



MEUMANN WHITE

A T T O R N E Y S

**SHARE BLOCK CONVERSIONS :
TRANSFER DUTY REFUND**

A client who paid transfer duty in terms of a share block conversion transfer, is now entitled to a refund from the Receiver.

An Act published in the Government Gazette on 22 December, 2003, amends the Transfer Duty Act in terms of which liability to pay transfer duty on Share Block conversions has been changed. No duty is payable by a natural person on the conversion from Share Block to Sectional Title ownership, if Transfer Duty was paid on the acquisition of that share.

The effect of this is that the problem of double transfer duty has been eliminated, and where a purchaser buys a share block and immediately converts to Sectional Title, transfer duty will only be payable in respect of the sale of shares.

The date on which this amendment comes into operation is 13 December 2002, which was the date on which transfer duty on residential share sales was introduced. This would entitle anyone who has paid the duplicate transfer duty on the share block conversion to apply for a refund from the Revenue Office. The Receiver office has confirmed that it will in fact refund the duty in respect of the conversion, even if the party who paid for the duty on the conversion is not the same party who paid the duty on the purchase of the shares.

The Receiver's requirements are :-

1. Rev 16
2. Receipt
3. Copy of Receipt for share transfer
4. Sale Agreement
5. Letter confirming it is a claim for a refund in terms of the Revenue Land Amendment Act 45/2003.
6. That the application for the refund be done by the conveyancer who attended to the transfer.

All agreements relating to a shareblock conversion transfer should insofar as the costs are concerned, be structured as follows :-

- 1) Shareblock Transfer
The seller shall pay the fee of the person/entity attending to the transfer of the shares. The transfer duty payable shall be paid by the Purchaser.
- 2) Sectional Title Transfer
The usual clause setting out that the Purchaser will pay these costs. Leave out any reference to transfer duty as the Purchaser has paid it in 1) above and consequently there is no duty payable on the Sectional Title transfers.