RK ACCOUNTANTS

Transfer Duty (Amendment) Act, 2023 (Date of commencement - 3 May 2023) and **Value Added Tax (Amendment) Act, 2023** (Effective 3 May 2023)

Following approval of the Transfer Duty (Amendment) Act, 2023 on 3 May 2023, amendments became effective immediately. The main amendments are summarised below.

i) New allocations of tribal land and state land are now **exempt** from transfer duty.

ii) The rate of transfer duty payable by non-citizens has now been **reduced** from 30% to:
  a) 10% - where the purchase price or value of the property is P2 million or less;
  b) 15% - where the purchase price or value of the property exceeds P2 million.

iii) Prior approval of the Commissioner General, BURS is now **required** before registration of a transfer or change of name by the Registrar of Deeds.

iv) All records relating to the sale, exchange, donation or transfer of the chargeable benefit for a period are to be kept for 10 years.

v) It **excludes** specified transferors (spouses and heirs on inheritance), who are currently exempt from transfer duty, from the requirement to:
  a) Provide a valuation certificate to the Commissioner General (BURS);
  b) Apply to the Commissioner General for approval of the exemption; and
  c) Provide a certificate of exemption prior to registration of transfer or change of name by the Registrar of Deeds.

vi) Transfer duty payable is **waived** where Value Added Tax (VAT) is payable on the transaction.

vii) The Commissioner General is directed to use the local council valuations or appoint some competent and disinterested person to ascertain the fair value of immovable property situated in a tribal land and where he deems fit, require a valuation certificate issued by a property valuer registered in accordance with the Real Estate Professionals Act.

viii) The amendment exempts the first P1.5 million of a transaction from the Transfer Duty payable by citizens.

On 28 April 2023, the Minister of Finance, through Statutory Instrument No.59 of 2023, approved the Value Added Tax (VAT) amendments to the VAT Act. Amendments are effective from 3 May 2023, and are summarized below.

The first schedule of the VAT Act has been amended to increase a basket of zero-rated items by the following specified supplies.

- Vegetables
- Cooking oil
- Liquid petroleum gas
- Salt
- Infant formula
- Baby diapers
- Sanitary pads or tampons
- Agricultural implements
- Condoms

The Amendment further repealed the definition of public medical facility from the Second schedule to the Act and hence now exempting both private and public medical service providers from VAT.

The Amendment aims to improve standards of living, support the agricultural sector and enhance easier access to medical services.

Please get in touch with us for any enquiries.
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