

Document Type:	Conveyance of Land
Document Name:	Lease Premium – Qualifying Land

## Introduction

This Document Guide Note explains how stamp duty is calculated on a lease premium in respect of a lease over [Qualifying Land](#) on or after 7 December 2015 as part of a lease where there is a consideration passing between the parties.

Qualifying Land means land that is being used for any purpose other than:

- land that is taken to be used for residential purposes; and
- land that is taken to be used for primary production.

The lease premium will be in addition to the rental specified in the lease and is usually a 'one off' payment payable by the lessee to the lessor.

## What documents can I self-determine under this document type?

The document can be in the form of:

- a lease; or
- any document evidencing or acknowledging the lease premium.

## What types of transactions can I self-determine under this document type?

A lease premium is deemed **suitable** for self-determination under this document type where:

- there is a consideration passing between the parties; and
- the lease premium is for Qualifying Land.

The document can be self-determined under this heading where the:

- parties are related or unrelated.

## What evidence do I need to retain for audit purposes?

For audit purposes, you will need to retain the following documentation either in paper form or electronic form:

- a copy of the documents; and
- evidence that a stamp duty determination has been made (i.e. Certificate of Stamp Duty, Document ID or stamped document).

## What Section(s) of the *Stamp Duties Act 1923* applies?

- Section 2
- Section 64
- Schedule 2, Conveyance on Sale

## What stamp duty is payable on this document?

The document is chargeable with *ad valorem* conveyance stamp duty. The stamp duty is charged on the **consideration** for the lease premium.

## Qualifying Land

The relevant stamp duty reduction is applied:

Date contracted entered into	Stamp duty Reduction
on or before 6 December 2015	No reduction
Between 7 December 2015 and 30 June 2017	1/3 reduction
Between 1 July 2017 and 30 June 2018	2/3 reduction
From 1 July 2018	Full reduction

Application of the stamp duty reduction is based on the date of the Lease. Examples

Premium on a lease
<p>ABC Pty Ltd has entered into a lease to rent a shop located in a busy shopping centre. In addition to the annual rental specified in the lease, ABC Pty Ltd are required to pay a premium of \$100 000.</p> <p>As the lease document includes a separate consideration for the premium, this is chargeable with <i>ad valorem</i> duty and self-determined under this document type.</p> <p>The premium is liable to stamp duty on the consideration of \$100 000, and the relevant reduction is applied.</p>

## Version History

Version No.	Release Date
1	May 2018
2	November 2018
3	July 2019