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| Document Type: | Conveyance of Land |
| Document Name: | Option to Purchase – Qualifying Land |

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
- 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 option to purchase the 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 Option document.

Example

Option to Purchase Land

PMQ Pty Ltd has entered into an Option Agreement dated 1 February 2016 with the owner of the land to have the first option to purchase certain Qualifying Land during the next 5 years. PMQ Pty Ltd has paid an option fee of \$10 000 to the land owner.

The Option Agreement is liable to stamp duty based on the consideration of \$10 000, i.e. duty of \$100 and a one third reduction of \$33.33 applies such that duty payable is \$66.67.

Version History

| Version No. | Release Date |
|-------------|--|
| 1 | May 2018 |
| 2 | November 2018 |
| 3 | July 2019 Hyperlinks updated - April 2022 |