



## Ownership Options

### Full Title

Full title describes the transfer of full ownership rights to the buyer.

- **House**

This word is used to describe a normal house.

- **Cluster home**

This is a freehold property, usually in a development of similar houses. The group of houses usually has limited access and good security. Each house is individually owned and there is no levy to be paid, unlike sectional title.

- **Residential property used for business purposes**

The property will be regarded as residential property provided that no structural changes are made which may affect its description as a domestic residential dwelling.

- **Smallholding**

A property is classified as a smallholding if it is situated in or within a 150km radius of a built-up area, does not exceed 20 hectares, and is able to be connected to a local authority water supply or has a borehole.

There must be a home on the property and your main source of income must not be farming on that property. If the smallholding is larger than 8,56 hectares, or if other properties in the area are much larger than 8,56 hectares, you will be charged an interest rate of 1,5% above the qualifying home loan rate.

### Sectional title

This describes separate ownership of a unit (section) within a complex.

- **Semi-detached house**

This describes two houses that are attached to one another. They may be on separate stands and bonded individually as ordinary houses. They can also be on one stand and bonded together under one bond. The other alternative is that they are sold as separate units in a sectional title development.

- **Townhouse or flat**

A townhouse or flat unit must be in an approved sectional title complex. The complex must only contain residential units.

### Ownership and Tax

Certain property finance and ownership decisions have legal and tax implications. Here are some considerations when planning your property transaction. For more information or to discuss a particular question you have, call a iLoan consultant.

## Property ownership options and tax implications

In whose name should the property be purchased?

The party in whose name the immovable property is to be registered must appear as the purchaser in the Deed of Sale. If you wish to register the property in the name of a close corporation or a company, which has not yet been registered at the date of signature of the Deed of Sale, it is in order to state that you are purchasing in your capacity as a trustee of a close corporation or company to be formed.

### What are your options ?

You may ask for the registration of transfer of your property to be effected in the name of either:

- Yourself, or you and your spouse
- A close corporation or company
- A trust, or
- A partnership

### Checklist - forms of ownership

	Own or joint names	Company or cc	Trust	Partnership
<b>Advantages</b>	Easy registration. Less transfer duty than other forms of ownership.	Formed and operated relatively easily. Transfer duties are payable.	Two types, family or business. Property purchased into a trust does not form part of the personal estate and no taxation is payable on death of individual. Not susceptible to legal action by creditors.	Purchased with ease Partnership established easily.
<b>Disadvantages</b>	Property exposed to legal action.	Fairly complex operation. Caution to be exercised when purchasing - look out for hidden liabilities.	Strict control in terms of accountability their powers and obligations.	Exposed to legal action by creditors of individual partners. Administrative burden.
<b>Legal Implications</b>	Forms part of the personal estate.	Exists theoretically in perpetuity and eliminates the transfer of property to heirs on death or resignation.	Continues to exist as an entity despite death.	Forms part of the personal estate.
<b>Taxation</b>	In the case of death, estate duty or government tax is 25% for estates over R1 million.	As property is expected to generate income, tax is higher than for individuals.	Taxation is lower for cc's or companies.	Transfer duty is levied at the rate applicable to individuals. Consult attorney to establish the implications.