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VALUATION OF BUSINESS ASSETS FOR STAMP DUTY AND DUTIES PURPOSES

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& R P P L V V L R Practice	Issued	Dates of effect	
		From	To
TAA 22.0	1 May 2009	1 July 2008	13 February 2014

7 K L V & R P P L V V L R Q H U 1 V 3 U D F W L F H + L V W R U \ outlines the circumstances when business assets will be valued by the Commissioner for stamp duty and duties assessment purposes.

The Commissioner may have a valuation made for any Stamp Act 1921
 3 6 W D P S \$ F W ' O L D E L O L W L H V 3 0 J U N 2 0 0 8 a n d f o r a n y D T I e s R U E H I R U
 Act 2008 3 ' X W L H V \$ F W ' O L D E L O L W L H V W K D W D U R V H R Q R U

Background

Taxation Administration Act

Section 21 of the Taxation Administration Act 2003 3 7 \$ \$ ' J L Y H V W K H
 Commissioner the power to require a taxpayer to provide any information in his
 or her possession or control that is relevant to determining the value of any
 property, consideration or benefit.

Section 22 of the TAA gives the Commissioner the power to have a valuation
 made, or adopt any available a



2. In all cases:

2.1 relating to stamp duty matters, the information set out in Stamp Duty

, QIRUPDWLRQ 5HTXLUHPHQWV 36DOH RI %XV
2QO\ ' 36DOH RI %XVLQHVV 2SHUDWLQJ LQ :
36WDWXWRU\ /LFHQFHV' LV WR EH SURYLGHC

2.2 relating to duties matters, the information set out in Duties

, QIRUPDWLRQ 5HTXLUHPHQWV 3'XWLDEOH 7U
%XVLQHVV :\$ 2SHUDWLQJ 2QO\ ' 3'XWLDEOH
D %XVLQHVV 2SHUDWLQJ LQ :\$ DQG (OVHZKHU
/LFHQFHV' LV WR EH SUR

3. There are a number of methods that may be used to value business assets. The method chosen by the Commissioner will depend on the circumstances of the transaction or acquisition and will be guided by, but not limited to, common industry practice for valuing goodwill or other business assets for that type of business. For convenience, this & RPPLVLRQHUV SUDFWLFH ZLOO UHIHU WR WKH V noted above, the Commissioner may value or revalue goodwill in a number of different circumstances.

The methods are:

3.1 Arbitrary valuation of business assets

Where the Commissioner has accepted (or revalued) the consideration for the sale of a business, and accepted (or revalued) the value of the underlying tangible assets.

The value of all intangible assets, including goodwill and other business assets, is the excess of the consideration paid over the value of the underlying tangible assets.

of similar businesses. Between one and three years adjusted average profits is the usual multiple, although other circumstances such as monopoly or guaranteed markets may increase this multiple.

3.3 Gross earnings

This is based on the current gross revenue of the business, and goodwill is based on an uplifting or discounting of these earnings. The uplift or discount factor may be based on:

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