

Guideline

Duty on House and Land Packages

Duties Act 2001

Section 19(2) of the *Duties Act 2001* deems the consideration for the transfer of land to include the consideration paid or payable for the construction of improvements made or to be made to land. This provision applies where the making of improvements to the land form part of the same “arrangement” as the sale and transfer of land. In general, these provisions apply to arrangements which are commonly known as “house and land packages”.

What is a House and Land Package?

A house and land package is a purchase of land where, as part of that arrangement, there is an agreement (either expressly or implied) between the vendor (or an associated person) and the purchaser (or an associated person) for the construction of improvements on the land.

An arrangement will be deemed to be a house and land package whether construction of the improvements occurs either before or after the land is transferred to the purchaser.

An arrangement will **not** be considered to be a house and land package if the improvements to the land are not required to comply with the *Building Act 2000*.

What is the dutiable value of a house and land package?

The consideration for a house and land package for duty purposes is deemed to include the value paid or payable for the land **plus** the value paid or payable for the construction of improvements.

Example:

A purchaser agrees to buy a vacant lot of land. The vendor is a building developer and offers a discount if the purchaser also agrees to enter into a building contract, under which the vendor would build a residence on the land.

The purchaser agrees to the arrangement and enters into an agreement for the purchase of the land for a purchase price of \$200 000. The purchaser also enters into a separate agreement with the vendor for the construction of a residence for a price of \$250 000.

No construction has started on the residence at the time the land transfers to the purchaser. The duty payable at the time the land transfers is based on the combined value of the land and the building contract, being a total dutiable value of \$450 000.

When would the purchase of land and a separate contract to build a dwelling not be considered a house and land package?

This occurs if the vendor of the land and the person contracted to build the improvements are **not** associated persons. Associated person is defined under section 3 of the [Duties Act](#) to include persons who are acting in concert (that is, in cooperation).

Additionally, the transaction will **not** be considered to be a house and land package even where the vendor of the land is contracted to build a residence, as long as it can be demonstrated the two agreements are separate and do not form part of the same arrangement.

Example:

A purchaser buys a vacant lot of land. Three months after transfer, the purchaser decides to build on the land and proceeds to seek quotes. By coincidence the builder with the most attractive offer for the building contract is the same person that sold the vacant lot of land to the purchaser.

In this case, the two transactions will not be seen to form part of the same arrangement. Therefore, the consideration for the transfer of the land will consist only of the purchase price for the land; the value of the building contract will not be included.

Evidence requirements

If the house and land provisions apply to a transaction, the following information should be submitted when the transfer is lodged for assessment at the State Revenue Office, or retained for evidentiary purposes if being stamped on Tasmanian Revenue Online:

- a copy of the land purchase agreement;
- a copy of the building contract; and
- the original signed and dated Land Titles Office transfer instrument.

When must duty be paid?

A duty liability arises at the time the property transfers to the purchaser. A tax default will not occur if the duty is paid within three months of the date the liability arose.

More information from the State Revenue Office

Phone (03) 6166 4400 (select option 4 then option 3)
(weekdays, 9:00am to 5:00pm)

Email dutyhelp@treasury.tas.gov.au

Website www.sro.tas.gov.au

In person Level 3, 80 Elizabeth Street, Hobart
(weekdays, 9:00am to 5:00pm)