

Policy & Advocacy Programme

FISCAL BENEFITS PROJECT SECTION 37D

Allowance in respect of land conservation in respect of Nature Reserves or National Parks

The following shows the individual requirements of sec 37D. Each requirement must be met in order to access the incentive:

NB: Where the answer to a requirement is NO, the section is no longer applicable and no incentive may be appropriated.

Is the land declared as a Nature Reserve or National Park in terms of sec 20 or 23 of NEMPA?

↓ Yes

Is the land owned by the person entering into the declaration agreement?

↓ Yes

Has an endorsement of the declaration been effected to the title deed of the land with a duration of 99 years?

↓ Yes

Is the deduction being sought in terms of the year of assessment in the year the land is declared?

↓ Yes

Elect the valuation calculation.
Deduction is an amount equal to 4% of:

D = 66,6% (2015)/60% (2016) (nat....) or (other)...

Expenditure incurred in respect of:

- the acquisition of the land, and
- improvements to the land (excl. borrowing/finance costs)

IF expenditure is greater than the market or municipal value of the declared land.

2(a) **Either/Or** 2(b)

Amount determined according to the Prescribed formula: $A=B+(CxD)$

However, IF the expenditure defined under 2(a) is less than the land's market or municipal value then the election does not apply and the formula must be used.

A = amount to be determined
B = cost of acquisition of land and improvements
C = capital gain per 8thSch(cost is lower of market or municipal value on date of agreement)
D = 66,6% (2015)/60% (2016) (natural persons and special trusts) or 33,3% (2015)/20% (2016) (other) IF market or municipal value exceeds 2a.