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| Document Class: | CONVEYANCE - OTHER |
| Document Name: | For No Consideration |
| Document Description: | Assignment of Interest in a Land Contract |
| Document Code: | VC |

Introduction

This guide note explains how stamp duty is calculated on an assignment of an equitable interest in a contract for the sale and purchase of an interest in land for **no** consideration.

Assignments of other forms of property are discussed in other areas of this guide - refer to the appropriate document heading for details.

The value of the assignment for stamp duty purposes is, usually at the least, the amount of the deposit paid as at the date of the assignment.

Pursuant to section 71(1) of the SD Act, the value of the interest being conveyed must be declared in the document.

More than one assignment can arise out of a contract, or the same interest can be assigned more than once. Where this occurs, each assignment is to be stamped separately.

Note: The Memorandum of Land Transfer should recite the total purchase price as expressed in the contract for sale and purchase of the land – refer section 68(5) of the SD Act.

The following similar transactions cannot be stamped under this document heading:

An assignment of interest in a land contract where there is **consideration** passing between the parties - refer to the document heading:

- [Conveyance – Other – For Consideration – Assignment of Interest in a Land Contract \(C\)](#)

What *documents* can I stamp under this document heading?

The document can be in the form of:

- an Agreement that evidences the conveyance of an equitable interest in a contract for the sale and purchase of land;
- a Deed that evidences the conveyance of an equitable interest in a contract for the sale and purchase of land; or
- any other document that evidences the conveyance of an equitable interest in a contract for the sale and purchase of land.

What types of *transactions* can I stamp under this document heading?

An assignment of interest in a contract for the sale and purchase of land is deemed **suitable** for self-stamping under this document heading where:

- there is **no** consideration passing between the parties.

The document can be stamped under this document heading regardless of whether:

- the parties are related or unrelated; and/or
- the assignment is for a full interest or a fractional interest.

What stamp duty is payable on this document?

The assignment is chargeable with *ad valorem* voluntary conveyance stamp duty. The stamp duty is calculated on the **value** of the interest being assigned. Usually, the value of the assignment is, at least, the amount of the deposit paid as at the date of the assignment.

Where the deposit in the contract for sale and purchase of the land is secured by a bank guarantee **and** the assignment document is drawn in Agreement or Deed, form and the assignment is for no consideration - the assignment is chargeable on a nominal **value** of \$1. The document is stamped under this document heading.

What evidence do I need to retain for audit purposes?

For audit purposes, you will need to retain the following documentation:

- a copy of the stamped document that assigns the interest in the land contract; and
- copy of the relevant contract for the sale and purchase of land.

Example 1 – Assignment of an interest in a contract for no consideration

Pam contracts to sell land to Jim for \$120,000 and a deposit of \$10,000 is paid.

Jim then assigns his interest in the contract to Bob for **no** consideration.

Stamp duty is calculated on the value of the deposit (\$10,000) using the *ad valorem* voluntary conveyance rate of stamp duty (ie. \$100 stamp duty). The assignment of interest in the contract is stamped under this document heading.

At settlement Bob pays Pam \$110,000 and the Memorandum of Transfer states \$120,000 in the consideration panel as per the contract. Stamp duty is charged on \$120,000 and the document is stamped under the document heading:

Conveyance of Land – For Consideration – Conveyance of Land (CL)

Example 2 – Assignment of a half interest for no consideration

Lisa contracts to sell land to purchaser Pam for \$85,000 and a deposit of \$8,000 is paid.

Pam then assigns a half interest in the contract to Tom for **no** consideration.

Stamp duty is calculated on the value of half of the deposit (\$4,000) using the *ad valorem* voluntary conveyance rate of stamp duty (ie. \$40 stamp duty).

At settlement Tom pays Lisa \$77,000 and the Memorandum of Transfer states \$85,000 in the consideration panel as per the contract. Stamp duty is charged on \$85,000 and the document is stamped under the document heading:

Conveyance of Land – For Consideration – Conveyance of Land (CL)

Example 3 – Multiple assignments resulting from the same contract

Ann contracts to sell 10 separately titled allotments to Bob for \$1,200,000 and pays a deposit of \$120,000, ie 10%. Bob then assigns each allotment to 10 separate unrelated purchasers for no consideration.

Allotments 1 to 7, consideration is \$120,000 each, assigned for no consideration
Allotment 8, consideration is \$150,000 assigned for no consideration
Allotment 9, consideration is \$80,000, assigned for no consideration
Allotment 10, consideration is \$130,000, assigned for no consideration.

Duty on the assignments for allotments 1-7 is calculated on \$12,000 as this is the value of the assigned interest, ie 10% of \$120,000.

Duty on the assignment for allotment 8 is calculated on \$15,000 as this is the value of the assigned interest, ie 10% of \$150,000.

Duty on the assignment for allotment 9 is calculated on \$8,000 as this is the value of the assigned interest, ie 10% of \$80,000.

Duty on the assignment for allotment 10 is calculated on \$13,000 as this is the value of the assigned interest, ie 10% of \$130,000.

Note that the value of the assigned interests totals \$120,000 which is equivalent to the deposit.

The value for each assignment is calculated as a proportion of the total deposit paid compared to the consideration paid for the particular allotment.

[Section 67](#) of the SD Act does **not** apply to either the assignments or the transfers of land, **providing** the Commissioner is satisfied that there is no arrangement or understanding between the assignees/transferees to use any of the allotments together (ie. this is not considered to be substantially one transaction or one series of transactions).

Note: The amounts recited in the consideration panel of each of the 10 transfers must add up to the contract consideration.

Example 4 – Series of Assignments resulting from the same contract

Jo contracts to sell land to Fred and a deposit of \$10,000 is paid.

Fred assigns his interest in the contract to Dave for **no** consideration. Stamp duty is payable on the value (\$10,000) using the *ad valorem* voluntary conveyance rate of stamp duty (ie. \$100 stamp duty).

Dave then assigns his interest to Helen for **no** consideration, *ad valorem* voluntary conveyance stamp duty is charged on the value (\$10,000) (ie. \$100 stamp duty).

What section of the SD Act applies?

Section 71(3)
Section 68 (5)