

SECTION 37D

PRACTICAL EXAMPLE: INDIVIDUAL

Mrs Rose owns a small piece of critically important land that she has declared as a 100 ha Nature Reserve. Mrs Rose operates a small indigenous nursery from the front of the property.

The property holds the last remnant populations of some endemic Karoo Succulent vegetation. Mrs Rose has looked after this biodiversity on her own for years. Her indigenous nursery employs 10 people from the local community and provides for her family's needs and covers the management costs of the nature reserve. She owns the land in her personal capacity.

As she has got older it has become increasingly difficult to manage the property but she would still like to protect the succulent plants. Obtaining the section 37D tax incentive will help her to do this by decreasing her tax liability and increasing her liquidity.

The value of the tax break is based on the value of the nature reserve itself = The declared property is valued at R180 000. Mrs Rose gets this value back at 4% pa for 25 years = R7 200 from her personal income tax.