

NOTES ON THE PROPERTY & TAX GUIDE

This Booklet is an easy reference, pocket-sized overview of the South African Tax System and residential property, incorporating announcements made in the Budget delivered on 21 February 2007.

IMPORTANT NOTE

- ♦ The information contained in this Booklet is a summary of current legislation, budget proposals and property related information. We suggest that you do not act solely on material contained in this Booklet as the nature of the information contained herein is general 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 booklet. We recommend that our advice be sought when encountering these potentially problematic areas.
- ♦ While every care has been taken in the compilation of this Booklet, no responsibility of any nature whatsoever shall be accepted for any inaccuracies, errors, or omissions.

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2007/2008 BUDGET REVIEW

GROWTH, BUSINESS DEVELOPMENT AND JOB CREATION

REFORMS TO THE TAXATION OF DIVIDENDS

Government proposes to phase out the secondary tax on companies and replace it with a dividend tax.

This reform will happen in two phases. During the first phase and in line with previous reforms, the proposals reduce the rate and broaden the base. The dividend tax will apply at a rate of 10 per cent, down from the current 12,5 per cent rate on the secondary tax on companies. This will apply to all distributions regardless of profits. The base of taxable dividends will broaden beyond the current narrow interpretation of profits.

Phase two, commencing in 2008, will entail conversion to a dividend tax on shareholders, with administrative enforcement through a withholding tax at company level. The implementation of this phase will depend on the renegotiation of several international tax treaties.

Phase one will become effective from 1 October 2007, except for certain immediate anti-avoidance measures taking effect as of 21 February 2007. Phase one will apply to all distributions made on or after the general effective date, even if those distributions stem partly or wholly from pre-effective date profits.

TAXATION OF GAINS ON LONG-TERM EQUITY INVESTMENTS

The gains realised on the sale of shares can be taxed either as ordinary income or capital gains, depending on facts and circumstances. However, the facts and circumstances test is problematic. It results in some large institutions receiving capital gains tax treatment on the sale of shares, and many other players paying ordinary income tax. In order to provide equitable treatment, all shares disposed of after three years will trigger a capital gains tax event. The above proposal will be effective from 1 October 2007.

DEPRECIATION

The tax regime related to depreciation of fixed and moveable assets will be reviewed to ensure a greater degree of consistency. The following interim amendments are proposed.

Commercial buildings

The Income Tax Act provides for the depreciation of buildings used for manufacturing and similar processes. However, it does not provide for tax depreciation for certain commercial buildings. It is proposed that tax depreciation allowances for the economic wear-and-tear of newly constructed commercial buildings (and upgrades) be implemented. It is envisaged that the rate will be 5 per cent per year.

Environmental capital expenses

Environmental capital structures (such as dams and tanks) are often not depreciable. In addition, environmental clean-up, restoration and decommissioning are often seen as non-deductible capital expenditures. It is proposed that the above capital expenditures qualify for depreciation allowances or immediate deductions, depending on the circumstances.

CORPORATE REORGANISATION AND BEE TRANSACTIONS

An important issue for black economic empowerment (BEE) transactions is the ability of BEE partners to raise financing. Amendments to the Income Tax Act are proposed to ensure that BEE and other similar restructurings do not encounter undue additional tax costs that could undermine necessary financing. Discussions with key role players have revealed the following six areas of concern:

- ◆ Share cross-issues
- ◆ Share buybacks of listed shares
- ◆ Anti-avoidance financial instrument company provisions
- ◆ Intra-group transfers
- ◆ Connected person sales of depreciable property
- ◆ Broad-based share incentive schemes

RELIEF FOR INDIVIDUALS

PERSONAL INCOME TAX

The primary rebate is increased to R7 740 from R7 200 a year for all individuals, increasing the income tax threshold for taxpayers below 65 years to R43 000. The secondary rebate is increased to R4 680 a year for individuals age 65 and over.

The proposed tax schedule eliminates the effects of inflation on income tax liabilities and results in a reduced tax liability for taxpayers at all income levels.

ADJUSTMENTS IN MEDICAL CAPS

As mentioned in the 2006 Medium Term Budget Policy Statement, the monthly monetary caps for tax-free medical scheme contributions will be increased with effect from 1 March 2007, from R500 to R530 for each of the first two beneficiaries, and from R300 to R320 for each additional beneficiary.

SAVINGS AND RETIREMENT REFORM

ABOLITION OF RETIREMENT FUND TAX

Retirement Fund Tax (RFT) on interest and rental income will be abolished with effect from 1 March 2007.

SIMPLIFYING RETIREMENT FUND THRESHOLDS

To streamline the tax administration process, withholding taxes on lump sum retirement fund payments to persons with taxable income of less than R43 000 per year (the revised income tax threshold) will be abolished.

TAX-FREE SAVINGS THRESHOLDS

It is proposed to increase the interest and dividend income tax-free threshold for individuals younger than 65 years from R16 500 to R18 000 and for individuals aged 65 years and older from R24 500 to R26 000. It is also proposed to increase the threshold for the tax-free income of foreign dividends and interest from R2 500 to R3 000 per year. As part of the overall package of encouraging savings, the annual exclusion threshold for capital gains or losses will be increased from R12 500 to R15 000.

ESTATE DUTIES, DONATIONS TAX AND CAPITAL GAINS TAX

The exemption threshold for estate duty is to increase to R3,5 million in 2007. It is also proposed to increase the monetary threshold below which no capital gains tax is imposed at death from R60 000 to R120 000; and the threshold below which no donations tax is payable from R50 000 to R100 000 per annum.

LUMP SUM DEATH BENEFITS

It is proposed that payments in respect of death while at work be tax-free up to a monetary cap of R300 000.

CUSTOMS AND EXCISE DUTIES

EXCISE DUTIES: ALCOHOLIC BEVERAGES

Excise duties on alcoholic beverages will be increased in accordance with the policy decision to target a total tax burden (excise duties plus VAT) of 23, 33 and 43 per cent on wine products, malt beer and spirits, respectively. No increase in the excise duty on traditional beer is proposed. The proposed increases vary between 8,0 and 10,5 per cent.

EXCISE DUTIES: TOBACCO PRODUCTS

Excise duties on tobacco products will be increased in accordance with the policy decision to target a total excise burden (excise duties + VAT) of 52 per cent for all categories of tobacco products. The proposed increases vary between 5,3 and 10,7 per cent.

