



COMMISSIONER'S PRACTICE TAA 8.7

VALUATION OF LAND FOR DUTIES AND STAMP DUTY PURPOSES

Commissioner's Practice History

Commissioner's Practice	Issued	Dates of effect	
		From	To
TAA 8.0	21 October 2003	21 October 2003	14 September 2006
TAA 8.1	15 September 2006	15 September 2006	30 November 2006
TAA 8.2	1 December 2006	1 December 2006	11 January 2007
TAA 8.3	12 January 2007	12 January 2007	30 June 2008
TAA 8.4	1 July 2008	1 July 2008	20 December 2010
TAA 8.5	21 December 2010	21 December 2010	6 February 2012
TAA 8.6	7 February 2012	7 February 2012	31 May 2012
TAA 8.7	1 June 2012	1 June 2012	13 February 2014

This Commissioner's practice outlines the circumstances in which the Commissioner will obtain a valuation of land (other than mining tenements, and life and remainder interests) for duties and stamp duty assessment purposes.

Duties valuations will be made for all *Duties Act 2008* liabilities that arise on or after 1 July 2008. Stamp duty valuations will be made for all *Stamp Act 1921* liabilities that arise on or before 30 June 2008.

Background

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

Circumstances When Valuation Required

1. Duties valuation forms and stamp duty valuation forms (City, Town and Suburban Land, or Country Land) provide a means for the taxpayer to provide information relating to land to the Commissioner for valuation purposes.
2. The appropriate valuation form and any other information considered relevant by the Commissioner must be provided in respect of a transaction where:
 - 2.1 the parties are related or not otherwise dealing at 'arms length' including but not limited to:
 - 2.1.1 parties related by blood or marriage;
 - 2.1.2 related companies, as defined in the *Corporations Act 2001*;
 - 2.1.3 partners in a partnership;
 - 2.1.4 participants in the same joint venture;
 - 2.1.5 trustees of trusts which have common beneficiaries;
 - 2.1.6 joint owners of property; and
 - 2.1.7 entities with other significant business relationships;
 - 2.2 there is no consideration for the land, or the consideration appears to be inadequate or is unascertainable;
 - 2.3 the Commissioner requires a valuation in accordance with Commissioner's Practice DA 28 – Duties – Reduction in Consideration; or
 - 2.4 any other circumstance where the Commissioner considers a valuation would be appropriate.

Additional Information and Documents Required

3. To expedite the valuation and assessment process, parties are encouraged to provide any information that may assist in the valuation process, including, but not limited to:
 - 3.1 a licensed valuation or market appraisal made by a person who holds a licence under the *Land Valuers Licensing Act 1978* that does not comply with paragraphs 5 and 6;

- 3.2 a valuation or market appraisal made by a licensed real estate agent within three months of the date of the transaction; or
- 3.3 a building inspection report from a licensed building inspector to identify damage to, or defects of, the dutiable property that may affect its value. Where available, parties should also provide details of the cost to repair the damage or defects identified.

Obtaining a Valuation

4. Except where paragraphs 5 and 6 apply, the Commissioner will refer the valuation form to the Valuer General, together with any other supporting information provided, to enable the land to be valued. Alternatively, the Commissioner may elect to refer the matter to other licensed valuers.

Valuations by Licensed Valuers

5. Matters involving the valuation of land are not required to be referred to the Valuer General when the Commissioner receives a valuation made by a person who holds a licence under the *Land Valuers Licensing Act 1978*, and the total value of the land does not exceed \$2 million (not merely the interest(s) conveyed or transferred or agreed to be transferred).
6. A valuation made by a licensed valuer will only be accepted without referral to the Valuer General if:
 - 6.1 the valuation was made within three months of the date of the transaction;
 - 6.2 the Commissioner receives written advice from the taxpayer confirming that no improvements have been made to the land since the valuation was conducted; and
 - 6.3 where the valuation was conducted for a purpose other than duties or stamp duty purposes (e.g. ascertaining the unencumbered value of the property for security or lending purposes), the valuer provides written authorisation allowing the Commissioner to rely upon the valuation for the purpose of assessing duties or stamp duty.
7. Notwithstanding paragraphs 5 and 6, the Commissioner will refer a valuation made by a licensed valuer to the Valuer General for consideration if it appears unusually low for any reason.
8. Should the Valuer General increase the value, it will be brought to the attention of the Commissioner for consideration of any further action in respect of the matter.

Date of Effect

This Commissioner's practice takes effect from 1 June 2012.

Bill Sullivan
COMMISSIONER OF STATE REVENUE

1 June 2012