

# Revenue Rulings

## Duty on bridging finance securities

### Revenue Ruling DA.002

#### Replaces SD.061

#### Preamble

Section 148 of the *Duties Act 2000* (the Act) charges duty on instruments that are mortgages. Section 152 states when a liability to duty arises. Part 4 of Chapter 7 of the Act sets out which instruments are exempt from duty.

The majority of securities over real property are in the form of mortgages and are normally registered as encumbrances on the relevant certificates of title. There are also various categories of unregistered securities including short term securities such as those used for bridging finance.

Under section 153 of the Act, a three (3) month penalty free period is provided for the correct stamping of any mortgage on which duty is payable. The penalties are imposed under the *Taxation Administration Act 1997*.

In some cases, instruments such as bridging finance securities have not been stamped because the obligations of the parties have been discharged, or the instrument is otherwise no longer required, prior to the expiration of three (3) months.

The purpose of this ruling is to clarify the liability of executed instruments in such circumstances.

#### Ruling

Section 153 of the Act provides a period in which instruments may be stamped without penalty. This section does not remove the duty liability imposed by sections 148 and 152 on instruments evidencing a security (such as a mortgage) merely because the loan has been repaid within three (3) months of its execution. Such an instrument is liable to duty regardless of whether the obligations in that security have been discharged prior to the expiration of three (3) months from its creation.

Please note that rulings do not have the force of law. Each decision made by the State Revenue Office is made on the merits of each individual case having regard to any relevant ruling. All rulings must be read subject to Revenue Ruling GEN.01.

**Commissioner of State Revenue  
July 2001**