FUEL LEVIES

GENERAL FUEL LEVY

The general fuel levy is an important source of tax revenue for government. It is proposed to increase the general fuel levy by 5 c/l for both petrol and diesel, taking the levy on these products to 121 c/l and 105 c/l, respectively. The increase in the general fuel levy will become effective on 4 April 2007.

ROAD ACCIDENT FUND LEVY

It is proposed to increase the RAF levy on both petrol and diesel by 5 c/l, from 36,5 c/l to 41,5 c/l, with effect from 4 April 2007.

PUBLIC BENEFIT ORGANISATIONS

The Income Tax Act allows individuals and companies to deduct donations made to qualifying public benefit organisations (PBOs) up to a maximum of 5 per cent of their taxable income during the tax year. It is proposed that the threshold for tax-deductible donations be increased to 10 per cent for both individuals and companies.. Given the important role played by many PBOs, it is proposed to increase the R50 000 tax-free income threshold to R100 000.

STAMP DUTIES

Two sets of transaction taxes currently apply to trading in investment securities: stamp duty in the case of unlisted shares, and uncertificated securities tax (UST) in the case of exchange-traded securities. To simplify administration and to eliminate anomalies created by this dual treatment, it is proposed that all secondary trade in shares (listed or otherwise) be subject to a single securities tax. Amendments are proposed to simplify exemptions and clarify the impact on derivative products and partial disposals. It is proposed that the stamp duties on short-term leases (less than five years) be abolished.

TAX REFORM MEASURES UNDER REVIEW

- ◆ subsidy and social security tax reform
- ◆ Small business development
- ◆ Flow-through shares
- ◆ Property investment vehicles
- ◆ VAT treatment of internationally traded services

RATE OF TRANSFER DUTY, 2007/8

<u>Property value</u>	<u>Rates of tax</u>
R0 - R500 000	0%
R500 001 - R1 000 000	5% on the value above R500 000
R1 000 001 and above	R25 000 plus 8% on the value over R1 000 000

Transfer duty rate for companies and trusts is 8%.

SARS INTEREST RATES

2007/2008

Rates of interest Effective from 1 September 2006	Rate
Fringe benefits – interest-free or low-interest loan Effective from 1 March 2007	9% p.a.
Late or underpayments of tax	12% p.a.
Refund of overpayments of provisional tax	8% p.a.
Refund of tax on successful appeal or where the appeal was conceded by SARS	12% p.a.
Refund of VAT after prescribed period	12% p.a.
Late payments of VAT	12% p.a.
Customs and Excise	12% p.a.

2006/2007

Rates of interest Effective from 1 September 2005	Rate
Fringe benefits – interest-free or low-interest loan Effective from 1 November 2004	8% p.a.
Late or underpayments of tax	10,5% p.a.
Refund of overpayments of provisional tax	6,5% p.a.
Refund of tax on successful appeal or where the appeal was conceded by SARS	10,5% p.a.
Refund of VAT after prescribed period	10,5% p.a.
Late payments of VAT	10,5% p.a.
Customs and Excise	10,5% p.a.

CAPITAL GAINS TAX & YOUR PROPERTY

- ◆ Should your property be sold for an amount in excess of its original purchase price (plus everything you have done to make the asset more valuable, e.g. additions to your house), then this gain will be subject to CGT, (but only if this gain has been realised after October 1, 2001).
- ◆ The capital gain or loss is thus the difference between the base cost of the property and the selling price. The base cost is calculated as follows for property bought after 1 October 2001:
The purchase price plus allowable 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 expenditure. The valuation date value is calculated as follows:
 - a) The market value on 1/10/2001 as determined by a Valuation, or
 - b) 20 % of the proceeds after deducting the additional expenditure incurred after valuation date, or
 - c) The Time apportioned base cost, as determined by the formula in 8th schedule of the Income Tax Act.
- ◆ Allowable expenditure is as follows: the cost of acquisition or creation of the asset (excluding interest cost), the cost for valuation of the property for CGT purposes, remuneration payable to a surveyor, valuer, auctioneer, agent or other professional adviser in connection with the acquisition or disposal of a property, transfer cost including stamp duty, advertising cost in finding buyer or seller, the cost for improving or enhancing the value of the property.
- ◆ This tax will apply to SA residents who dispose of their property held inside South Africa, (and also overseas), and non-residents that own properties in SA.
- ◆ In the event that you are a South African resident and a natural person or special trust*(see definition on page 12), and the property is your primary residence, then up to **R1.5 million** of that gain (or loss) made on the disposal of your property is exempt from CGT, and should be disregarded when calculating your aggregate capital gain (or loss) on the property. *(Note: where the residence is more than 2 hectares in size, the exemption only applies to the gain made on the residence, and 2 of the hectares it is on, 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 land next to the residence to qualify).

- ♦ Any gain over and above the R1.5 million exemption would be taxed as per formula in the highlighted block on this page*.
- ♦ In all other cases, for example, in the case of an ordinary trust, close corporation (CC) or company owning a property (even if it is a primary residence), the exemption does **not** apply, and the entire profit made on the property when it is disposed of (i.e. the increase in value after 1 October 2001), is taxed as CGT, as follows: **50%** of the capital gain must be included in that entity's taxable income. The income tax rate for a company is **29%**, and these entities will therefore pay **14.5%** of the capital gain in CGT, while ordinary trusts, whose income tax rate is **40%**, will pay **20%** of the capital gain.
- ♦ Only one residence at a time may be a primary residence of a person to qualify for the exemption.
- ♦ The person need only hold an **interest** in that property to qualify, for example, a natural person who holds a usufruct in the primary residence (a right of use), or a share in a share block company which owns that person's primary residence. In these cases the person would qualify for the full CGT exemption (provided other requirements are also met).
- ♦ The property that qualifies could be a house, boat, caravan or mobile home, as long as it is used as a place of residence by that person, and is used mainly for domestic purposes. Thus, if 30% of the property is used for a trade, then the maximum exclusion that person would be entitled to on the sale of the residence is R1,050 000 of the gain (R1.5 million less 30% of R1.5 million).

