

Document Type:	Conveyance of Land
Document Name:	Surrender of Lease – Lessor Pays

Introduction

This Document Guide Note explains how stamp duty is calculated on a surrender of lease over [residential land](#) or [primary production land](#) where the lessor pays a consideration.

A lease of land may be surrendered before its expiry term. Where the lease is surrendered for a consideration which is **paid by the lessor to the lessee** the document is chargeable with *ad valorem* conveyance duty. It is irrelevant whether the lease is registered or unregistered.

This document is charged as a conveyance because it effects a conveyance of the remaining leasehold interest.

The document will state a consideration, however, it may not state that the lessor pays the consideration, or it may be silent as to who pays the consideration. It is preferable that the consideration panel of the document states '\$X paid by the lessor' or '\$X paid by the Lessee'.

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

The document can be in the form of:

- Deed or Agreement which surrenders an interest in a lease; or
- LTO Form S1 – Surrender of Lease.

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

A surrender of lease of residential land or primary production land is deemed **suitable** for self-determination under this document type where:

- the LESSOR pays a consideration to the Lessee;
- the consideration is stated in the document; and
- the document is a LTO Form S1 – Surrender of Lease; or
- the document is in Agreement or Deed form and there is no LTO Form S1 – Surrender of Lease evidencing the surrender.

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

A surrender of lease of land where the **lessee pays** the consideration, refer to the document type:

[Conveyance of Land | Not Chargeable | Surrender of Lease - Lessee Pays](#)

A surrender of lease of land for **no consideration**, refer to the document type:

[Conveyance of Land | Not Chargeable | Surrender of Lease - No Consideration](#)

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

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

- Section 60

Examples

Surrender of Lease where Lessor pays Consideration

The Landlord (lessor) leases residential Land to the Tenant (lessee).

The Landlord (lessor) plans to demolish the building and wants the tenant to move out. The lease runs for another five years and the parties agree that Landlord (lessor) will pay the Tenant (lessee) \$50 000 to surrender the lease.

An LTO Form S1 - Surrender of Lease, stating a consideration of \$50 000, is the only document executed. This document is self-determined under this document type on a consideration of \$50 000.

Version History

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