



COMMISSIONER'S PRACTICE TAA 8.8

VALUATION OF LAND FOR DUTIES AND STAMP DUTY PURPOSES

SUPERSEDED

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
TAA 8.8	14 February 2014	14 February 2014	18 December 2014

This Commissioner's practice outlines the circumstances in which the Commissioner will obtain a valuation of residential or commercial land for duties and stamp duty purposes.

This Commissioner's practice does not apply where the Commissioner requires the taxpayer to provide completed duties valuation forms under one of the following Commissioner's practices:

- TAA 9 'Valuation of Mining Tenements for Duties and Stamp Duty Purposes';
- TAA 10 'Valuation of Pastoral Leasehold Land for Duties and Stamp Duty Purposes'; and
- TAA 13 'Valuation of Life Interests and Remainder Interests for Duties and Stamp Duty Purposes'.

Background

Under section 21 of the *Taxation Administration Act 2003* ('TAA'), the Commissioner may require a taxpayer to provide a written valuation by a *qualified valuer*¹ of any property, consideration or benefit, together with any documents or

¹ A *qualified valuer* is defined in the TAA as meaning a person licensed or registered under the *Land Valuers Licensing Act 1978* or a corresponding Act in another State or Territory, or a person who the Commissioner is satisfied is suitably qualified or experienced to provide a valuation.

other records in the taxpayer's possession or control relevant to determining the value of the property, consideration or benefit.

Under section 21(2A) of the TAA, the Commissioner may require that a valuation, document or other record be provided in an electronic format, and that a valuation provided by the taxpayer include or be accompanied by copies of any models and details of any methods and assumptions that were relied upon in order to arrive at the valuation.

Section 22 of the TAA provides that, regardless of whether the Commissioner has required the taxpayer to provide a valuation or whether the taxpayer has complied with such a requirement, the Commissioner may:

- (a) have a valuation made of any property, consideration or benefit; or
- (b) adopt any available valuation of the property, consideration or benefit that the Commissioner considers appropriate.

Application of Other Practices

When the Commissioner obtains a valuation of land under this practice, the Commissioner will generally not require the taxpayer to also provide a written valuation by a qualified valuer.

Commissioner's Practice TAA 23 'Circumstances When a Taxpayer will be Required to Provide a Written Valuation' outlines the circumstances in which the Commissioner will require a taxpayer to provide a written valuation for transfer duty or landholder duty purposes.

Commissioner's Practice

When a Valuation is Required

1. Duties Information Requirement 'Transactions Involving Related Parties' sets out the information a taxpayer must provide for land valuation purposes.
2. Circumstances in which the appropriate duties land valuation form and the information referred to in paragraph 1 must be provided for a transaction include where:
 - 2.1 the parties are related or not otherwise dealing at arm's length, which includes, but is not limited to:
 - 2.1.1 parties related by blood or marriage;
 - 2.1.2 parties related by prior business relationship;
 - 2.1.3 related companies, as defined in the *Corporations Act 2001*;
 - 2.1.4 partners in a partnership;
 - 2.1.5 participants in the same joint venture;
 - 2.1.6 trustees of trusts which have common beneficiaries;

- 2.1.7 joint owners of property; and
- 2.1.8 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; or
- 2.3 the Commissioner requires a valuation in accordance with Commissioner's Practice DA 28 'Duties – Reduction in Consideration'.

Additional Information Required

- 3. Where the taxpayer provides a duties valuation form to the Commissioner, the taxpayer is 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 qualified valuer 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 and supporting evidence to the Valuer General for the land to be valued. Alternatively, the Commissioner may elect to refer the matter to another qualified valuer for valuation.

Valuation by a Qualified Valuer

- 5. Matters involving the valuation of land will generally not 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* (or a corresponding act), 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 qualified valuer will generally 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 (for example, 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 provided by the taxpayer to the Valuer General for consideration if it appears unusually low for any reason.
8. If the Valuer General increases the value of the property, the Commissioner will determine if further action is appropriate in respect of the matter.

Copies of relevant forms and publications are available on the Office of State Revenue website at www.osr.wa.gov.au.

Date of Effect

This Commissioner's practice takes effect from 14 February 2014.

Bill Sullivan
COMMISSIONER OF STATE REVENUE

14 February 2014