

# Revenue Rulings

## Transferees' Improvements in Transfer of Land Valuations

### Revenue Ruling SD.085

CEASED October 2001	CEASED October 2001	CEASED October 2001
<p><b>Preamble</b></p> <p>The purpose of this ruling is to clarify the valuation basis of real property described in a transfer of land where improvements to that property have been made by the transferee prior to the date of contract.</p> <p>Section 63 of the <i>Stamps Act 1958</i> ('the Act') defines real property for the purposes of assessing the duty applicable to transfers and conveyances of fee simple title. Heading VI of the Third Schedule to the Act provides that the value of real property will be the greater of the consideration or the market value at the date of sale, or in the case of a gift, at the date of the instrument of transfer.</p> <p>Circumstances exist where the transferee has made improvements to the property as a result of personal arrangements with the transferror, and the parties have taken these into account when negotiating the contract price. Such improvements are to be distinguished from those made to a property as a result of contractual obligations contained in a leasing arrangement.</p> <p><b>Ruling</b></p> <p>Where a property, which is the subject of a conveyance or transfer of land, has been improved by the transferee, circumstances exist where the cost of those improvements may be deducted from the market value of the property before assessing stamp duty applicable to that transfer.</p> <p>The Commissioner will take into account the circumstances surrounding the use of the property by the transferee. The improvements must have been made in contemplation of a future transfer to the transferee and considered by the parties to be the property of the transferee from the date the improvements were made.</p>	<p>The Commissioner will not consider improvements resulting from contractual obligations, such as those made under a lease in lieu of, or supplementary to, rent, to be the property of the transferee. Ongoing maintenance of the property will not be considered as improvements.</p> <p>Stamp duty will be based on the market value of the property, less the costs actually paid or payable by the transferee in respect of the improvements in question, or the consideration, whichever is the higher. Costs may include materials and labour but will not include equipment purchased to effect the improvements nor any labour contributed by the transferee.</p> <p>The transferee will be required to satisfy the Commissioner, initially by statutory declaration, as to the nature of any agreement with the transferror, particulars of the improvements and details of the costs incurred. Where necessary copies of invoices to support the claim may be required.</p> <p>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.</p> <p style="text-align: right;"><b>Commissioner of State Revenue</b> <b>October 1997</b></p>	
CEASED October 2001	CEASED October 2001	CEASED October 2001