



Premium Property Duty

What transactions are liable for premium property duty?

From 1 June 2004, premium property duty is payable on dutiable transactions for residential land, where the dutiable value **exceeds \$3 million**.

Who is liable?

The purchaser is liable for payment of the duty.

When is the duty payable?

Duty must be paid within three months of the date of exchange of contracts, except in the case of 'off the plan' purchases.

Where a property is purchased 'off the plan', duty must be paid within three months from the date of:

- completion of the agreement,
or
- the assignment of the whole or any part of the purchaser's interest under the agreement
or
- 12 months after the date of the agreement, **whichever occurs first**.

What is residential land?

Residential land includes:

- land on which there is a single dwelling or flat, or where a single dwelling or flat is being constructed
- a strata lot that is lawfully occupied as a separate dwelling or suitable for that purpose
- a land use entitlement, if it confers an entitlement to occupy a building, or part of a building, as a separate dwelling
- vacant land that is zoned or designated for residential or principally for residential purposes.

What is the rate of duty?

Where the dutiable value of residential land exceeds \$3 million, the duty payable is calculated as follows:

- \$150 490 plus \$7 for every \$100, or part, that exceeds \$3 million.

If a dutiable transaction has two or more individual items of residential land, and one or more of those items has a dutiable value exceeding \$3 million, the duty payable is calculated separately at the premium rate on each item that exceeds \$3 million, and at the standard rate on the balance.



MORE INFORMATION



www.osr.nsw.gov.au



1300 139 814*



(02) 9689 8280



duties@osr.nsw.gov.au



Post and payments:
GPO Box 4042
Sydney NSW 2001

DX 456 Sydney



OSR offices:

Parramatta (Head Office)
Cnr Hunter and Marsden Street,
Parramatta

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Level 2, 97 Scott Street,
(counter services only)

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Level 6, 90 Crown Street,
(counter services only)



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What if residential land is used for other purposes?

If a dutiable transaction has dutiable value exceeding \$3 million and the residential land is used other than for residential purposes, duty is charged at the rate of \$7 for every \$100, or part, of the premium value of the residential land.

The **premium value** of the residential land is the amount (if any) by which the dutiable value of the residential land, when reduced by the apportionment factor, exceeds \$3 million.

The **apportionment factor** is:

- if the land is mixed development or mixed use land, that apportionment factor entered into the Register of Land Values under the *Valuation of Land Act 1916*, or
- if there is no apportionment factor entered into the Register of Land Values, such other factor as the Chief Commissioner considers reasonable to reflect the use of the land for non-residential purposes.

The Chief Commissioner may request the Valuer-General to determine the apportionment factor if there is no apportionment factor entered in the Register of Land Values.

Duty is charged at the general rate on the dutiable value of the land, reduced by the premium value.

Does premium property duty apply to large parcels of residential land?

If a dutiable transaction has a dutiable value exceeding \$3 million and the area of the land exceeds two hectares, duty is charged at the rate of \$7 for every \$100, or part of the premium value of the residential land.

The **premium value** is the amount by which the dutiable value of the land, when multiplied by the apportionment factor, exceeds \$3 million.

The **apportionment factor** is the proportion that two hectares bears to the total area of the land.

Duty is charged at the general rate on the dutiable value of the land, reduced by the premium value.

Are there penalties for non-payment of duty?

The *Duties Act 1997* allows three months from the date a liability arises (eg three months from the date of first signing a dutiable document) to pay the duty without penalty. If the correct duty is not paid by the due date, interest and penalty tax may be imposed by the *Taxation Administration Act 1996*.