

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

Introduction

This Document Guide Note explains how stamp duty is calculated on an option to purchase [Qualifying Land](#) on or after 7 December 2015 where a consideration is paid for the option.

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.

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

The document can be in the form of:

- an agreement; or
- any document evidencing or acknowledging the option to purchase Qualifying Land.

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

An option to purchase Qualifying Land is deemed **suitable** for self-determination under this document type where:

- there is a consideration passing between the parties.

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

- parties are related or unrelated.

The following similar transactions cannot be self-determined under this document type:

If the option to purchase relates to residential land or primary production land, refer to the document type:

[Conveyance of Land | Option to Purchase 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
<p>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.</p> <p>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.</p>

Version History

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