

Section 31(4) of the Duties Act provides that, if after an agreement for the transfer of dutiable property is entered into and before the property is transferred:

- (a) the consideration under the agreement is increased and
- (b) the increased consideration is not less than the unencumbered value of the dutiable property when the agreement was entered into,

[Commissioner's Practice DA 28 'Reduction in Consideration'](#) provides guidance on how the Commissioner will assess or reassess duty on an agreement for the transfer of dutiable property where the consideration is reduced after the agreement is entered into.

Commissioner's Practice

When a valuation is required

1. [Duties Information Requirement](#) 'Business Property' sets out the information a taxpayer must provide for all dutiable transactions involving business assets.
2. Circumstances in which the Commissioner may value, or obtain a valuation of, business assets for a transaction include where:
 - 2.1 the parties are related or not otherwise dealing at arm's length, which includes, but is not limited to :
 - 2.1.1 parties related by blood or marriage
 - 2.1.2 parties related by prior business relationship
 - 2.1.3

Valuation methods

4. The valuation method that the Commissioner will adopt will depend on the circumstances of the transaction and will be guided by, but not limited to, common industry practice for valuing the

average profits is the usual multiple, although other circumstances (such as monopoly or guaranteed markets) may increase this multiple.

Gross earnings

8. Where the value of the gross earnings are 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 calculated by considering:
 - 8.1 information collected when the Commissioner assesses other similar transactions
 - 8.2 advice from experts referred by industry groups. For example, when determining the value of goodwill on the sale of an accounting practice, the Commissioner may consult with experts from the leading accounting industry bodies
 - 8.3 advice from the Valuer General or
 - 8.4 advice from other experts engaged by the Commissioner.

Non-financial measures

9. The Commissioner may determine the value of business assets by reference to the output or quantifiable inputs of the businesses, for example, the number of licensed beds in an aged care facility.

Date of Effect

This Commissioner's practice takes effect from 14 February 2014.

Bill Sullivan
 COMMISSIONER OF STATE REVENUE

14 February 2014

Commissioner's Practice History

Commissioner's Practice	Issued	Dates of effect	
		From	To
TAA 22.0	1 May 2009	1 July 2008	13 February 2014
TAA 22.1	14 February 2014	14 February 2014	