 600 000,00	70 535	10 580,25	2 909	84 024,25	523 600	607 624,25	70 535	10 580,25	2 909	84 024,25
6 700 000,00	70 535	10 580,25	2 909	84 024,25	534 600	618 624,25	70 535	10 580,25	2 909	84 024,25
6 750 000,00	70 535	10 580,25	2 909	84 024,25	540 100	624 124,25	70 535	10 580,25	2 909	84 024,25
6 800 000,00	70 535	10 580,25	2 909	84 024,25	545 600	629 624,25	70 535	10 580,25	2 909	84 024,25
6 850 000,00	70 535	10 580,25	2 909	84 024,25	551 100	635 124,25	70 535	10 580,25	2 909	84 024,25

ILLUSTRATIVE TABLE OF BOND AND TRANSFER COSTS

Price /Value/ Bond amount R	Transfer Costs						Bond Costs			
	Transfer fee (Excl)	VAT @ 15%	Deeds Office Levy	Total	Transfer Duty	Total	Bond fee (Excl)	VAT @ 15%	Deeds Office Levy	Total
6 900 000,00	70 535	10 580,25	2 909	84 024,25	556 600	640 624,25	70 535	10 580,25	2 909	84 024,25
6 950 000,00	70 535	10 580,25	2 909	84 024,25	562 100	646 124,25	70 535	10 580,25	2 909	84 024,25
7 000 000,00	70 535	10 580,25	2 909	84 024,25	567 600	651 624,25	70 535	10 580,25	2 909	84 024,25
7 000 000,01	75 285	11 292,75	2 909	89 486,75	567 600	657 086,75	75 285	11 292,75	2 909	89 486,75
7 100 000,00	75 285	11 292,75	2 909	89 486,75	578 600	668 086,75	75 285	11 292,75	2 909	89 486,75
7 200 000,00	75 285	11 292,75	2 909	89 486,75	589 600	679 086,75	75 285	11 292,75	2 909	89 486,75
7 300 000,00	75 285	11 292,75	2 909	89 486,75	600 600	690 086,75	75 285	11 292,75	2 909	89 486,75
7 400 000,00	75 285	11 292,75	2 909	89 486,75	611 600	701 086,75	75 285	11 292,75	2 909	89 486,75
7 500 000,00	75 285	11 292,75	2 909	89 486,75	622 600	712 086,75	75 285	11 292,75	2 909	89 486,75
7 600 000,00	75 285	11 292,75	2 909	89 486,75	633 600	723 086,75	75 285	11 292,75	2 909	89 486,75
7 700 000,00	75 285	11 292,75	2 909	89 486,75	644 600	734 086,75	75 285	11 292,75	2 909	89 486,75
7 800 000,00	75 285	11 292,75	2 909	89 486,75	655 600	745 086,75	75 285	11 292,75	2 909	89 486,75
7 850 000,00	75 285	11 292,75	2 909	89 486,75	661 100	750 586,75	75 285	11 292,75	2 909	89 486,75
7 900 000,00	75 285	11 292,75	2 909	89 486,75	666 600	756 086,75	75 285	11 292,75	2 909	89 486,75
8 000 000,00	75 285	11 292,75	2 909	89 486,75	677 600	767 086,75	75 285	11 292,75	2 909	89 486,75
8 000 000,01	80 035	12 005,25	3 401	95 441,25	677 600	773 041,25	80 035	12 005,25	3 401	95 441,25
8 100 000,00	80 035	12 005,25	3 401	95 441,25	688 600	784 041,25	80 035	12 005,25	3 401	95 441,25
8 200 000,00	80 035	12 005,25	3 401	95 441,25	699 600	795 041,25	80 035	12 005,25	3 401	95 441,25
8 400 000,00	80 035	12 005,25	3 401	95 441,25	721 600	817 041,25	80 035	12 005,25	3 401	95 441,25