ABSENCE FROM PRIMARY RESIDENCE

Should a property be held in your personal name, yet be a holiday home or secondary property subject to a lease, or for any other reason, not qualify as a primary residence, then the exemption will not apply and the entire profit made on the property when it is disposed of, is taxed as CGT. It is taxed as follows:

*25% of the profit made on disposal of the property must be included in your taxable income for the year of assessment in which the property is disposed of, and then taxing that income at an individual's marginal rate of income tax. The present maximum marginal rate of income tax for individuals is 40% (reached at taxable income levels of R450 001 and above). Therefore you would pay a maximum of 10% of the capital gain.

- ♦ In the 2007/8 tax year, it is proposed that for natural persons and special trusts, the first **R15,000** of their capital gain (or loss) in any year of assessment will be exempt and thus disregarded. In the case of a natural person the figure is proposed to increase in 2007 to **R120,000** in the year in which he/she dies.
- ♦ If a capital loss is made on the disposal of a property, it may be set off against any capital gains made in that year of assessment, and, if no capital gains have been made, the loss may be carried forward to subsequent years of assessment.
- ♦ Non-residents do not qualify for the exemption if their primary residence is not in South Africa. Non residents are liable for the payment of CGT on the disposal of any immovable property owned by them in South Africa or on the disposal of an interest of at least 20% in the share capital of a company, where 80% or more of the net asset value of the company is attributable to immovable property.

* *the use of the word "person" in this section should be read to include natural person and special trust, as defined:*

* *definition of a special trust: a trust created under the following circumstances:*

❖ *solely for the benefit of a person who suffers from (i) any mental illness as defined in Section 1 of the Mental Health Act, 1973 (Act no.18 of 1973); or (ii) any serious physical disability, where such illness or disability incapacitates such person from earning sufficient income for the maintenance of such person or from managing his or her own financial affairs.*

❖ *by or in terms of the will of a deceased person solely for the benefit of beneficiaries who are relatives in relation to that deceased person and who are alive on the date of death of that deceased person (including any beneficiary who has been conceived but not yet born on that date) where the youngest of those beneficiaries is on the last day of the year of assessment of that trust under the age of 21 years.*

THE DEED OF SALE

After all the preliminary steps have been concluded, the agreement must then be drawn up 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.

PURCHASE PRICE & PAYMENT

- ♦ The price offered must be clearly stated, written both numerically & alphabetically.
- ♦ A deposit is not always paid and is not a legal requirement. As the purchaser, you may elect to put down a deposit, and you may stipulate the size thereof, upon signing the contract, reflecting your good faith and financial ability. You may stipulate that it be allocated to transfer costs or towards reducing the bond finance required. It is usually, upon instruction, invested by the conveyancer/estate agent, in an interest bearing trust account. Your agreement ought to stipulate that interest be paid to you as the buyer.
- ♦ The balance of the purchase price may be paid either in cash or in instalments. Recent legislation requires the transferring attorney to disclose the identity of a purchaser that pays the price in full in cash. Alternatively the balance may be settled by means of mortgage bond finance, usually a home loan account. A mortgage bond is the security registered in the Deeds office in favour of the financial institution advancing the loan, which debt is secured by mortgaging the debtor's property.

THE "VOETSTOOTS" CLAUSE

This is a standard inclusion in all deeds of sale, in terms of which the property is bought and sold as it stands, with all defects, patent or latent. The seller thus does not take the risk of any defects, but would still be liable for misrepresentations (fraudulent and negligent).

A defect is **patent** if it is obvious and easily discernable, for example, a broken window or sliding doors. A defect is **latent** if it is there at the time the buyer inspects the home, but is not obvious, for example a leaking pool. If the seller knew of such a defect and failed to disclose it to the buyer, then generally speaking, if the buyer can prove knowledge of such a defect on the part of the seller at the time of entering into the agreement, and that he/she deliberately concealed it, then the seller will not be protected by the voetstoots clause, and the buyer can have the agreement set aside and/or enforce specific performance, and claim damages, (depending on the seriousness of the defect).

THE "FINANCIAL INTELLIGENCE CENTRE ACT NO 38 OF 2001" (FICA) CLAUSE

The transferring attorney is required to request the following documents from both the seller & the purchaser, in compliance with FICA:

The conveyancer will then submit the income tax number(s) to SARS, as and when the transfer duty is paid. If applicable, the bank granting the bond may require the same documents as listed below. The documents required in regard to legal entities are as follows:

Trust

- ➔ Verification of all authorised Trustees (income tax & identity numbers)
- ➔ Letters of authority to act as Trustees
- ➔ Copy of the Trust Deed
- ➔ Resolution authorising Trustee to act on the Trust's behalf in the property transaction
- ➔ Income tax number of the Trust
- ➔ VAT number of the company/CC (where applicable)
- ➔ For bond registrations, financial institution may require financial statements and/or personal suretyship from the Trustees

Company / Close Corporation

- ➔ Verification of all Directors & shareholders/members (income tax & identity numbers)
- ➔ Memorandum & Articles of Association/Founding Statement (& amended where applicable)
- ➔ CM29-Directorships (company)
- ➔ Resolution authorising Director/Member to act on entity's behalf in the property transaction
- ➔ Income tax & VAT number of the company/CC (where applicable)
- ➔ For bond registrations, financial institution may require financial statements and/or personal suretyship from the shareholders/members.

Natural person

- ➔ Identity document(s)
- ➔ Income tax registration number (latest tax return submitted to SARS)
- ➔ Marriage certificate & antenuptial contract (if applicable)
- ➔ Either a utility bill (like water or lights), or a levy account that is addressed to you at your current address

These lists are not exhaustive and are intended to give an idea of the required documentation for FICA compliance.

STAMP DUTY ON LEASES OF FIXED PROPERTY

- ♦ Stamp duty on a lease is **50c per R100** or part thereof, i.e. 0,5% of the dutiable amount.
- ♦ The period for stamping is **30 days** (calculated from the date of the execution of the lease).
- ♦ It is proposed that stamp duties on short-term leases (less than five years in duration) be abolished.
- ♦ VAT is not included in the amount on which the stamp duty is calculated. The penalties of twice or three times the duty are now replaced with interest, penalties and additional duty.

