

Fact Sheet

Amendments to section 19(2) of the *Duties Act 2001*

On 14 May 2017, the Tasmanian Government announced partial duty relief for most types of house and land package purchases, through amendments to section 19(2) of the *Duties Act 2001*, which came into effect on 1 July 2017.

Operation of the *Duties Act 2001*

Under the *Duties Act*, duty for a transfer of land is to be charged on the greater of: a) the consideration paid; or b) the unencumbered value of the dutiable property.

Previous operation of section 19(2)

Section 19(2) previously increased the consideration taken to be paid for a dutiable transfer of land by including any improvements agreed to be made to the land, either before or after its transfer, where there was considered one arrangement between the seller of land and the purchaser (or associated persons) to acquire the land and improvements.

New operation of section 19(2)

The amendments to section 19(2) of the *Duties Act* will mean that the consideration for a dutiable transfer of land will no longer be taken to include improvements agreed to be made to the land that are performed after the land transfer. Further, for standard single-dwelling house and land packages, the consideration for the land transfer will also exclude improvements that are performed on the property after the agreement is entered into, but before the transfer of land occurs.

In effect, both of the above two measures will mean that the consideration for the transfer of land for standard single-dwelling house and land purchases that may have, in certain circumstances, previously included planned improvements (i.e. the house), will now be reduced by the improvements effected after the agreement for sale.

Full duty will continue to apply to the purchase of spec homes where the improvements have already been completed at the time of agreement and land transfer.

General Information about property transfer duty is available [here](#).

Arrangements from 14 May 2017 to 1 July 2017

The Treasurer will consider applications for ex-gratia payments to reimburse taxpayers who can demonstrate they have paid duty on improvements to land under the previous section 19(2), where the agreement is between the announcement of the new policy (14 May 2017) and legislative effect of the amendments (1 July 2017).

If you think you have been assessed as owing duty under section 19(2) of the Duties Act for an agreement entered into during the period from 14 May 2017 until 1 July 2017:

- Please contact the SRO on **(03) 6166 4400** or by email dutyhelp@treasury.tas.gov.au. Information you should have ready includes:
 - your name;
 - the property address; and
 - basic details of the property purchase, including the contract price, the amount and date the duty was paid (if applicable) and your best estimate of the split between the cost of the land and the improvements.
- You will need to provide a copy of the contract and any other documentation relevant to your transaction that may assist the SRO to determine the consideration payable for the land at the time of transfer.
- The Commissioner will determine the consideration payable for the land and improvement components. If you disagree with this determination, the Commissioner may consider further information such as a reputable independent land valuation.
- Based on the information provided, the Commissioner will determine and notify you of the amount of duty for which you may be eligible for an ex gratia payment from the Treasurer.
- When notification is sent to you, the Commissioner will also include a consent form for you to complete and return for the Commissioner to provide to the Treasurer.
- Important: the ex gratia payment can only be processed once you have paid your duty liability in full.

More information

For more information on this measure please contact the State Revenue Office.

Phone: (03) 6166 4400
(weekdays, 9:00am to 5:00pm)

Email: dutyhelp@treasury.tas.gov.au

Website: www.sro.tas.gov.au

In person: Ground floor
Salamanca Building Parliament Square
4 Salamanca Place HOBART TAS 7000
(weekdays, 9:00am to 5:00pm)