

Under review, new publication being developed

SOUTH AUSTRALIA



STATE TAXATION OFFICE

STAMP DUTIES

Circular No. 27

CHARGE FOR MAKING A VALUATION

BACKGROUND

Your attention is drawn to Section 60a of the Stamp Duties Act which is reproduced below:-

Value of property conveyed or transferred

"60a. (1) Subject to subsection (2), a reference in this Act (other than in Part IV) to the value of property conveyed or transferred is a reference to the market value of the property -

(a) in the case of a conveyance on sale - as at the date of the sale;

or

(b) in any other case - as at the date of the conveyance,

assuming, in either case, that the property had, at that date, been free from any encumbrances.

(2) In the case of a conveyance on sale, the Commissioner may treat the consideration for the sale as being the value of the property conveyed or transferred unless it appears to the Commissioner that the consideration may be less than the value of the property as referred to in subsection (1).

(3) Where no evidence of the value of property conveyed or transferred, or comprising or forming part of the consideration for a conveyance, is furnished to the Commissioner, or the evidence so furnished is, in his opinion, unsatisfactory, the Commissioner may cause a valuation of the property to be made by some person appointed by him and may assess the duty payable by reference to that valuation.

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- (4) The Commissioner may, having regard to the merits of the case, charge the whole or a part of the expenses of, or incidental to, the making of a valuation pursuant to subsection (3) to the person liable to pay the duty and may recover the amount so charged from him as a debt due to the Crown."

On approximately 4,000 occasions annually, the Stamp Duties Office appoints a valuer and receives a valuation of real property for the purposes of determining the level of duty payable. In the majority of these cases no evidence from suitably qualified persons is provided by the taxpayer in relation to the value of the property conveyed. This results in the Stamp Duties Office incurring considerable costs with respect to valuations.

ABILITY TO RECOVER THE COST OF VALUATION

Section 60a(4) provides authority for the whole or part of the cost of making the valuation to be passed on to the person(s) liable to pay the duty.

SOME COSTS TO BE PASSED ON

The Stamp Duties Office has been requested to pass on the cost of the valuation to the taxpayer in cases where the purchase price or value declared by the taxpayer or their agent is more than 10% below the market value determined by the valuer appointed by this Office.

It should be noted that where the value declared by the taxpayer or his/her agent or the consideration expressed in the transfer is within 10% of the valuation obtained by this Office **no charge will be made.**

It is therefore important for lodging parties to declare a realistic value for the property otherwise a valuation fee may be incurred.

AMOUNT OF CHARGE

Where the valuation fee is to be passed on, the actual cost incurred by the Stamp Duties Office will be charged to taxpayers.

The Valuer-General's charge for real property valuations is currently \$100 per hour with a minimum charge of \$50 .

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In the majority of real property valuations, where the Stamp Duties Office appoints the Valuer-General to determine a value "for stamp duty purposes", the charge is likely to be \$50.

TAXPAYER'S VALUATION

In cases where the taxpayer or his/her agent provide a recent valuation by a suitably qualified practitioner, that valuation will generally be used (subject to the Commissioner being satisfied) for the purpose of assessing duty.

A suitably qualified practitioner will, in the case of real estate, be a member of the Australian Institute of Valuers and Land Economists.

To be accepted by the Stamp Duties Office this valuation will need to be:-

- . no more than six months old at the time of lodging documentation for the opinion of the Commissioner of Stamps;

or

- . made within six months from the date of the instrument.

Where the valuation is outside the periods referred to above it will be necessary for the valuer to certify that at the date of the sale and/or conveyance, the circumstances in relation to the property had not changed from the time that the valuation was performed.

WHEN WILL A VALUATION BE REQUIRED

Where the parties are related either through a family group or through a corporate group a valuation **will be** required.

The transfer of portion of the land or a fractional interest in an existing parcel **will** require a valuation of the portion being conveyed.

A valuation is **not** required in cases where the consideration expressed in the document represents a full market price in the opinion of the parties who are unrelated and bona fide sellers and purchasers. In these cases the contracted and declared sale price will normally be accepted.

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However, should the consideration or value declared be in the opinion of the Commissioner, unsatisfactory, a valuation may be undertaken.

Note: The fee for valuation will only be charged if the value determined by the valuer appointed by the Stamp Duties Office exceeds the value submitted by the taxpayer/lodging party by greater than 10% of the taxpayer's value.

ACCESS TO VALUATIONS

Where the Commissioner of Stamps appoints a valuer to undertake a valuation in respect of any property, the taxpayer may seek and be supplied with a copy of such valuation.

DATE OF OPERATION

The cost of valuations obtained by the Commissioner of Stamps that vary by greater than 10% higher than the taxpayer's value submitted or consideration shown in the transfer document will be charged to the person(s) liable to pay the duty in respect of documents lodged after 16 November, 1992.

15 October, 1992

COMMISSIONER OF STATE TAXATION