STBB

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A buyer’s choice: The pros and cons of purchasing property in an entity

Introduction

- Property can be bought by individuals or legal entities.
- Each option has different legal, tax, and risk implications.
- The right structure depends on purpose and planning.





Ownership options

- Natural persons (individuals)
- Trusts
- Companies
- Close corporations

Individuals: Key points

- Property is registered in personal name.
- Full control and simple structure.
- Personal liability for property-related debts.





Individuals: Tax and finance

- Transfer duty payable unless VAT applies.
- Most favourable CGT treatment.
- Easier access to mortgage finance.
- Rental income taxed at marginal rate.

Trusts: Key points

- Property owned by the trust.
- Managed by trustees for beneficiaries.
- Trustees must be properly authorised.





Trusts: Benefits and risks

- Asset protection and estate planning benefits.
- Higher income tax and CGT rates.
- Higher administration and compliance costs.

Companies: Key points

- Separate legal entity.
- Limited liability for shareholders.
- Property owned by the company.





Companies: Tax and compliance

- Subject to corporate tax and higher CGT.
- Ongoing compliance and reporting required.
- Banks often require personal sureties.

Close corporations: Key points

- No new CCs may be registered.
- Existing CCs may still buy property.
- Similar tax treatment to companies.
- Lower admin burden than companies.





Choosing the right structure

- Purpose of the property
- Tax efficiency
- Financing requirements
- Asset protection and estate planning
- No one-size-fits-all solution
- Poor structuring can be costly
- Advice at purchase stage is critical

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Thank you

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