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VAT OR

Transfer Duty



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Follow the information below to find out how VAT and Transfer Duty apply to your transaction:

Is the seller VAT Registered?

NO

Transfer Duty payable-not VAT



YES

VAT payable-not Transfer Duty

Notes

When a VAT vendor purchases an immovable property from a NON VAT vendor, he may claim a notional VAT input credit. This notional VAT input credit is limited to the Transfer Duty amount paid by the purchasing VAT vendor.

The purchaser of shares in a company or members interest in a close corporation that owns residential property will be liable to pay Transfer Duty on the transaction.

Transfer Duty is payable by the Purchaser within 6 months from the date on which the sale agreement was concluded, ie date of acceptance by the Seller. If not, the Purchaser is liable to pay penalty interest on the Transfer Duty amount, in addition to the Transfer Duty payable. The penalty is at a rate of 10% per annum on the amount payable.

In the event where both the Seller and Purchaser are registered VAT vendors and where the enterprise is an income earning activity and sold as a going concern, VAT can be charged at the zero rate. Note that a specific clause needs to be inserted in the Sale Agreement.