

# Costs to consider when selling your property

When it comes time to sell, property owners are often caught off-guard by the expenses that come with selling property.



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"While the bulk of the cost associated with property transactions are for the buyer's account, the seller will incur at last some costs," explains Giel Viljoen, principal at Leapfrog Stellenbosch.

Make sure to take the following into account and budget accordingly, Viljoen says.

## Bond cancellation costs

If you have a bond on the property you're selling, there will be a cost to cancelling the bond. The cost varies from bank to bank but prepare to pay in excess of R4,000. "Be sure to check this with your bank beforehand and plan for the expense, which is payable upon transfer, accordingly," Viljoen advises.

Viljoen adds that the seller needs to give the bank written notice, 90 days in advance, before consolidating the bond in full as a result of sale, or risk incurring a notice period penalty. "Failing to provide notice in good time will result in 'bond notice period penalty interest', which is a significant but avoidable expense."

In some cases, the transfer process may also incur costs for the seller, but only really happens if the sale of the property is finalised before the bank is notified, which then results in penalty interest. "If you need to settle other fees with the money available in your bond, do so before issuing the bank with notice of bond cancellation," Viljoen recommends.

## **Compliance costs**

Compliance certificates, which includes electrical, gas, plumbing, beetle and electric fence, are the seller's responsibility and must all be in order before a property can be transferred. "These may feel like grudge payments, but they are in place to protect the seller, so make sure to budget for R500 per compliance certificate," Viljoen explains.

Also note that the cost of the certificate does not include the costs of anything that needs to be fixed or repaired, based on the findings of the inspection.

## **Agent commission**

The agent's commission is the seller's responsibility to pay and is usually calculated as a percentage of the purchase price of the property. "We often hear complaints about this 'cost', but bear in mind that the agent renders a professional service and the commission is compensation for their work in ensuring the transaction offers the best deal to both the buyer and the seller," Viljoen notes.

## **Rates, taxes and levies**

As part of the process of selling a property, the conveyancing attorneys will require a clearance certificate from the local authorities stating that all rates and taxes are fully paid. In some cases, the seller will be required to make future-dated payments of between two and six months in advance. The amount will be an approximation based on past accounts, and can be rather a large sum for the seller, so it is useful to plan and budget accordingly when you decide to put your property on the market. If, however, the property is registered to the buyer in a shorter time frame, the council will refund the seller.

Similarly, if the place being sold is in an estate or a sectional title property, the homeowners' association could require the seller to pay the levies a few months in advance to ensure all costs are covered while the property transfer is in process.

## **Other costs**

A cost that does not apply in all cases but that certainly needs to be planned for if it does is capital gains tax (CGT), which is the tax payable on the disposal of an asset (your property) where the proceeds exceed the base cost. CGT is the responsibility of the seller and forms part of income tax.

Lastly, don't forget to take the cost of moving your things from one property to another into account. Moving costs tend to be more flexible as it depends on factors, including how far you're going, but should still be planned for. "You may also want to consider taking insurance on the things being moved," Viljoen suggests.

There's no getting away from these expenses, so make sure to work with a trusted property advisor who will be able to help you plan for and manage these costs in the most efficient way, says Viljoen.