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

COMPANY

ADVANTAGES

1. CC, trust, company can be shareholders
2. Strictly controlled by legislation (Companies Act no 61 of 1973)

DISADVANTAGES

1. Financial assistance is not permissible (Section 38)
2. All secondary trade in shares subject to a single securities tax
3. Subject to formal annual audit
4. Formal registration complex & costly

CLOSE CORPORATION

ADVANTAGES

1. Inter vivos trusts & natural persons can be member
2. May provide financial assistance for purchase of member's interests
3. Transfer of member's interest not subject to stamp duty / single securities tax
4. Simplified management, no audit required
5. Formed easily and inexpensively

DISADVANTAGES

1. Membership limited to 10. If a trust is a member, the number of beneficiaries on the trust, plus the individual members may not be more than 10
2. Unique to SA, not readily recognised internationally
3. May be phased out in near future

TRUST

ADVANTAGES

1. The trust is treated as a body separate from the individuals
2. Requirements for registration relatively simple
3. Good estate planning device
4. Assets don't form part of the insolvent estate in the event of sequestration
5. Strict controls - Trustees accountable to Master of the High Court
6. May protect property owner against creditors as long as the trust property is not offered as security against a loan
7. Special trusts will be allowed CGT exemption if primary residence (& meets other requirements to qualify)

8. Special trusts-taxed at individual rates
9. 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
10. Perpetuity-the trust ordinarily continues to exist as an entity, despite the death of the founder, a trustee or beneficiary

DISADVANTAGES

1. Not acknowledged as a separate legal entity or juristic person
2. Cannot be sold as an entity
3. The beneficiaries normally have discretionary rights which are not assets that can be sold like shares

APPLICABLE TO ALL ENTITIES

ADVANTAGES

1. Separate legal personality (CC's and Companies)
2. If shares held in trust, may protect property owner against creditors as long as not offered as security against a loan (CC's & Companies)
3. May be able to write off costs such as upkeep and maintenance on property against tax (CC's, Companies & Trusts)
4. Shares/Members interests can be sold
5. Continues to exist as an entity even in event

of death or resignation of member/shareholder/director/trustee

DISADVANTAGES

1. Capital gains tax-no exemption, even if property held in Company/CC or Trust (inter vivos), is primary residence.
2. w.e.f 1/10/07 (proposed): Dividend Tax (CC's and Companies) 10% on all distributions (broadened base)
3. Registration and administration costs (CC's & Companies)
4. Transfer duty is 8% (CC's, Companies and Trusts)

COSTS OF BUYING & SELLING PROPERTY

TYPICAL COSTS OF BUYING:

PURCHASE PRICE

- ♦ A deposit 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 (usually **10%**) (if applicable).
- ♦ The balance of the purchase price is lodged 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) as follows:-

TRANSFER COSTS

- ♦ **Transfer duty** - calculated on a sliding scale for the joint and individual buyer - between **0% to 8%** of the gross purchase price payable. (**R0 to R500 000 is exempt**). If the property purchased is registered in the name of a CC, company or inter vivos trust, transfer duty at rate of 8% of the gross purchase price, is payable to SARS, as government tax.
- ♦ If the seller is a VAT vendor, then VAT is payable at 14% of the purchase price. As the seller is liable for payment, it is important to add the VAT to the purchase 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. If VAT is payable, the purchaser will not pay transfer duty.
- ♦ **Transfer duty on property in the event of divorce has been scrapped since the 2006/7 tax year.**
- ♦ **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 tariffs from the law society (plus VAT).
- ♦ The legal and registration costs are payable about **4** weeks prior to the date of transfer, so that lodgment can be effected in the deeds registry of the relevant transfer documents for examination.

- ♦ **Bond registration costs** - the purchaser normally pays the transfer and bond registration costs (plus VAT).
- ♦ **Deeds office/registration fees** - a fee which varies between **R55** and **R1000** (plus VAT), dependent on value of property.
- ♦ **FICA costs** - usually **R300** per FICA investigation
- ♦ **Sundry charges** - posts and petties and telephone calls (plus VAT) payable to the transferring attorney (usually about R500), and valuation certificates - a disbursement to the local authority to obtain a valuation certificate - which varies and is based on the valuation of the property, usually between **R30** and **R100** (plus VAT).
- ♦ **Occupational rental/pro rata rates & taxes** - payable against registration of transfer, the occupational rental (if applicable), and share of current years' rates and taxes (levied by the local authority). The buyer will pay a pro-rata share of rates in advance from date of occupation until the end of the current rateable year (**which is from 1 July to 30 June**). The buyer may be paying anything from 1/12th to 11/12ths of the annual rates, depending on date of transfer.

TYPICAL COSTS OF SELLING:

- ♦ **Estate agent's commission** - the tariff commission is currently **recommended at 7.5%** of the gross purchase price by the Estate Agency Affairs Board. These commission amounts attract VAT at a rate of 14%, if applicable. Commission rates may vary from region to region, and per agreement (negotiation with the agent).
- ♦ **Beetle inspection, electrical inspection certificates** - usually around **R250** each. 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. The electrical inspection certificate is required to be obtained by the seller in terms of legislation (Occupational Health & Safety Act no 85 of 1993).
- ♦ **Bond cancellation fees** - to settle an existing bond.
- ♦ **Rates & taxes** - the seller is normally liable to pay rates up to the date of transfer. This may involve paying a few months' rates in advance, payable before registration of transfer.

PITFALLS & RECOMMENDATIONS

- ♦ **Delays** - the transfer process normally takes approx 6-12 weeks, however various factors can cause delays e.g. the municipality requiring additional documentation/funds when rates clearance is applied for, either party delaying payment of the required funds, either party being out of town. The funding of rates, levies, transfer duty and VAT is critical. Finance needs to be readily available from the appropriate party(s), on demand, to prevent delays.
- ♦ **Title deeds** - onerous conditions - the conditions of title and any servitudes over a property are reflected in the title deeds. For example, where there is a pedestrian way, any form of servitude or an open space alongside the property, it is well worth inspecting the title deeds to avoid any dispute at a later stage.
- ♦ **Beacons** - if the buyer is not happy with the various beacons defining the boundaries of the property, insert a clause to say that the seller is responsible for locating and flagging the beacons, within a stipulated period.
- ♦ **Fixtures and fittings** - normally if of a permanent nature, these will remain in the property, and form part of the purchase price. Any items in doubt, such as a TV aerial, chandelier, garden Wendy house-ensure is referred to in the agreement of sale as a fixture which should remain.
- ♦ **New residential property under construction** - when buying a new home which still has to be completed, draw up a specification with the builder for the completion of the house and attach to 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 furthermore, 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).
- ♦ **Voetstoots** - ensure that all patent defects that are noted by yourself are stipulated as a special provision in your offer to purchase, and that there is a clear understanding and insertion in regard to which party will be responsible for the repair thereof. Should the seller have any knowledge of any hidden or latent defects, he/she would need to disclose such defect in the deed of sale, in order to release him/herself from any liability in regard to the repair thereof.

