PROPERTY BUYERS: THERE’S A NEW DEDUCTION FROM INTEREST EARNED ON YOUR DEPOSIT

When you buy property, the sale agreement often provides for you to pay a deposit (normally 10% of the sale price) to the conveyancer (the attorney transferring the property into your name), to be kept in trust until transfer.

Don’t lose out on earning interest on your deposit money - check that the sale agreement’s deposit clause says that the deposit must be invested in an interest-bearing trust account with interest to accrue to you. Also an instruction to the conveyancer to do this is normally in the standard documents you sign at the start of the transfer process. A good tip here is to have all your FICA documents in order as the investment can only be opened after you are FICA’d.

After transfer the conveyancer accounts to you for net interest accrued after bank charges, handling fees and the like, plus – a new charge – a fixed 5% deduction in favour of the Legal Practitioners Fidelity Fund.

That new 5% deduction is mandated by the new Legal Practice Act, it kicked in on 1 March 2019, and it boosts funding for the Fidelity Fund. In most cases it will be only a small amount, and it’s a bit like paying an insurance premium to make sure that your money is safe and secure.