

CHANGES IN TRANSFER DUTY EFFECTIVE 23 FEBRUARY 2011

In respect of all offers to purchase dated on/or after the **23RD of February 2011** the transfer duty in respect of **natural persons and other entities such as companies, close corporations and trusts** will be as follows:-

Purchase price

Transfer duty payable

R0 – R600,000	R0
From R600,000 – R1,000,000	3% of the purchase price from R600,000
From R1,000,000 – R1,500,000	R12 000,00 plus 5% to the purchase price from R1,000,000
From R1,500,000 – unlimited	R37 000,00 plus 8% to the purchase price from R1,500,000

MAJOR CHANGE:-

Previously Companies, Close Corporations and Trusts paid an 8% flat rate of the purchase price as transfer duty irrespective of the purchase price which made it very expensive to purchase properties in legal entities. From the **23rd of February 2011** Companies, Close Corporations and Trusts will pay the same transfer duty as natural persons.

EXAMPLES OF SAVINGS:-

Natural persons:

	<u>Old tariff</u>	<u>New tariff</u>	<u>Saving</u>
Transfer on purchase price of R1,000,000	R25,000	R12 000	R13 000
Transfer on purchase price of R1,500,000	R65,000	R37,000	R28 000

Legal entities:

Transfer on purchase price of R1,000,000	R80,000	R12,000	R68,000
Transfer on purchase price of R1,500,000	R120,000	R37,000	R83,000

The above changes in transfer duty tariffs will be a great boost to the property industry and should be welcomed by everyone involved. Our tables of costs will follow shortly