EXCHANGE CONTROL

A "FOREIGN BUYER" IS A :

- ♦ non-resident (natural or legal entity) whose normal place of residence, domicile or registration is outside of SA;
- ♦ A SA resident who has lived abroad for more than **5** years, regardless of whether or not he/she has emigrated, is treated as non-resident (for purposes of obtaining finance to purchase property in SA);
- ♦ Illegal aliens are prohibited from buying immovable property in SA;
- ♦ All other non-residents are not restricted from owning property in SA, however, they are subject to certain restrictions in regard to obtaining finance to buy property in SA, in that a non-resident may borrow up to **50%** of the purchase price on application to the SA Reserve bank. However, if a non-resident has brought money in to the country over an extended period of time, this criterion may be waived subject to Reserve Bank approval.

FOREIGN SELLERS

- ♦ All funds introduced from outside SA to acquire fixed property within SA may be repatriated together with any profit on resale of the property, provided that:
 - ♦ The title deed of the property has been endorsed "non-resident".
 - ♦ The required CGT deduction is made; (non-residents will not qualify for the R1.5 million exemption if their primary residence is not in SA);
 - ♦ Recent legislation imposes an obligation on any purchaser who purchases a property from a non-resident, to retain a % of that purchase price and to pay it over to SARS within **14 days** from the date on which the amount was so withheld (where the purchaser is a resident),
- ♦ Aim: to ensure the efficient collection of CGT from non-residents who are often not registered as SA taxpayers and whose connection in the country is often tenuous. Acts as an advance against the non-resident's income tax liability for the year of assessment in which the property is sold.

YOUR WILL & YOUR PROPERTY

SOME POINTS TO CONSIDER:

- ♦ If you bequeath your fixed property to your surviving spouse, then no tax is payable, as all bequests to spouses are exempt from estate duty and/or CGT;
- ♦ If the value of your estate is more than R3,5 million, estate duty will become payable on the balance in excess of R3,5 million. Sufficient cash should be made available to pay this duty in order to avoid selling any fixed property;
- ♦ If your property is subject to a mortgage bond, and you leave your property as a specific bequest, you may wish to make the bequest subject to the provision that your legatee takes over the bond liability. Alternatively, you may wish to secure the bond by life assurance, the proceeds of which would clear the debt on your death;
- ♦ If your children are still minors, (under 21 and unmarried), you may wish to set up a testamentary trust in your will, which would come into effect should both parents pass away before they reach majority;
- ♦ If you bequeath your fixed property to a number of heirs in equal shares, 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 your heirs;
- ♦ There may be specific provisions in your antenuptial contract in regard to your fixed property, which may override your wishes in terms of your will;
- ♦ If you bequeath your fixed property to an heir/legatee in your will, no VAT or transfer duty will be payable.

DONATIONS TAX

Donations Tax is payable by any individual living in the Republic of South Africa, or any South African company or one managed or controlled in the Republic, on the value of any gratuitous disposal of property including the disposal of property for inadequate consideration and the renunciation of rights.

PRINCIPAL EXEMPTIONS :

1. Donations between spouses.
2. Donations to public benefit organisations, charitable, ecclesiastical and educational institutions, and certain public bodies in the Republic of South Africa as approved by the Minister of Finance.
3. Casual donations up to R10 000 per year by donors other than natural persons.
4. Proposed that donations by natural persons on or after 1 March 2007 not exceeding R100 000 (previously R50 000) per year.
5. The donation of assets situated outside the Republic, subject to certain conditions.

RATES :

Donations tax is payable within 3 months after the donation at a flat rate of 20% on all donations on or after 1 October 2001.

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, wherever they are situated, will be included in the gross value of his estate for the determination of duty payable thereon.

The dutiable amount is arrived at as follows –

◆ Value of all property at date of death (including limited interests such as usufruct)	R _____
◆ Deemed property	R _____
◆ Gross value of property	R _____
◆ Deductions	R _____
◆ Net Value of Estate	R _____
◆ Abatement	R (3 500 00) _____
◆ Dutiable Estate (A)	R _____
◆ Estate Duty 20% of A	R _____

Deemed property includes: Insurance Policies on the life of the deceased 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 various charities / public benefit organisations
- ◆ Value of property at date of death bequeathed to a surviving spouse

There is relief from Estate Duty in the case of the same property being included in the estates of spouses dying within 10 years of each other. The deduction is calculated on a sliding scale varying from 100% where the taxpayers die within 2 years of each other and 20% where the deaths are within 8 years of each other.

South Africa has entered into reciprocal agreements with various countries (eg United States, United Kingdom, Canada) for the avoidance of double estate duty being payable in respect of the same property.

RATES : Estate duty is payable at a flat rate of 20% for persons dying on or after 1 October 2001.

MORTGAGE BOND REPAYMENT FACTORS

INTEREST	YEARS			INTEREST	YEARS		
	%	20	25		30	%	20
8.00	8.36	7.71	7.33	16.50	14.29	13.98	13.85
8.50	8.67	8.05	7.68	17.00	14.67	14.38	14.26
9.00	8.99	8.39	8.04	17.50	15.05	14.78	14.66
9.50	9.32	8.73	8.40	18.00	15.43	15.17	15.07
10.00	9.65	9.09	8.78	18.50	15.82	15.57	15.48
10.50	9.98	9.45	9.15	19.00	16.21	15.98	15.89
11.00	10.32	9.80	9.52	19.50	16.60	16.38	16.30
11.50	10.66	10.16	9.90	20.00	16.99	16.78	16.71
12.00	11.01	10.53	10.29	20.50	17.38	17.19	17.12
12.50	11.36	10.90	10.67	21.00	17.78	17.60	17.53
13.00	11.72	11.27	11.06	21.50	18.17	18.00	17.95
13.50	12.07	11.65	11.45	22.00	18.57	18.41	18.36
14.00	12.43	12.03	11.84	22.50	18.97	18.82	18.77
14.50	12.80	12.42	12.24	23.00	19.37	19.23	19.19
15.00	13.17	12.81	12.64	23.50	19.77	19.64	19.60
15.50	13.54	13.20	13.05	24.00	20.17	20.05	20.01
16.00	13.91	13.59	13.45	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 eg 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 x 9.65 which is R965.

