

## **The good, the bad and the budget**

All eyes were on Finance Minister Pravin Gordhan yesterday evening as he delivered his budget speech. The predictions prior to the budget announcement were vastly varied and even more so the analysis on the budget by economists afterwards.

There were many contentious points that related to the economy from a national perspective, but what are the effects of the Minister's budget on the property market?

Raising the transfer duty threshold from R750 000 to R900 000 is a welcome concession for buyers in that price range. For example, a buyer who purchases a property for R900 000 after February 2017 will save R4500 in transfer duty.

But the real story in this budget is not about tax rates or government debt. The real story is that economic growth is a pitiful fraction of what it could be, and that political uncertainty lies like a thick blanket over any attempts to engineer more growth. The property market, like most of the economy, is struggling but, until the big picture looks brighter, no amount of tinkering with the bottom threshold of transfer duty is going to make a difference.

It seems as if the increase in the withholding tax on non-resident sellers is an attempt to mollify the anti-foreign-ownership-of-property camp, but it is more bark than bite. The increase is unlikely to have a much impact on revenue collection because most foreign sellers should be advised by their estate agents to apply for a tax directive from SARS rather than pay the full withholding tax.

Statement by  
**David de Waal**

**CEO Steeple - The low Commission Estate Agents**

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