

• LE = Life Expectancy

3 Taxpayers

- Deceased Taxpayer (Final Assessment)
- Deceased Estate
- Beneficiaries

Deceased Person

- All assets disposed at date of death's Market Value
- Rebates proportionally reduced
- Lump Sums received and income received = included in tax calculation

CGT for Deceased

- Exclusions to CGT:
- Assets to surviving spouse
 - Long-term insurance policy
 - Other usual exclusions
- Other:
- Annual exclusion R300,00

Right to Annuity

- Fixed property and accrues to another - Capitalize at 12% over LE over new Person
- Fixed property and does not accrue to someone new - Capitalize at 12% over LE of owner of Fixed property.

DECEASED ESTATE

Estate

- Assets "disposed" by deceased goes into the estate at MV
- CGT is paid if assets are disposed out of the estate
- R40,000 exclusion

Valuation of property

- Property sold = Proceeds
- Property not sold = MV on date of death
- Unlisted shares = Value at date of death

Estate Property

- Apply paragraph 3(2)
- Deemed Property:
 1. Donations in contemplation of death
 2. Proceeds from life insurance
 3. Property disposed of immediately before death

Assets Transferred

- Surviving spouse received asset at deceased base cost
- No CGT for transfers to beneficiaries of the estate

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Deductions

- Funeral and Death Bed Expenses
- SA Debts Due
- Liquidation Administration
- Masters Cost
- Foreign Property
- Foreign Debt - Foreign Property

Deductions

- Limited interest reverting to original owners
- Bequests to charities
- Improvements by beneficiaries during lifetime of deceased.
- Accrual Claims

Deductions

- Books, pictures, statuary and other arts lent to state for 30 years
- Amounts accruing to spouse

Steps in estate duty

1. Determine the property of the estate
2. Deduct the allowable deductions and exclusions
3. Deduct the Abatement
4. Calculate the estate duty

DECEASED ESTATE

Abatement

All estates are entitled to a R3,500,000 abatement reducing the value of property.

Rate

- 20% for an estate up to R30,000,000
- 25% for an estate exceeding R30,000,000

Top Tips

- When in doubt use MV on date of death.
- Individual tax paid by deceased can be deducted from estate.
- Unused Abatements carry forward to spouses

Exam Techniques

- Show your workings in step format.
- Always explain the values used
- Use section numbers to explain exclusions