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 (including bond approval), approx 2 months
- ♦ If conditional on sale of purchaser's property (within 30 days), approx 3 months

Buyer and Seller sign agreement	Stage 1
<ul style="list-style-type: none"> ➔ Bond approved ➔ Transferring, bond & cancellation attorneys instructed ➔ Parties to provide FICA documentation ➔ Transfer attorney requests title deeds & cancellation figures from the bank, and prepares transfer documents for signature by parties ➔ Bond attorney advises transfer attorney of amount available for guarantees 	Stage 2
<ul style="list-style-type: none"> ➔ Deposit paid ➔ Purchaser pays transfer costs ➔ Rates clearance certificate applied for ➔ Transfer attorney receives title deed & 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 ➔ Purchaser signs bond documents and pays bond registration costs ➔ Purchaser signs transfer documents ➔ Seller signs transfer documents ➔ Electrical and beetle certificates arranged 	Stage 3
<ul style="list-style-type: none"> ➔ Transfer attorney pays rates/levies & transfer duty to SARS ➔ Bond attorneys send guarantees to the transfer attorneys ➔ Transfer attorney send guarantees to cancellation attorneys who obtain consent from the bondholder to cancel the seller's bond 	Stage 4
<ul style="list-style-type: none"> ➔ Documents prepared for lodgment at Deeds Office ➔ Documents lodged at Deeds Office ➔ Documents are checked in the Deeds Office (about 10 days) ➔ Purchaser must have balance of purchase price available ➔ Financial institution's attorneys have bond amount available ➔ Property registered in buyer's name. Seller's bond cancelled 	Stage 5

PRIME BANK OVERDRAFT RATES

EFFECTIVE DATE	RATE
17. 06. 1998	.20,25%
20. 06. 1998	.21,25%
25. 06. 1998	.20,25%
01. 07. 1998	.22,25%
04. 07. 1998	.23,25%
14. 07. 1998	.24,00%
29. 08. 1998	.25,50%
19. 10. 1998	.24,50%
09. 11. 1998	.23,50%
07. 12. 1998	.23,00%
11. 01. 1999	.22,00%
05. 02. 1999	.21,00%
15. 03. 1999	.20,00%
26. 04. 1999	.19,00%
28. 06. 1999	.18,00%
14. 07. 1999	.17,50%
23. 07. 1999	.16,50%
04. 10. 1999	.15,50%
25. 01. 2000	.14,50%
18. 06. 2001	.13,75%
16. 07. 2001	.13,50%
28. 09. 2001	.13,00%
16. 01. 2002	.14,00%
18. 03. 2002	.15,00%
15. 06. 2002	.16,00%
16. 09. 2002	.17,00%
13. 06. 2003	.15,50%
15. 08. 2003	.14,50%
11. 09. 2003	.13,50%
20. 10. 2003	.12,00%
15. 12. 2003	.11,50%
16. 08. 2004	.11,00%
15. 04. 2005	.10,50%
08. 06. 2006	.11,00%
03. 08. 2006	.11,50%
13. 08. 2006	.12,00%
08. 12. 2006	.12,50%

COMPARATIVE TAX RATES

RATES OF TAX	2008	2007	2006	2005
(A) NATURAL PERSONS:				
Maximum marginal rate -	40%	40%	40%	40%
• Reached at a taxable income	450 000	400 000	300 000	270 000
Minimum rate	18%	18%	18%	18%
• Up to taxable income of	112 500	100 000	80 000	74 000
(B) COMPANIES:				
• Private and Public - Normal tax rate	29%	29%	29%	30%
STC rate/Dividend Tax (w.e.f 1/10/07)	10%	12.5%	12.5%	12.5%
• Close Corporation - Normal tax rate	29%	29%	29%	30%
STC rate/Dividend Tax (w.e.f 1/10/07)	10%	12.5%	12.5%	12,5%
(C) TRUSTS:				
Maximum marginal rate -	40%	40%	40%	40%
• Reached at a taxable income	Flat rate	Flat rate	Flat rate	Flat rate
Minimum rate	40%	40%	40%	40%
• Up to taxable income of	Flat rate	Flat rate	Flat rate	Flat rate
(D) SUNDRY:				
• Donations Tax	20%	20%	20%	20%
• Estate Duty	20%	20%	20%	20%

ILLUSTRATIVE TABLE OF BOND AND TRANSFER COSTS

Purchase Price R	Transfer Cost			Natural person		Legal Entity		Bond cost	Total	
	Convey fee (Excl)	VAT @ 14%	Deeds Office	Transfer Duty	Total	Transfer Duty	Total	incl VAT Conv fee, deeds office post & petties	Natural person	Legal Entity
100,000	2,900	406	200	0	3,506	8,000	11,506	2,822	6,328	14,328
150,000	3,100	434	260	0	3,794	12,000	15,794	3,050	6,844	18,844
200,000	3,500	490	260	0	4,250	16,000	20,250	3,338	7,588	23,588
250,000	3,800	532	260	0	4,592	20,000	24,592	3,566	8,158	28,158
255,000	4,400	616	260	0	5,276	20,400	25,676	3,908	9,184	29,584
300,100	4,700	658	260	0	5,618	24,008	29,626	4,330	9,948	33,956
350,100	5,100	714	340	0	6,154	28,008	34,162	4,786	10,940	38,948
400,100	5,500	770	340	0	6,610	32,008	38,618	5,128	11,738	43,746
450,000	5,500	770	340	0	6,610	36,000	42,610	5,128	11,738	47,738
460,000	6,000	840	340	0	7,180	36,800	43,980	5,470	12,650	49,450
500,000	6,000	840	400	0	7,240	40,000	47,240	5,470	12,710	52,710
500,100	6,800	952	400	5	8,157	40,008	48,160	6,214	14,371	54,374
520,000	6,800	952	400	1,000	9,152	41,600	49,752	6,214	15,366	55,966
600,000	6,800	952	400	5,000	13,152	48,000	56,152	6,214	19,366	62,366
620,000	7,600	1,064	400	6,000	15,064	49,600	58,664	6,898	21,962	65,562
700,000	7,600	1,064	400	10,000	19,064	56,000	65,064	6,898	25,962	71,962
710,000	8,400	1,176	400	10,500	20,476	56,800	66,776	7,582	28,058	74,358
800,000	8,400	1,176	400	15,000	24,976	64,000	73,976	7,582	32,558	81,558
820,000	9,200	1,288	400	16,000	26,888	65,600	76,488	8,266	35,154	84,754
900,000	9,200	1,288	400	20,000	30,888	72,000	82,888	8,266	39,154	91,154
920,000	10,000	1,400	400	21,000	32,800	73,600	85,400	8,950	41,750	94,350
970,000	10,000	1,400	400	23,500	35,300	77,600	89,400	8,950	44,250	98,350

