



VAT SECTION

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ATTENTION: MS ANTOINETTE REYNOLDS

TRANSFER DUTY ACT, NO 40 OF 1949
STAMP DUTIES ACT, NO 77 OF 1968

In his Budget Speech on 18 February 2004 the Minister of Finance proposed the following amendments, to the Transfer Duty and Stamp Duty Acts. The amendments will be dealt with in the Revenue Laws Amendment Bill, 2004, to be submitted to Parliament later this year.

Although the above Acts are to be amended at a later stage, the amendments indicated must be implemented as with effect from 1 March 2004.

TRANSFER DUTY ACT, NO 40 OF 1949 (THE ACT)

The rates of Transfer Duty for natural persons have been revised. The rates apply to all property and not only improved residential property for residential purposes. The new rates apply to property **acquired** on or after 1 March 2004.

Old Rates (aplicable to property acquired between 1 March 2003 and 28 February 2004):	
Value of Property	Rate of duty
R0 – R140 000	0%
R140 001 – R320 000	5% of value above R140 000
R320 001 and above	R9 000 plus 8% of the value above R320 000

(See previous circulars for rates prior to 1 March 2003)

New Rates (applicable to property acquired on or after 1 March 2004):	
Value of Property	Rate of duty
R0 – R150 000	0%
R150 001 – R320 000	5% of value above R150 000
R320 001 and above	R8 500 plus 8% of the value above R320 000

STAMP DUTIES ACT, NO 77 OF 1968

Taxpayers acquiring fixed property are at present subject to stamp duty if they obtain mortgage finance. The stamp duty creates a second duty on top of the transfer duty for an actual property transfer. To assist homebuyers, stamp duty on mortgage bonds will be removed from 1 March 2004.

The amendment will affect all bonds in terms of Item 7 of the First Schedule to the Stamp Duties Act, 1968. This includes any notarial bonds, second bonds, subsequent bonds and bonds in respect of commercial property.

The determination date from which a bond will not be liable for stamp duty will be on the date the bond is **registered** at the Deeds Office and in the case of notarial bonds the date on which the notary **executes** the bond.

Example:

If an application for a bond is approved on 20 February 2004 but only registered on 10 March 2004, no duty will be payable.

Example:

If a notarial bond is **executed** by the notary on 26 February 2004, stamp duty will be payable. However, if a notarial bond is **executed** by the notary on 1 March 2004, no stamp duty will be payable.

Yours faithfully



P S FRANCK

For COMMISSIONER FOR THE SOUTH AFRICAN REVENUE SERVICE