



Attorneys Notaries Conveyancers

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COMPARISON CAPITAL GAINS TAX IN RESPECT OF COMMON OWNERSHIP VEHICLES

	PRIVATE COMPANY	CLOSE CORPORATION	PARTNERSHIP	TRUST	INDIVIDUAL
CAPITAL GAINS TAX	<p>80% of gains made on disposal of property is included in tax return and taxed at the company tax rate of 28%, resulting in an effective rate of 22.4%.</p> <p>Note: If property was not acquired with the intention of holding on to it for an indefinite period or for rental purposes, but with the intention of selling it to make a profit, the SARS may regard the proceeds on disposal as income and levy income tax (which is much higher than CGT) at the tax rate of the seller, instead of capital gains tax.</p>	<p>80% of gains made on disposal of property is included in tax return and taxed at the CC tax rate of 28%, resulting in an effective rate of 22.4%.</p> <p>Note: If property was not acquired with the intention of holding on to it for an indefinite period or for rental purposes, but with the intention of selling it to make a profit, the SARS may regard the proceeds on disposal as income and levy income tax (which is much higher than CGT) at the tax rate of the seller, instead of capital gains tax.</p>	<p>40% of the gain made on the disposal of property is included in tax return and taxed at the marginal tax rate applicable to the partners of the partnership, resulting in an effective rate of 0-16.4% for natural partners.</p> <p>Note: If property was not acquired with the intention of holding on to it for an indefinite period or for rental purposes, but with the intention of selling it to make a profit, the SARS may regard the proceeds on disposal as income and levy income tax (which is much higher than CGT) at the tax rate of the seller, instead of capital gains tax.</p>	<p>Where a gain made on disposal of property is <i>awarded to the trust</i>, 80% of gain made is included in tax return of the trust and taxed at the trust tax rate of 40%, resulting in an effective rate of 32.8%.</p> <p>Where gain made on disposal of property is awarded to the <i>beneficiary</i>, he/she will pay CGT at his or her effective rate varying between 18-41%</p> <p>Note: If property was not acquired with the intention of holding on to it for an indefinite period or for rental purposes, but with the intention of selling it to make a profit, the SARS may regard the proceeds on disposal as income and levy income tax (which is much higher than CGT) at the tax rate of the seller, instead of capital gains tax.</p>	<p>40% of the gain made on the disposal of property is included in tax return and taxed at the marginal tax rate applicable to the natural person, resulting in an effective rate of 0-16.4%</p> <p>Note: If property was not acquired with the intention of holding on to it for an indefinite period or for rental purposes, but with the intention of selling it to make a profit, the SARS may regard the proceeds on disposal as income and levy income tax (which is much higher than CGT) at the tax rate of the seller, instead of capital gains tax.</p>

RESIDENTIAL EXEMPTION	N/A	N/A	N/A	N/A	R2 000 000,00 primary residence exemption (effective 1 March 2012)
ANNUAL CGT EXEMPTION	NIL	NIL	R40 000 per natural partner	NIL (unless special trust)	R40 000 (R300 000 in year of death)

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