1,000,000	10,000	1,400	400	25,000	36,800	80,000	91,800	8,950	45,750	100,750
1,050,000	10,400	1,456	500	29,000	41,356	84,000	96,356	9,392	50,748	105,748
1,150,000	10,800	1,512	500	37,000	49,812	92,000	104,812	9,734	59,546	114,546
1,250,000	11,200	1,568	500	45,000	58,268	100,000	113,268	10,076	68,344	123,344
1,350,000	11,600	1,624	500	53,000	66,724	108,000	121,724	10,418	77,142	132,142
1,450,000	12,000	1,680	500	61,000	75,180	116,000	130,180	10,760	85,940	140,940
1,500,000	12,000	1,680	500	65,000	79,180	120,000	134,180	10,760	89,940	144,940
1,550,000	12,400	1,736	500	69,000	83,636	124,000	138,636	11,102	94,738	149,738
1,650,000	12,800	1,792	500	77,000	92,092	132,000	147,092	11,444	103,536	158,536
1,750,000	13,200	1,848	500	85,000	100,548	140,000	155,548	11,786	112,334	167,334
1,850,000	13,600	1,904	500	93,000	109,004	148,000	164,004	12,128	121,132	176,132
1,950,000	14,000	1,960	500	101,000	117,460	156,000	172,460	12,470	129,930	184,930
2,000,000	14,000	1,960	500	105,000	121,460	160,000	176,460	12,470	133,930	188,930
2,100,000	14,400	2,016	650	113,000	130,066	168,000	185,066	12,962	143,028	198,028
2,200,000	14,800	2,072	650	121,000	138,522	176,000	193,522	13,304	151,826	206,826
2,300,000	15,200	2,128	650	129,000	146,978	184,000	201,978	13,646	160,624	215,624
2,400,000	15,600	2,184	650	137,000	155,434	192,000	210,434	13,988	169,422	224,422
2,500,000	16,000	2,240	650	145,000	163,890	200,000	218,890	14,330	178,220	233,220
2,600,000	16,400	2,296	650	153,000	172,346	208,000	227,346	14,672	187,018	242,018
2,700,000	16,800	2,352	650	161,000	180,802	216,000	235,802	15,014	195,816	250,816
2,800,000	17,200	2,408	650	169,000	189,258	224,000	244,258	15,356	204,614	259,614
3,000,000	18,000	2,520	650	185,000	206,170	240,000	261,170	16,040	222,210	277,210
3,100,000	18,400	2,576	800	193,000	214,776	248,000	269,776	16,532	231,308	286,308
3,200,000	18,800	2,632	800	201,000	223,232	256,000	278,232	16,874	240,106	295,106
3,300,000	19,200	2,688	800	209,000	231,688	264,000	286,688	17,216	248,904	303,904
3,400,000	19,600	2,744	800	217,000	240,144	272,000	295,144	17,558	257,702	312,702
3,500,000	20,000	2,800	800	225,000	248,600	280,000	303,600	17,900	266,500	321,500
3,600,000	20,400	2,856	800	233,000	257,056	288,000	312,056	18,242	275,298	330,298
3,700,000	20,800	2,912	800	241,000	265,512	296,000	320,512	18,584	284,096	339,096

ILLUSTRATIVE TABLE OF BOND AND TRANSFER COSTS (Continued)

Purchase Price R	Transfer Cost			Natural person		Legal Entity		Bond cost		Total	
	Convey fee (Excl)	VAT @ 14%	Deeds Office	Transfer Duty	Total	Transfer Duty	Total	incl VAT Conv fee, deeds office post & petties	Natural person	Legal Entity	
3,800,000	21,200	2,968	800	249,000	273,968	304,000	328,968	18,926	292,894	347,894	
3,900,000	21,600	3,024	800	257,000	282,424	312,000	337,424	19,268	301,692	356,692	
4,000,000	22,000	3,080	800	265,000	290,880	320,000	345,880	19,610	310,490	365,490	
4,100,000	22,400	3,136	800	273,000	299,336	328,000	354,336	19,952	319,288	374,288	
4,200,000	22,800	3,192	800	281,000	307,792	336,000	362,792	20,294	328,086	383,086	
4,300,000	23,200	3,248	800	289,000	316,248	344,000	371,248	20,636	336,884	391,884	
4,400,000	23,600	3,304	800	297,000	324,704	352,000	379,704	20,978	345,682	400,682	
4,500,000	24,000	3,360	800	305,000	333,160	360,000	388,160	21,320	354,480	409,480	
4,600,000	24,400	3,416	800	313,000	341,616	368,000	396,616	21,662	363,278	418,278	
4,700,000	24,800	3,472	800	321,000	350,072	376,000	405,072	22,004	372,076	427,076	
4,800,000	25,200	3,528	800	329,000	358,528	384,000	413,528	22,346	380,874	435,874	
4,900,000	25,600	3,584	800	337,000	366,984	392,000	421,984	22,688	389,672	444,672	
5,000,000	26,000	3,640	800	345,000	375,440	400,000	430,440	23,030	398,470	453,470	
5,100,000	26,200	3,668	1,000	353,000	383,868	408,000	438,868	23,401	407,269	462,269	
5,200,000	26,400	3,696	1,000	361,000	392,096	416,000	447,096	23,572	415,668	470,668	
5,300,000	26,600	3,724	1,000	369,000	400,324	424,000	455,324	23,743	424,067	479,067	
5,400,000	26,800	3,752	1,000	377,000	408,552	432,000	463,552	23,914	432,466	487,466	
5,500,000	27,000	3,780	1,000	385,000	416,780	440,000	471,780	24,085	440,865	495,865	
5,600,000	27,200	3,808	1,000	393,000	425,008	448,000	480,008	24,256	449,264	504,264	
5,700,000	27,400	3,836	1,000	401,000	433,236	456,000	488,236	24,427	457,663	512,663	
5,800,000	27,600	3,864	1,000	409,000	441,464	464,000	496,464	24,598	466,062	521,062	
5,900,000	27,800	3,892	1,000	417,000	449,692	472,000	504,692	24,769	474,461	529,461	

