

# BUYING IN A COMPANY THE INS AND OUTS

## When to consider a Company:

- If you own a business or looking to start a business
- If you have a large property portfolio

**What does it mean to buy a property in a company name** - You are able to buy and register a company in South Africa with very little effort. This company is then its own entity and will have a board of directors which could be just you.

## PROS:

- Protection against personal insolvency. The property will not be affected if one of the individuals involved in the company, such as a director, goes insolvent.
- If the company decides to sell the property, no transfer duty will be payable if the seller is registered for VAT.
- The sale will not incur estate duty either, as a company is not a person and cannot pass away.

## CONS:

- A company selling a property will have to pay substantial Capital Gains Tax, significantly more than if it was being sold by an individual.
- VAT could be applicable in some sale which is higher than transfer duty.

## Buying in a company: The Documents

You will need the following documents to buy on behalf of a company.

- Copies of the company's financial statements. You may be required to produce a full set of financials, i.e. a balance sheet, income statements etc. which must be signed by an auditor
- Details of all the directors/members
- A company certificate.
- A memorandum and articles of association
- A resolution by the directors/members of the company advising who may sign the home loan or pre-approval application for the purchase of the property.