

CAPITAL GAINS TAX (CGT) ON PROPERTY TRANSACTIONS

There is still some relief with regards to CGT on property Transactions for sellers of primary residences.

The bottom line is:

- ◆ CGT is calculated on the net profit realized.
- ◆ Primary residences sold from 01ST March 2012 where the profit does not exceed a value of R 2 million, will be exempt from CGT, as apposed to the previous R 1,5 million rebate.
 - ⇒ An average rate of CGT on an Individual is now 13,3% up from previous average rate of 10%.
- ◆ There is no rebate afforded to Companies and Trusts, properties sold in these instance will attract CGT on the first rand net profit realised.
 - ⇒ An average rate of CGT on Companies is now 18.6% up from previous average rate of 14%.
 - ⇒ And an average rate of CGT on Trusts is now 26.7% up from previous average rate of 20%.
- ◆ CGT tax is triggered on the date the agreement is signed, it only becomes payable when the income tax return is submitted at the end of the financial year during which the property was sold.
- ◆ A number of deductions can be made against the gross profit, namely;
 - ⇒ Renovations that were done and which will qualify as an improvement to the property;
 - ⇒ Estate agent's commissions (and the VAT)
 - ⇒ Other professional fees such as architects, draughts men, electrical compliance certificates and beetle inspections.
- ◆ Costs for routine maintenance, such as painting the property cannot be deducted.



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The tax amnesty period for properties to be transferred out of entities and into individual names is still available until the 31st of December this year.

Owners are advised to take advantage of the amnesty benefit before it expires, because there is no certainty whether any further amnesty benefit will follow or be allowed after 31st December 2012.



Attorneys
●
notaries
●
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