

CAPITAL GAINS TAX



You may be liable for Capital Gains Tax when you sell a property. The capital gain on such a sale is the amount by which the proceeds of the sale exceed the base cost of the property.

TO DETERMINE THE BASE COST OF A PROPERTY

- A** For properties purchased **after** 1 October 2001:
- Purchase Price
 - **PLUS** Transfer Costs
 - **PLUS** The costs of all improvements made to the property.
- NB: Repairs and Maintenance to the property is specifically excluded from the definition of "improvements"
- B** For properties purchased **before** 1 October 2001:
- Base Cost = 20% of the Sale Price, **OR**
 - Use a valuation of the property as at 1 Oct 2001, **OR**
 - Use the Time Apportionment Method

TO DETERMINE THE PROCEEDS FROM THE SALE OF THE PROPERTY

- Selling Price
- **LESS** Estate Agent Commission

TO DETERMINE THE CAPITAL GAIN ON THE SALE OF THE PROPERTY

- Proceeds
- **LESS** Base Costs

TO DETERMINE THE PORTION OF THE CAPITAL GAIN THAT WILL BE INCLUDED IN YOUR TAXABLE INCOME FOR THE YEAR

- Capital Gain
- **LESS** Annual Exclusion (R40 000 for natural persons, R0 for companies & trusts)
- **MULTIPLIED** by the Inclusion Rate (40% for natural persons, 80% for companies & trusts)
- **LESS** R2 million (if you are selling your Primary Residence – only for Natural Persons and not available for Companies & Trusts)

TO DETERMINE THE AMOUNT OF CAPITAL GAINS TAX PAYABLE

- Included Capital Gain
- **MULTIPLIED** by the applicable tax rate (18% - 45% for Natural Persons, 28% for Companies and 45% for Trusts)

ACTUAL EFFECTIVE RATES OF CAPITAL GAINS TAX

Individuals: 18% (max)
 Companies: 22,4%
 Trusts: 36%

THE REAL ESTATE TEAM



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Stefan heads up the Real Estate Division of Minitzers. As a seasoned dealmaker with more than 20 years' experience he specializes in negotiating and structuring transactions in the Real Estate, Construction and Banking industries.



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OUR REAL ESTATE DEPARTMENT PROVIDES THE FOLLOWING SERVICES:

- Deal Structuring
- Drafting of Contracts
- Property Transfers
- Mortgage Bond Registrations

Contact us

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