



By **Letitia Watson**

Send suggestions and requests to yourmoney@you.co.za. E-mails will be answered in this column as far as possible but not personally.

Property transfers

Transferring the ownership of a house involves costs and effort – be sure to get expert advice

A READER writes she and her husband got divorced and were both sequestered. He then bought the family home and had it transferred onto his name. They later remarried but this time out of community of property.

Meanwhile her husband's health has deteriorated and they now want to know the easiest, least costly way to transfer the house onto her name.

Should it be transferred at this stage or should he leave it to her in his will?

Your Money asked Franscois van Gijsen CFP*, of risk and management company Finlac and member of the Fiduciary Institute of South Africa, for advice.

No guarantees with sole ownership

Van Gijsen says the reader and her husband should keep the bigger picture in mind before making any decision. Whether the house stays in her husband's name or is transferred to her, one of them runs the risk of being disadvantaged.

The reason is simple – if either is the sole owner, the other has no guarantee he or she will inherit the house in the event of the spouse's death.

And if they were to get divorced, one of them will come off second best.



TIP

Go to fidsa.org.za for the names and contact details of registered experts who can draft a will for you.

Money and effort

It will involve costs and effort to transfer ownership of the house, whether this happens before or after her husband's death.

The cost depends on whether it's done while her husband is alive and whether he leaves or donates it to her in his will.

The value of the house is important in determining the transfer duty and attorney's fees.

If she inherits the house

No transfer duty (the amount the conveyancer pays the South African Revenue Service when a property is transferred) is pay-

able on testamentary dispositions.

So the reader doesn't have to pay transfer duty if her husband leaves her the house in his will. Other expenses, such as the attorney's fees, are due only after his death.

Donations and transfer

Transfer duty is however payable on properties spouses sell or donate to each other.

If the reader and her husband were to decide to transfer the house to her before he dies they have to pay transfer duty. But how much?

Transfer duty is due only on properties worth R600 000 or

more. You pay three per cent on the difference between R600 000 and R1 million, five per cent on the difference between R600 000 and R1,5 million and eight per cent on the amount by which the value of the house exceeds R1,5 million.

So if the house is worth R1,7 million the reader's husband must pay R53 000 transfer duty if he wants to transfer it before his death. The attorney's fees are due immediately.

Van Gijsen strongly advises the reader and her husband to consult an attorney so they can be properly advised about their best options.

Remember!

Always update your will when buying and selling property or other assets – especially if you want to leave bequests to specific people.

And ensure the wording in your will is correct.

If the reader's husband, for example, writes in his will that he leaves his house at 10 Main Road to his wife but meanwhile sells and buys another at 20 Hill Road without changing the address in his will, she could end up not inheriting a house at all. The new house at 20 Hill Road automatically becomes part of the rest of his estate.

To prevent his wife being left homeless because of a technicality, he should rather write: "I leave my primary residence at the time of my death to my wife." ■