

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

Introduction

This Document Guide Note explains how stamp duty is calculated on an option to purchase [residential land](#) or [primary production land](#) where a consideration is paid for the option.

Foreign Ownership Surcharge (FOS)

Foreign persons who acquire an interest in residential property in South Australia are required to pay a [Foreign Ownership Surcharge](#) of 7% on the value of the residential land.

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 land.

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

An option to purchase residential land and primary production 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.

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.

Foreign persons who acquire an interest in residential property in South Australia are required to pay a [Foreign Ownership Surcharge](#) of 7% on the value of the residential land.

Example

Option to Purchase Land

PMQ Pty Ltd has entered into an Option Agreement with the owner of the land to have the first option to purchase certain residential 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.

Version History

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