



AVIVA

EMBERTON

Tax Incentives for multi-unit purchases

The tax write-offs obtainable through Section 13 come into effect when property investors buy a minimum of five residential units for rental. Purchasers are then able to off-set their investment by depreciating the cost of the units at an accelerated rate of 5% a year over 20 years

How to qualify?

- Purchase a minimum of 5 properties
- Owned by one individual / entity (with a single tax number)
- Purchase properties from a developer
- Purchased as a buy-to-let property
- Properties must be purchased within South Africa

Example

You buy five R1 million properties.

Your property value will be R5 million.

SARS will allow a 55% write off against the acquisition price as a deduction against your taxable income.

This equates to a R2.75 million tax deduction to reduce your tax liability, over 20 years.

This equates to a tax allowance (for 20 years) of R137 500 annually, taxed at 45% equals R61 875 a year (or effectively R5 156 a month).

