

NEW DISCLOSURE REQUIREMENTS **FOR SUB SALES OF LAND**

On 29 June 2005 Section 31 of the *Victorian Duties Act* was replaced by new provisions Sections 32A-32X (also known as Part 4A Chapter 2 of the *Victoria Duties Act*). Simultaneously on 29 June 2005 the Victorian State Revenue Office (SRO) issued a new form of Statutory Declaration that must be completed for any transfers of real estate after that date where there is a sale contract or agreement that provides for a further sale of part of the property to someone else.

It will now be easier for the Commissioner to detect sub sales that might not ordinarily show up via the transfer registration system. The new requirements oblige full disclosure to be made of the subsequent transactions making it easier for the SRO to collect the stamp duty on both the original purchase and the subsequent on sale even where there has been no registered transfer between the original vendor and the person acquiring the property interest in the first transaction.

Situations where stamp duty will be imposed (pursuant to Part 4A of Chapter 2 of the *Victoria Duties Act*) include the following:-

- ❖ Transfers involving additional consideration - where the vendor enters into a contract or agreement to sell or transfer property to the first purchaser but transfers the property to a subsequent purchaser and a subsequent purchaser (or the purchaser's associate) is to give "additional consideration" for the transfer right;
- ❖ Transfers involving land development - where the vendor enters into a contract or agreement to sell or transfer property to the first purchaser but transfers the property to a subsequent purchaser and "land development" occurs in relation to the property between the date of the contract and the date of the transfer; or

- ❖ Where the vendor grants a call option to the first purchaser or the first purchaser grants a put option to the vendor and the vendor transfers the property to a subsequent purchaser and "land development" occurs in relation to the property between the date the option is granted and the date of the transfer.

The new legislation replaces the contentious Section 31 of the *Duties Act*.

However there are some exemptions and concessions in the new laws which provide for some intra family disposals.