

## TAXES TO BE PAID

### A) WHAT IS ESTATE DUTY AND WHO PAYS IT?

Estate Duty is an inheritance tax (also known as Estate Tax or Death Duty).

It is a Tax that arises on the death of an individual and the Estate is taxed, based on the Nett value thereof.

#### ➤ RATES

- Persons deceased on or after 1 March 2018:
  - 20% on the first R30M of the dutiable Estate;
  - 25% on the dutiable Estate over R30M.

#### ➤ EXEMPTIONS/EXCEPTIONS

- The first R3,5M;
- Any bequest to a surviving spouse;
- Any bequest to a Public Benefit Organisation;
- Since 1 January 2010, the unused portion of the exemption of the first dying spouse can be carried forward to the Estate of the last dying spouse;
- Currently the maximum exemption/exception would be R7M.

### B) WHAT OTHER TAXES WILL BE PAYABLE?

- All pre-death Taxes, as well as any arrear tax debt, will have to be paid by the Executor.
- It is assumed that you have **DISPOSED OF ALL YOUR ASSETS** one minute before you pass away, and this can result in Capital Gains Tax being paid as well.
- If you were a business owner and VAT registered, VAT will be payable as well on the deemed value of the assets.
- The Executor must also register the Estate as a Taxpayer and all income and capital gains / losses will be accounted for in the Estate on the post-death transactions.
- The Estate cannot be finalised until all the Tax Returns (pre- and post-death) have been filed and all Taxes have been paid.

- SARS has access to the L&D account and can object if they believe that all the Taxes have not been properly provided for.
- The Executor will also collect any amounts due to you by SARS, after death.

**C) WILL THE ESTATE BE TAXED IF I DECIDE TO DISTRIBUTE MY ASSETS THROUGH DONATIONS?**

- A natural person is allowed to donate up to R100 000-00 per Tax Year, tax free, to any person who is not a Non-Profit Organisation (NPO).
- Any amount exceeding the aforementioned R100 000-00, will be taxed at 20% and is payable by the donor.
- Donations can effectively be used as a tool to reduce your Estate if proper Estate Planning is done.
- Any amount donated, pre- or post-death to an NPO, will be exempt from Donations Tax.
- Effective from 1 March 2018, any donations made more than R30M per Tax Year, will be subject to Donations Tax of 25%.