



COMMISSIONER'S PRACTICE DA 8.0

DUTIES – VALUATION OF VENDOR SHARES ISSUED AS CONSIDERATION FOR A DUTIABLE TRANSACTION

Commissioner's Practice History

Commissioner's Practice	Issued	Dates of effect	
		From	To
DA 8.0	1 July 2008	1 July 2008	13 February 2014

This Commissioner's practice outlines how vendor shares will be valued for the purposes of an assessment of transfer duty on a dutiable transaction when they form part of the consideration for that transaction.

Background

Section 27 of the *Duties Act 2008* ("Duties Act") provides that the dutiable value of a dutiable transaction is the consideration for the transaction, or the unencumbered value of the dutiable property if there is no consideration, the consideration is unascertainable, or the value is greater than the consideration.

Section 21 of the *Taxation Administration Act 2003* ("TAA") gives the Commissioner the power to require a taxpayer to provide any information in his or her possession or control, that is relevant to determining the value of any property, consideration or benefit for the purposes of a taxation Act.

Section 22 of the TAA gives the Commissioner the power to have a valuation made, or adopt any available appropriate valuation, of any property, consideration or benefit for the purposes of a taxation Act.

Commissioner's Practice

1. A dutiable transaction may provide that all or part of the consideration for the transaction consists of shares to be issued in a purchaser that is a company, or in another company to be incorporated ("vendor shares").

Value of unlisted vendor shares

2. Where vendor shares are to be issued in a previously dormant company, or one with minimal assets, the Commissioner will accept the specified issue value of the shares.
3. For vendor shares issued in an active company, the Commissioner will undertake a valuation of the shares. The taxpayer will be required to provide company financial statements and any other relevant information.

Value of listed vendor shares

4. The value of vendor shares issued in a listed company will be based on the closing sale price for similar shares as at the date liability to duty on the transaction arose.
5. For vendor shares that are to be held in escrow for a specified period, the Commissioner will consider submissions from the taxpayer or their representative concerning the likely impact of the escrow period on the valuation of the shares.

Date of Effect

This Commissioner's Practice takes effect from 1 July 2008.

Bill Sullivan
COMMISSIONER OF STATE REVENUE

1 July 2008