6,000,000	28,000	3,920	1,000	425,000	457,920	480,000	512,920	24,940	482,860	537,860
6,100,000	28,200	3,948	1,000	433,000	466,148	488,000	521,148	25,111	491,259	546,259
6,200,000	28,400	3,976	1,000	441,000	474,376	496,000	529,376	25,282	499,658	554,658
6,300,000	28,600	4,004	1,000	449,000	482,604	504,000	537,604	25,453	508,057	563,057
6,400,000	28,800	4,032	1,000	457,000	490,832	512,000	545,832	25,624	516,456	571,456
6,500,000	29,000	4,060	1,000	465,000	499,060	520,000	554,060	25,795	524,855	579,855
6,600,000	29,200	4,088	1,000	473,000	507,288	528,000	562,288	25,966	533,254	588,254
6,700,000	29,400	4,116	1,000	481,000	515,516	536,000	570,516	26,137	541,653	596,653
6,800,000	29,600	4,144	1,000	489,000	523,744	544,000	578,744	26,308	550,052	605,052
6,900,000	29,800	4,172	1,000	497,000	531,972	552,000	586,972	26,479	558,451	613,451
7,000,000	30,000	4,200	1,000	505,000	540,200	560,000	595,200	26,650	566,850	621,850
7,100,000	30,200	4,228	1,000	513,000	548,428	568,000	603,428	26,821	575,249	630,249
7,200,000	30,400	4,256	1,000	521,000	556,656	576,000	611,656	26,992	583,648	638,648
7,300,000	30,600	4,284	1,000	529,000	564,884	584,000	619,884	27,163	592,047	647,047
7,400,000	30,800	4,312	1,000	537,000	573,112	592,000	628,112	27,334	600,446	655,446
7,500,000	31,000	4,340	1,000	545,000	581,340	600,000	636,340	27,505	608,845	663,845
7,600,000	31,200	4,368	1,000	553,000	589,568	608,000	644,568	27,676	617,244	672,244
7,700,000	31,400	4,396	1,000	561,000	597,796	616,000	652,796	27,847	625,643	680,643
7,800,000	31,600	4,424	1,000	569,000	606,024	624,000	661,024	28,018	634,042	689,042
7,900,000	31,800	4,452	1,000	577,000	614,252	632,000	669,252	28,189	642,441	697,441
8,000,000	32,000	4,480	1,000	585,000	622,480	640,000	677,480	28,360	650,840	705,840
8,100,000	32,200	4,508	1,000	593,000	630,708	648,000	685,708	28,531	659,239	714,239
8,200,000	32,400	4,536	1,000	601,000	638,936	656,000	693,936	28,702	667,638	722,638
8,300,000	32,600	4,564	1,000	609,000	647,164	664,000	702,164	28,873	676,037	731,037
8,400,000	32,800	4,592	1,000	617,000	655,392	672,000	710,392	29,044	684,436	739,436
8,500,000	33,000	4,620	1,000	625,000	663,620	680,000	718,620	29,215	692,835	747,835
8,600,000	33,200	4,648	1,000	633,000	671,848	688,000	726,848	29,386	701,234	756,234
8,700,000	33,400	4,676	1,000	641,000	680,076	696,000	735,076	29,557	709,633	764,633

ILLUSTRATIVE TABLE OF BOND AND TRANSFER COSTS (Continued)

Purchase Price R	Transfer Cost			Natural person		Legal Entity		Bond cost		Total	
	Convey fee (Excl)	VAT @ 14%	Deeds Office	Transfer Duty	Total	Transfer Duty	Total	incl VAT	Natural person	Legal Entity	Total
8,800,000	33,600	4,704	1,000	649,000	688,304	704,000	743,304	29,728	718,032	773,032	773,032
8,900,000	33,800	4,732	1,000	657,000	696,532	712,000	751,532	29,899	726,431	781,431	781,431
9,000,000	34,000	4,760	1,000	665,000	704,760	720,000	759,760	30,070	734,830	789,830	789,830
9,100,000	34,200	4,788	1,000	673,000	712,988	728,000	767,988	30,241	743,229	798,229	798,229
9,200,000	34,400	4,816	1,000	681,000	721,216	736,000	776,216	30,412	751,628	806,628	806,628
9,300,000	34,600	4,844	1,000	689,000	729,444	744,000	784,444	30,583	760,027	815,027	815,027
9,400,000	34,800	4,872	1,000	697,000	737,672	752,000	792,672	30,754	768,426	823,426	823,426
9,500,000	35,000	4,900	1,000	705,000	745,900	760,000	800,900	30,925	776,825	831,825	831,825
9,600,000	35,200	4,928	1,000	713,000	754,128	768,000	809,128	31,096	785,224	840,224	840,224
9,700,000	35,400	4,956	1,000	721,000	762,356	776,000	817,356	31,267	793,623	848,623	848,623
9,800,000	35,600	4,984	1,000	729,000	770,584	784,000	825,584	31,438	802,022	857,022	857,022
9,900,000	35,800	5,012	1,000	737,000	778,812	792,000	833,812	31,609	810,421	865,421	865,421
10,000,000	36,000	5,040	1,000	745,000	787,040	800,000	842,040	31,780	818,820	873,820	873,820

NOTES:

- the conveyancing fees given are a recommended tariff only and are subject to change & updates issued by the law society from time to time
- Transfer costs not inclusive of posts, petties, which are on average R500
- Transfer costs not inclusive of FICA costs, which are on average R300
- if Seller is VAT vendor, VAT is payable at 14% & no transfer duty is payable
- Additional costs: rates clearance and/or levies, cancellation costs of existing bond, bank initiation & valuation fee
- Bond costs not inclusive of revenue stamps & FICA costs (average R300)
- whilst every care is taken with compiling these tables, we reserve the right to correct any possible inaccuracies and cannot be bound by them