WEALTH NAVIGATION

What is **Estate Duty**?

Estate Duty is a tax charged on the value of a deceased person's estate before the remaining assets are distributed to beneficiaries. In South Africa, it is governed by the Estate Duty Act and is paid to the South African Revenue Service (SARS) by the executor of the estate

For most estates, estate duty is only payable if the net value of the estate exceeds R3.5 million (subject to the applicable deductions and exemptions):

The standard rate is:

> 20% of the first R30 million of the dutiable estate
>
> 25% of the portion exceeding R30 million.

In many cases, no estate duty is payable because of the available exemptions and deduction, such as the R3.5 million abatement and certain deductions for assets left to a surviving spouse.

In South Africa, estate duty is calculated on the dutiable value of the estate, not on the total value of all assets

Basic calculation

(This is a simplified calculation. In practice, the executor must also consider exemptions, deductions (such as the spousal deduction), and any unused portion of a predeceased spouse's R3.5 million abatement, which may affect the final amount of estate duty payable)

Gross Estate: All assets owned by the deceased at the date of death	−	**Allowable deductions (e.g. debts, funeral expenses, admin. costs, assets left to surviving spouse**	=	**Net Estate**
Net Estate	−	**Estate Duty Abatement (currently 3.5 million)**	=	**Dutiable Estate**

Estate Duty is payable by the deceased Estate

All income received or accrued before the deceased's death is taxable in the hands of the deceased person up until date of death and will be administered by the executor or administrator acting as the deceased's representative taxpayer. After the date of death, the deceased estate comes into existence.