

REVENUE RULING NO. SD 004

STAMP DUTY ON AN AGREEMENT TO ASSIGN A VENDOR'S INTEREST UNDER A CONTRACT FOR SALE

PREAMBLE

An agreement (executory) to assign by way of sale a vendor's interest under a subsisting contract for sale is liable to ad valorem duty "as if it were a conveyance of the property agreed to be sold or conveyed"> (sec 41(1), Stamp Duties Act 1920 (N.S.W)). Such choses in action are "property" for the purposes of the Stamp Duties Act 1920 (N.S.W.).

RULING

It is relatively clear that the value of the property being sold will not, at the date of the contract, equate to the total of all amounts payable under the contract over a period of future years. Subject to the terms of the final paragraph hereunder, a valuation may need to be made of the chose in action, having regard to all factors which will or may have an appreciating or depreciating effect.

If there is an established market for such choses in action, the value will be determined by the market value. In the absence of such a market, a value will require to be ascribed to the contracts according to ordinary principles of valuation. If it be accepted that the consideration specified is either the market value or is otherwise calculated upon normal principles of valuation that consideration is to be adopted for assessment purposes even though it be less than the face value of the amounts receivable by virtue of the contract.

If the aggregate of the amounts payable or repayable under the original contract for sale exceeds the consideration in the agreement to assign and evidence is furnished to establish a bona fide transaction at arm's length the assessment is to be based on the consideration.

(Departmental reference: T.I. 14)

A. D. CLYNE,
Chief Commissioner of Stamp Duties.
1 December, 1985