

## REVENUE RULING NO. SD 006

### CROWN LAND HOLDINGS - RATE OF CAPITALISATION OF RENTALS OF PERPETUAL LEASES TO DETERMINE "PRESENT TITLE" VALUES

#### RULING

- Perpetual leases ( other than leases under the Closer Settlement Act 1904)

A capitalisation rate of 5% is applicable and, therefore, the "freehold" value must be reduced by twenty times the annual rental in order to determine the "present title" value.

Examples of perpetual leases (other than leases under the Closer Settlement Act) are:

- Crown Leases
  - Suburban Holdings
  - Homestead Selections
  - Homestead Grants
  - Homestead Farms
  - Homestead Farm Grants
  - Town Land Leases (Irrigation Leases)
  - Settlement Leases.
- Closer Settlement Act 1904

The maximum "present title" value of leases under this Act is the "freehold" value less twenty times the annual rental

Examples of leases under the Closer Settlement Act 1904 are:

- Settlement Purchase Leases
- Closer Settlement Leases
- Group Purchase Leases.

(Departmental reference: T.I. 7)

A. D. CLYNE,  
Chief Commissioner of Stamp Duties.  
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