

What if the acquisition is split into several instruments or transactions?

All instruments and statements of transactions (where there is no instrument) that arise from one transaction or a series of transactions are assessed on the total consideration or value of all of the property or rights acquired. In such cases, the instruments must be lodged at the same time to enable an assessment to be made.

What if part of the business property is located outside the Territory?

Where the business is carried on or the business rights are used in the Territory and elsewhere, duty is only payable on that portion of the property or rights that are situated or related to the business undertaking in the Territory.

Duty is apportioned based on the gross value of the goods and services provided by the business or such other method, as the Commissioner considers appropriate in the circumstances.

Who is liable for payment of the duty?

The person acquiring the property or rights is liable for payment of the duty.

What must be done when dutiable business property or rights are acquired?

Where there is a written contract or agreement for the acquisition of a business, it **must** be lodged for assessment and the duty paid within 60 days after the date of execution (signing).

Extensions apply for certain conditional agreements. For further details, refer to Commissioner's Guideline CG-SD-002: *Eligible conditional agreements - extension of time to lodge instrument and pay duty.*

If there is no written agreement, a statement in an approved form detailing the acquisition of the dutiable property or rights **must** be lodged for assessment and the duty paid within 60 days after the property or rights are acquired.

For a copy of the Commissioner's Guideline or the approved statement, contact TRO on 1300 305 353 or visit our web site at www.revenue.nt.gov.au.

Is there a penalty for not paying the duty on time?

Under the *Taxation Administration Act* interest and a penalty tax may be payable. For details of TRO's penalty policy, please refer to Commissioner's Guideline CG-GEN-002: *Interest and penalty tax*, which can be accessed from our web site at www.revenue.nt.gov.au.

How to contact Territory Revenue Office

Correspondence GPO Box 154
Darwin NT 0801

Payments Level 4, 38 Cavenagh Street
Darwin NT 0800

Make cheques payable to Receiver of Territory Monies.

Email ntrevenue.ntt@nt.gov.au

Telephone 1300 305 353

Fax (08) 8999 5577 or (08) 8999 6395

www.revenue.nt.gov.au

All TRO publications and brochures can be accessed via our website at www.revenue.nt.gov.au

Stamp duty on business property and rights

territory revenue office



Northern
Territory
Government

Stamp duty on business property and rights

Territory Revenue Office (TRO) is a division of the Northern Territory Treasury. Our role is to administer the Territory's taxes. Following is a brief description of the ways in which the *Stamp Duty Act* impose stamp duty on business property and rights as at 1 July 2008. This information does not constitute a ruling and if any uncertainty exists with a particular aspect of the information provided, contact TRO or seek professional advice.

Introduction

In the Northern Territory stamp duty is payable on the acquisition of business property and rights, as outlined in this brochure.

What is a business?

A business includes a profession, calling, vocation or other occupation carried on by a person (including a company) or by a person in partnership with another. It also includes any part of an interest in a business.

What are business rights?

Business rights are generally intellectual property rights granted by one person to another to use in a business undertaking. The most common example of these rights is a franchise agreement.

The grant of these rights that are to be used in connection with a business undertaking in the Northern Territory, and subsequent transfers, are liable to duty as provided in this brochure except for:

- the grant of a patent; and
- the grant of a franchise agreement, except for an arrangement where the previous franchisee fails to renew or extend the rights so that those rights, or similar rights, can be granted to a new franchisee.

What is liable to duty?

The following business property and rights are subject to duty:

- land;
- mining tenements (includes exploration licences);
- plant and equipment;
- goodwill;
- chattels (ie plant and equipment) but only when acquired with other dutiable property such as the goodwill of a business;
- statutory business licences (eg fishing and liquor licences); and
- intellectual rights, such as:
 - business name;
 - trading name;
 - trademark;
 - any process that is the subject of a patent;
 - registered design; or
 - copyright.

What business property and rights are exempt?

The following property is not liable to stamp duty:

- stock-in-trade (ie finished goods or goods purchased for resale);
- materials held for manufacture (ie raw materials being made into finished goods);
- goods under manufacture (ie work in progress);
- livestock;
- motor vehicles that are to be registered or transferred under the *Motor Vehicles Act* (these are subject to the motor vehicle rate of duty);
- cash, money in an account at call, money on deposit or negotiable instruments (ie bills of exchange); or
- chattels (goods, wares and merchandise) but only if not acquired with other dutiable property.

How much stamp duty is payable?

Duty is assessed on the greater of the consideration paid or the market value of all of the dutiable property acquired, whichever is greater.

The rate is calculated according to the formulas that follow.

Rate of duty

Dutiable amount less than \$525 000

Where the dutiable amount is less than \$525 000, calculated in accordance with the following formula:

$$D = (0.06571441 \times V^2) + 15V$$

where

D = the duty payable in \$

and

$$V = \frac{\text{the dutiable amount}}{1000}$$

Example

John Brown purchased an electrical appliance retail business for \$250 000 comprising of:

| | |
|---|-----------|
| Goodwill (dutiable) | 125 000 |
| Plant and equipment (dutiable) | 15 000 |
| Stock (electrical goods) (exempt) | 100 000 |
| Registered delivery van* (exempt) | 10 000 |
| Sum of dutiable property = | \$140 000 |
| $V = \frac{\$140\,000}{1\,000} = \140 | |

Using the formula, the duty payable is:

$$\begin{aligned} D &= (0.06571441 \times 19600) + 15 (140) \\ &= 1\,288 + 2\,100 \\ &= \$3\,388 \end{aligned}$$

Dutiable amount more than \$525 000

Where the dutiable amount exceeds \$525 000, the duty is 4.95 per cent of the dutiable amount.

* *The transfer of the registration for the delivery van is subject to the motor vehicle rate of duty of \$3 per \$100 or part thereof of the consideration paid (3 x 10 000/100 = \$300)*

Note: Stamp duty calculators are available on our web site.

Follow the links from the home page.

www.revenue.nt.gov.au