CASTLE ROCK
BRAND NEW DEVELOPMENT
CONTENTS

PAGE 1: COMPANY PARTICULARS
PAGE 2: THE DYNAMIC SALES TEAM
PAGE 3 - 4: URBAN DEVELOPMENT ZONE TAX INCENTIVES
Dogon Group Properties established by our CEO, Denise Dogon in 2002 - a company which 14 years later has proved to be a true real estate success story. The Dogon name has become synonymous with the proficient and effective marketing and selling of premium grade properties on the Western Cape’s Atlantic Seaboard.

Dogon Group Properties prides itself on its unique and focused approach to marketing and sales, providing a comprehensive and tailored solution to ensure that sales occur at the optimum price within a compressed space of time. The company utilizes an evolved and distinctive distribution platform spanning the Atlantic Seaboard together with a sales force of highly adept and skilled sales agents who are selected for their experience and measurable track records.

Headed by a team of professionals and a dedicated in-house marketing department, Dogon Group will ensure that appropriate, focused and specialized marketing techniques are brought to bear. The powerful proprietary database of the company combined with its eye-catching and prominent advertising, both in the popular media and via electronic media, and extremely visible sales offices support our strong performance on the Western Cape’s Atlantic Seaboard.
THE DYNAMIC SALES TEAM

KEITH ANDERSON
083 540 5033

BYRON KRUGER
082 401 5179

SHOP 3 BUITENKLOOF STUDIOS
8 KLOOF ROAD, CITY BOWL, CAPE TOWN
What is an Urban Development Zone (UDZ)

In 2003, the then Minister of Finance, Trevor Manuel, introduced a tax incentive (Section 13 quat of the Income Tax Act) aimed at revitalizing certain areas by attracting capital investment to embark on urban and inner city renewal and revival. Cape Town has two urban development zones. Most of the historic Cape Town central business district is included, as are properties adjacent to the Main Road and Klipfontein Corridors. This includes portions of Salt River, Woodstock, Observatory, Maitland, Mowbray, Athlone and Gatesville.

Cape Town’s second urban development zone includes the older part of the Bellville central business district, focusing on land adjacent to the Voortrekker Road Corridor and around Bellville Station. Some properties along Madderdam Road and Kasselsvlei Road are also included.

What is the Urban Development Zone tax incentive (S13 Quat)

The Urban Development Zone (‘UDZ’) is a tax incentive administered by SARS, and aims to encourage private sector-led residential and commercial development in inner city areas with developed public transport facilities. The UDZ allows businesses which fall within its area (see attached UDZ map) to benefit from significant tax savings for building development which fall into the following categories:

• The building or part of the building in respect of which the allowance is claimed must be owned by the taxpayer
• The building must be used solely for the purpose of the taxpayer’s trade (they cannot use part of the building as his private residence)
• The erection, extension, improvement (where the existing structural or exterior framework is preserved) or addition of a part of a building representing a floor area of at least 1000m²
• The erection, extension or improvement (where the existing structural or exterior framework is preserved) or addition to low-cost housing
• The purchase of such a building or part of a building directly from a developer
• A certificate of from the Municipality confirming that the building is in a UDZ
• Applies to residential or commercial buildings
• Building brought into use before 31 March 2020 (for the first time)

How do you as a buyer benefit if you purchase the property from a developer

Section 13 quat was extended to grant the allowance to the investor that purchases a qualifying building from a developer. For the period that the investor owns the building and uses it for the purposes of their trade (including letting it out) they can claim the allowance (allowance not transferable to new owner when investor sells). The tax incentive for being part of the UDZ is massive, entitling the buyer of an apartment to a 55% accelerated capital depreciation allowance over 11 years of the purchase price against South Africa income. The tax incentive can be structured in a number of ways and the buyer would need to consult their tax advisor or accountant. The tax concession helps reduce the taxable income of the buyer and is not limited to the buyer’s current year’s taxable income. If it is not absorbed in any tax year it can be carried forward as an accumulated tax loss until fully absorbed.
Any buyer (including individuals, companies, close corporations, trusts and partners in a partnership) is eligible for the tax allowance provided the following basic conditions are met:

- The property must be in an urban development zone
- The building must be new or improved
- The purchaser must use the property for purposes of trade
- The property must be purchased directly from the developer provided that developer hasn't claimed any S13 quat allowance on the building or the part sold
- A certificate of occupancy must have been granted in respect of the building or part purchased
- The required documentation is held which is acceptable by the Commissioner

The allowance does not prevent the taxpayer from deducting any other expenses on the property from their normal taxable income i.e. improvements, levies, rates, bond interest, etc.

How does the allowance work

Where a taxpayer has purchased a building or part of a building from a developer and wants to claim the section 13 quat allowance on his purchase price, the position is as follows:

- If it is a new building or part thereof, the purchaser may claim the allowance on 55% of their purchase price
- The Municipality must issue the certificate to the purchaser, confirming that the building is located within a UDZ of that Municipality
- The respective Developer also has to give a certificate to the purchaser confirming that certain requirements have been met i.e. the erection or improvements commenced after the area was declared a UDZ, the improvements either covered the whole building or a floor area of at least 1000sqm and the Developer has not claimed a section 13 quat allowance on the building or part of the building bought by the purchaser

Allowance is calculated as follows:

- 55% of purchase price
- Spread over 11 years
- Year 1 – 20% of 55% purchase price
- Year 2 to 11 – 8% per annum of the 55% purchase price
- If an apartment was purchased for R 1,000,000.00, allowance would be as follows:

UDZ allowance at 55% of purchase price R550,000.00
Year 1 allowance at 20% of deemed cost R110,000.00
Year 2 to 11 allowance at 8% per annum of deemed cost R44,000.00

Total allowance over 11 year period R550,000.00