8 500 000,00	80 035	12 005,25	3 401	95 441,25	732 600	828 041,25	80 035	12 005,25	3 401	95 441,25
8 600 000,00	80 035	12 005,25	3 401	95 441,25	743 600	839 041,25	80 035	12 005,25	3 401	95 441,25
8 700 000,00	80 035	12 005,25	3 401	95 441,25	754 600	850 041,25	80 035	12 005,25	3 401	95 441,25
8 800 000,00	80 035	12 005,25	3 401	95 441,25	765 600	861 041,25	80 035	12 005,25	3 401	95 441,25
8 900 000,00	80 035	12 005,25	3 401	95 441,25	776 600	872 041,25	80 035	12 005,25	3 401	95 441,25
9 000 000,00	80 035	12 005,25	3 401	95 441,25	787 600	883 041,25	80 035	12 005,25	3 401	95 441,25
9 000 000,01	84 785	12 717,75	3 401	100 903,75	787 600	888 503,75	84 785	12 717,75	3 401	100 903,75
9 100 000,00	84 785	12 717,75	3 401	100 903,75	798 600	899 503,75	84 785	12 717,75	3 401	100 903,75
9 200 000,00	84 785	12 717,75	3 401	100 903,75	809 600	910 503,75	84 785	12 717,75	3 401	100 903,75
9 300 000,00	84 785	12 717,75	3 401	100 903,75	820 600	921 503,75	84 785	12 717,75	3 401	100 903,75
9 400 000,00	84 785	12 717,75	3 401	100 903,75	831 600	932 503,75	84 785	12 717,75	3 401	100 903,75
9 500 000,00	84 785	12 717,75	3 401	100 903,75	842 600	943 503,75	84 785	12 717,75	3 401	100 903,75
9 600 000,00	84 785	12 717,75	3 401	100 903,75	853 600	954 503,75	84 785	12 717,75	3 401	100 903,75
9 700 000,00	84 785	12 717,75	3 401	100 903,75	864 600	965 503,75	84 785	12 717,75	3 401	100 903,75
9 800 000,00	84 785	12 717,75	3 401	100 903,75	875 600	976 503,75	84 785	12 717,75	3 401	100 903,75
9 900 000,00	84 785	12 717,75	3 401	100 903,75	886 600	987 503,75	84 785	12 717,75	3 401	100 903,75
10 000 000,00	84 785	12 717,75	3 401	100 903,75	897 600	998 503,75	84 785	12 717,75	3 401	100 903,75
11 000 000,00	89 535	13 430,25	4 048	107 013,25	1 007 600	1 114 613,25	89 535	13 430,25	4 048	107 013,25
12 000 000,00	94 285	14 142,75	4 048	112 475,75	1 117 600	1 230 075,75	94 285	14 142,75	4 048	112 475,75
13 000 000,00	99 035	14 855,25	4 048	117 938,25	1 245 600	1 363 538,25	99 035	14 855,25	4 048	117 938,25
14 000 000,00	103 785	15 567,75	4 048	123 400,75	1 375 600	1 499 000,75	103 785	15 567,75	4 048	123 400,75
15 000 000,00	108 535	16 280,25	4 048	128 863,25	1 505 600	1 634 463,25	108 535	16 280,25	4 048	128 863,25
16 000 000,00	113 285	16 992,75	4 863	135 140,75	1 635 600	1 770 740,75	113 285	16 992,75	4 863	135 140,75
17 000 000,00	118 035	17 705,25	4 863	140 603,25	1 765 600	1 906 203,25	118 035	17 705,25	4 863	140 603,25
18 000 000,00	122 785	18 417,75	4 863	146 065,75	1 895 600	2 041 665,75	122 785	18 417,75	4 863	146 065,75

ILLUSTRATIVE TABLE OF BOND AND TRANSFER COSTS

Price /Value/ Bond amount R	Transfer Costs					Bond Costs				
	Transfer fee (Excl)	VAT @ 15%	Deeds Office Levy	Total	Transfer Duty	Total	Bond fee (Excl)	VAT @ 15%	Deeds Office Levy	Total
19 000 000,00	127 535	19 130,25	4 863	151 528,25	2 025 600	2 177 128,25	127 535	19 130,25	4 863	151 528,25
20 000 000,00	132 285	19 842,75	4 863	156 990,75	2 155 600	2 312 590,75	132 285	19 842,75	4 863	156 990,75
25 000 000,00	156 035	23 405,25	6 477	185 917,25	2 805 600	2 991 517,25	156 035	23 405,25	5 667	185 107,25
30 000 000,00	179 785	26 967,75	6 477	213 229,75	3 455 600	3 668 829,75	179 785	26 967,75	5 667	212 419,75
30 000 000,01	184 535	27 680,25	6 477	218 692,25	3 455 600	3 674 292,25	184 535	27 680,25	8 098	220 313,25

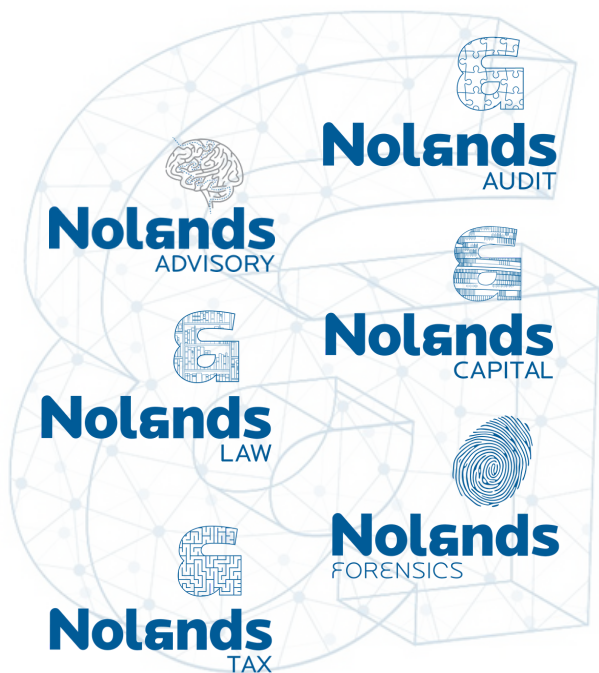
NOTES:

Transfer and bond costs not inclusive of FICA costs, and any other disbursements, such as post and posties, rates clearance and/or levies, cancellation costs of existing bond, bank initiation and valuation fee, electronic document generation, e-Vault and deeds office search fees, a home-owners consent fee and transactional billing fees (where applicable) – for which provision should also be made. Whilst every care is taken with compiling these tables, we reserve the right to correct any possible inaccuracies and cannot be bound by them.

NB: the conveyancing fees serve as a GUIDELINE only as per recommended guidelines of fees and are subject to change and updates issued by the various law societies from time to time. This fees guideline relates to instructions received as from 1 May 2023. The Deeds Office fees are according to Government Gazette dated 28 February 2023, effective from 1 April 2023. The Transfer Duty threshold was raised by R100 000 to R1 100 000 on 1 March 2023. The table is illustrative in nature, and is intended to provide an estimated idea of costs to be expected by a purchaser of property in South Africa. Mere reference to the tables may result in misapprehension as to the costs involved, and fees may vary from the guideline based on each matter quoted for.

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