

How are estate agents also involved in the Transfer Duty Act?

The Second Revenue Laws Amendment Act, Act 34 of 2004, which was promulgated in the Government Gazette of 24 January 2005, extends the provisions of the Transfer Duty Act to include estate agents. This extension outlines the specific obligations and responsibilities that estate agents must adhere to in property transactions.

Section 14 of the amended Transfer Duty Act now requires a real estate agent to submit a return in a specific form to the South African Revenue Service within six months of the conclusion of a transaction they are involved in. A new Section 17B is added to the Transfer Duty Act, which outlines the offences and penalties related to Transfer Duty evasion. This amendment significantly increases the compliance requirements for real estate agents and underscores the serious consequences of non-compliance.

It's evident that the South African Revenue Service is committed to tightening the levying of Transfer Duty and preventing its evasion through transactions where the full compensation is not fully disclosed. This objective underlines the importance of full and transparent disclosure in property transactions.

It has always been unethical to conclude transactions in which a portion of the compensation paid when selling a fixed property is not disclosed. In the same breath, in the future, those involved in these types of transactions, including real estate agents, will increasingly run into trouble.