

**NATIONAL ASSEMBLY**

**QUESTION FOR WRITTEN REPLY**

**QUESTION NUMBER 3120**

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**Dr P J Rabie (DA) to ask the Minister of Finance:**

Whether he intends giving a tax break to first time homeowners on interest payable on the first R500,000 investment on their primary residence; if not, why not; if so, what are the relevant details?

NW3920E

**REPLY**

New tax announcements are generally only made on Budget Day. I am therefore not at liberty to reveal which tax proposals have been considered. The Honourable Member is free to submit any proposals he has to the Department, or as Budget Tips to the Minister, as we do consider all proposals received. I will, therefore, only focus on existing tax provisions that encourage home ownership.

Government recognizes that the advancement of home ownership is an important social and economic objective. Several existing government programmes are targeted at achieving that objective, including the housing subsidy programme, and specific tax incentives. The tax incentives are aimed toward the construction of under-supplied housing stock, constructed by both developers and employers. These include allowances for housing projects (Section 13*sex* of the Income Tax Act, No. 58 of 1962), construction of low cost residential units (Section 13*sept* of the Income Tax Act, No. 58 of 1962) and an additional allowance for low cost housing units situated in Urban Development Zones (Section 13*quat* in the Income Tax Act, No. 58 of 1962). It is our hope that employers and developers will take full advantage of these incentives. Further, housing subsidies and grants may be exempted from income tax (Section 10(1)(y)(i)(ff) of the Income Tax Act, No. 58 of 1962).

Lastly, it should be noted that we also have lowered transfer duties significantly, which are now only levied on the houses whose value exceed R 500 000 for properties held by natural persons (Section 2 of the Transfer Duty Act, No. 40 of 1949).