



ADVANCED PROFESSIONAL SERVICES

## **EXPERIENCED ADVISORS TO ASSIST WITH ALL AREAS OF YOUR ESTATE PLANNING**

Are you prepared to leave 20% of your hard-earned assets to SARS?

Advanced Professional Services (APS) offers estate planning services to optimise the structure of your estate.

APS will assist you in drafting a will, as well as keeping it updated (an important step often overlooked), as you want your changing financial position to be covered by your will. We have experienced attorneys at hand to help you make the best decisions regarding your beneficiaries and their future.

Specialised estate planning is necessary to avoid financial losses. APS has Chartered Accountants with extensive experience in tax and estate planning at your disposal to assist with the proper structuring of your estate.

Our expert advisors will review your financial information, perform valuations on your assets and prepare forecasts of your administrative estate costs. Based on this information we will advise you on redistributing assets, possible donations to spouses and strategies and other applicable options to maximise the value of your estate and minimise estate duty.

Please see page 2 for an example of our estate planning advice and services and how it can save you unnecessary costs and taxes.

**Advanced Professional Services (Pty) Ltd**

Reg #: 2016/495511/07

The Willows Office Park, Unit 1, Cnr. Lynnwood and Simon Vermooten Pretoria

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## EXAMPLE OF DETAILED ESTATE PLANNING, COSTS AND SAVINGS

### ESTATE PLANNING AND ADVICE

With reference to our meeting at your offices and the information which you provided to us, we would like to bring the following to your attention:

#### 1. *Assets in your estates and your current will*

We have perused your current will and despite the fact that it is a well drafted will, we noted some discrepancies.

Further to the above and as no discount on fees has been agreed upon in the will, the official statutory tariffs, would be applicable to the administration of both your estates, including the following:

- 3.5% (three point five percent), excluding VAT, on the gross asset value of your estates;
- 6.0% (six percent), excluding VAT, on income after date of death.

Due to your marriage in community of property, all the assets in your respective names would be included and form part of the gross asset value in both your estates.

An advisor from our offices conducted a valuation of your shareholding in your entities and the gross assets values in both your estates would currently be as follows:

1. Immovable property, Johannesburg	R 5 000 000.00
2. Immovable property, Pretoria	R 1 000 000.00
3. Immovable property, Cape Town	R 5 500 000.00

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4. Motor Vehicle	R 1 500 000.00
5. Motor Vehicle	R 700 000.00
6. Furniture & Personal Effects	R 980 000.00
7. Local Investment	R 9 600 000.00
8. Investment in Company A (30%)	R 4 100 000.00
9. Investment in Company B (70%)	R 3 800 000.00
10. Offshore Investment(s)	R 8 900 000.00
<b>Total Assets</b>	<b>R41 080 000.00</b>

Kindly take note of the following deemed assets, where the surviving spouse has been nominated as beneficiary:

1. Husband – Life insurance	R17 000 000.00
2. Wife – Life insurance	<u>R 5 000 000.00</u>
<b>Total Deemed Assets</b>	<b>R22 000 000.00</b>

## 2. Administration cost for estates on current values

The estate value of the predeceased spouse would subsequently attract the following administration cost:

➤ Executor's fee on gross asset value (R41 080 000.00)	R 1 437 800.00
➤ VAT on Executor's fee (15%)	R 215 670.00
➤ Master's fee	R 7 000.00
➤ Advertisements (Section 29 and Section 35)	R 701.08
➤ Postage & Petties	R 299.00
➤ Transfer Cost (Immovable property, Johannesburg)	R 40 618.50
➤ Bond Cancellation Cost (Immovable property, Johannesburg)	R 3 500.00
➤ Transfer Cost (Immovable property, Pretoria)	R 17 700.50

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➤ Transfer Cost (Immovable property, Cape Town)	R	42 006.00
➤ Bond Cancellation Cost (Immovable property, Cape Town)	R	3 500.00
➤ Capital Gains Tax	R	0.00
➤ Estate Duty	R	0.00

The assets in the estate of the predeceased spouse would be transferred to the surviving spouse, as per your current will.

