TRANSFER DUTY

What's new?

22 June 2018 - Transfer Duty Declaration Amendment

From 1st June 2018, it is mandatory to complete the ***'Deeds Number'*** field within the ***'Details of Purchaser'*** section on the Transfer Duty Declaration (TDC01). Please ensure that the Title Deed Number, as currently held by the seller is the one that is captured. The TDC01 is a legally binding declaration and it is imperative that the correct Title Deed Number is supplied.

What is it?

Transfer Duty is a tax levied on the value of any property acquired by any person by way of a transaction or in any other way. For the purpose of Transfer Duty, property means land and fixtures and includes real rights in land, rights to minerals, a share or interest in a "residential property company" or a share in a share-block company. All Conveyancers are requested to register with SARS. See more on the registration of Conveyancers here.

These are the Transfer Duty rates applied to properties acquired **on or after 1 March 2017**, and apply to all persons (including Companies, Close Corporations and Trusts):

VALUE OF PROPERTY (Rand)	RATE
0 – 900 000	0%
900 001 – 1 250 000	3% of the value above R900 000
1 250 001 – 1 750 000	R10 500 + 6% of the value above R 1 250 000
1 750 001 – 2 250 000	R40 500 + 8% of the value above R 1 750 000
2 250 001 – 10 000 000	R80 500 +11% of the value above R2 250 000
10 000 001 and above	R933 000 + 13% of the value above R10 000 000

For historical rates click here.

For more information on the tariff for Trusts click here.

Top Tip: Make sure that you are using the correct rate, depending when the property was acquired.

Who pays Transfer Duty?

- **For acquisitions:**
  The person acquiring the property
- **For renunciations:**
  The person in whose favour or for whose benefit, any interest in or restriction upon the use or disposal of property has been renounced.

There are exceptions, for more detail click here.

How do I submit my Transfer Duty Declaration?

- A Transfer Duty Declaration can be submitted to SARS in one of two ways:
  - Through eFiling, or
  - Through Third Party Conveyance systems which integrate with eFiling.
- Should supporting documents be required, it will be requested of the Conveyancer to upload such electronically. Once satisfied, the application will be approved. If no payment is required, the system will automatically release the receipt after approval.
- Should a payment be required, the Conveyancer will make such electronically after which the receipt will be issued.
- It is advised that all parties ensure their tax affairs are in order as property transfers are used in an attempt to ensure tax compliance across all taxes. If, for example, you are not registered or you have outstanding tax returns or payments, you will be given the opportunity to correct matters with SARS. Should matters not be resolved, steps will be taken to ensure compliance and this may delay the transfer of the property. One such step that may be taken is the appointment of the Conveyancer or any other person as an agent with the instruction to pay SARS from the proceeds of the sale. It is further recommended that you ensure that your personal details (ID number, Income Tax/VAT number) on our systems are correct as any disparity could also cause delays.
- A taxable supply is a supply on which VAT must be charged at the standard rate (it increased from 14% to 15% from 1 April 2018) or at the zero rate. To be a taxable supply, the supplier (seller or transferor) must be a "vendor" and the supply of the property must be in the course or furtherance of an "enterprise."
- The supply of an entire enterprise with all its assets (including any fixed property) as a "going concern" may qualify as a zero-rated taxable supply if all the conditions in section 11(1)(e) of the VAT Act are met. *Refer to Interpretation Note 57: Sale of an enterprise or part thereof as a going concern* **and** *VAT News 15 - August 2000* **for more details in this regard.**

When should it be paid?

Duty is payable within six (6) months from the date of acquisition. If the Transfer Duty is not paid within this period, interest calculated at 10% per annum for each completed month. A completed month is calculated as the first day from the expiry of the interest free 6 month period to the date of payment.

Interest will be charged at the "prescribed rate". However, these specific provisions did not come into effect from 1 October 2012 when the Tax Administration Act became effective, but will come into effect way of Presidential Proclamation in the Government Gazette at a later date.

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What is the turnaround time (TAT) for a Transfer Duty submission to be finalised?
No specific time period can be allocated as each transaction differs. The amount of time that a Transfer Duty transaction may take depends on if: The transaction is completed correctly All requirements have been met.
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What is Transfer Duty?
Transfer Duty is a tax levied in terms of the Transfer Duty Act, No. 40 of 1949 on the value of any property which is acquired by way of a transaction or otherwise.
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What constitutes "property" for the purpose of Transfer Duty?
Property includes: - Land and fixtures; - Real rights in land, excluding rights under mortgage bonds or leases;Rights to minerals or rights to mine for minerals including leases or sub-leases to mine for minerals;
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When and by whom is Transfer Duty payable?
Transfer Duty is payable by the person acquiring the property, within six months of the date of acquisition.

What is the Transfer Duty rates?
Properties acquired under purchase agreements concluded on or after 23 February 2011 (applicable to both individuals and juristic entities
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