Provision would also need to be made for the following costs and liabilities, which would not be determinable as this stage:

- Cost for valuation of Immovable properties and other assets;
- Municipal clearance figures (all immovable properties);
- Levy clearance figures payable to Home Owners Associations or Managing Agents, if any (all immovable properties);
- Account of tax consultant/ accountant to finalize the personal income tax of the deceased and obtain tax compliance from SARS;
- Cost relating to the transfer of shares and member's interest in close corporations and private companies;
- Payment to the South African Revenue Services, if any;
- Payment of any creditors who has submitted and proven claims against the estate;
- Bank Charges.

Should you be the predeceased spouse, the gross asset value of your wife's estate would increase by R17 000 000.00 and subsequently attract the following administration cost:

➤ Executor's fee on gross asset value (R58 080 000.00)	R	2 032 800.00
➤ VAT on Executor's fee (15%)	R	304 920.00
➤ Master's fee	R	7 000.00

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➤ Advertisements (Section 29 and Section 35)	R	701.08
➤ Postage & Petties	R	299.00
➤ Transfer Cost (Immovable property, Johannesburg)	R	52 476.00
➤ Transfer Cost (Immovable property, Pretoria)	R	22 208.00
➤ Transfer Cost (Immovable property, Cape Town)	R	54 326.00
➤ Capital Gains Tax (Immovable properties alone)	R	2 250 000.00
➤ Estate Duty (Please refer to note below)	R	10 775 750.00

Note on Estate Duty: Estates with an asset value exceeding R30 000 000.00, are taxed at 25% (Twenty Five Percent) of the net estate value. The above-mentioned Capital Gains Tax (CGT) has been calculated only on your immovable properties, as we would require additional information regarding the other assets to determine the CGT on such assets, which would definitely increase the CGT payable by the estate. The estate duty payable by the estate will however be reduced by the increase in CGT, as the CGT payable is deductible against the net estate value, which will reduce the taxable estate and subsequent the estate duty payable by the estate.

The assets in the estate of the surviving spouse would be transferred to your children/ trustees of testamentary trust(s), created in terms of the will to the benefit of your children, who has not reached the age as stipulated in the trust clauses of your will.

Provision would also need to be made for the following costs and liabilities, which would not be determinable as this stage:

- Cost for valuation of Immovable properties and other assets;
- Municipal clearance figures (all immovable properties);
- Levy clearance figures payable to Home Owners Associations or Managing Agents, if any (all immovable properties);

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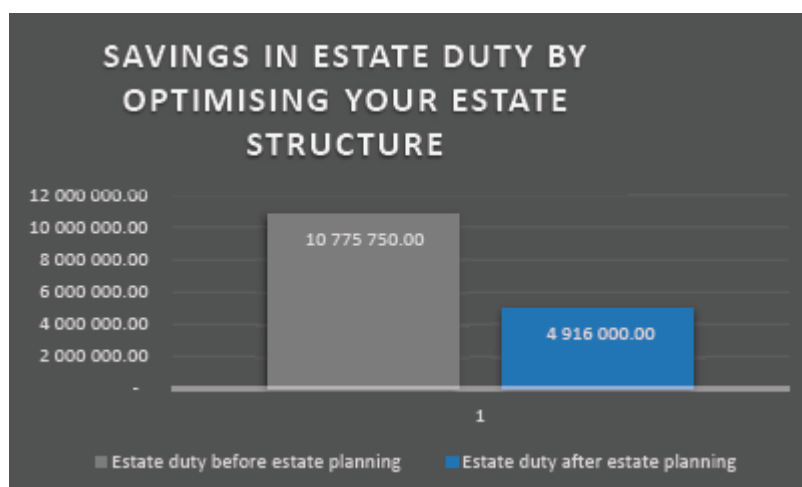
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- Account of tax consultant/ accountant to finalize the personal income tax of the deceased and obtain tax compliance from SARS;
- Cost relating to the transfer of shares and member's interest in close corporations and private companies;
- Payment to the South African Revenue Services, if any;
- Payment of any creditors who has submitted and proven claims against the estate;
- Bank Charges.

### 3. **Interim advice (prior to further comprehensive estate planning and advice)**

Our interim advice would be as follows:

- To amend your current will and appoint a representative of our company as the executor in both your estates.
- Possible transfer of assets to entities, which would take the assets out of your personal names and subsequently out of your respective estates, which would be a saving in several aspects in your respective estate. Should you wish to proceed accordingly we will provide you with our quotation for services to be rendered as well as the proposed saving for your estates.



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