

The Duties Act Acquiring a Business or Business Assets

When you acquire a business or the assets of a business in Queensland, you are required to pay transfer duty. This Information Sheet will help you understand your obligations and answer some commonly asked questions.

When do I have to pay transfer duty?

You are required to pay transfer duty if you acquire a Queensland business asset or a Queensland business. This is the case regardless of whether or not a written agreement is used to formalise the transaction.

Once the transaction has taken place, you must lodge an approved form with the Office of State Revenue within 30 days. If you have not used a written document to formalise the transaction, you must complete Form 2.3 Transfer Duty Statement. If you have executed a document to transfer the business or assets, complete Form 2.2 Dutiable Transaction - Transfer Duty and return it with the documents for stamping. You will then be issued with an assessment outlining how much duty you need to pay.

Generally, you must pay the duty within two months of signing a dutiable document or entering into a dutiable transaction.

What is a business asset?

Business assets are:

- goodwill;
- a statutory business licence or the right to use a statutory business licence to carry on a business (such as a dairy licence or a taxi licence);
- the business name used to carry on a business;
- a right under a franchise arrangement used to carry on a business;
- a debt of a business (such as an amount receivable by the business for goods or services supplied by the business) if the debtor resides in Queensland;
- a supply right of a business (such as work in progress or unbilled accounts);
- intellectual property used for carrying on a business;
- personal property in Queensland of a business, eg plant, equipment, trading stock, vehicles.

How much duty do I have to pay?

The rate of transfer duty is calculated on a sliding scale of \$1.50 to \$3.75 per \$100, or part thereof. The duty is calculated on the amount you paid or the unencumbered value of the assets acquired, whichever is higher.

Need Further Information?

Refer to Chapter 2, Part 1, 2 and 6 of the *Duties Act 2001*.

Visit our website at www.osr.qld.gov.au to obtain Revenue Rulings, Practice Directions, Information Sheets and the following Approved Forms:

Form 2.2 - Dutiable Transaction - Transfer Duty
Form 2.3 - Transfer Duty Statement

If you acquire two or more business assets, the dutiable values are aggregated and treated as a single transaction to calculate the amount of duty you are required to pay.

It is important to note you don't have to pay duty on a debt that is evidenced by a negotiable instrument or a supply right of a business, unless:

- you acquire the debt with another type of dutiable property in the same transaction
- the debt is aggregated with a dutiable transaction, or
- the debt represents all, or substantially all, of the negotiable instruments or the supply rights of the business.

Similarly, you do not pay duty on the intellectual or personal property of a business, unless it is aggregated with a dutiable transaction for a Queensland business asset, other than intellectual or personal property, or a dutiable transaction for land in Queensland.

If you acquire business assets that are used in Queensland and in other jurisdictions, the duty you pay is calculated on the volume of supplies or provision of services to Queensland or to Queensland customers in the previous three years. This is known as the dutiable proportion.

Consignment

If you receive trading stock on consignment when you acquire other business assets, you may be required to pay duty where this is considered to be a transfer of the stock.

Surrendering a business asset

If an owner of a business asset surrenders it so that a similar business asset may be granted, issued, given or obtained by another person, it is regarded as transfer of the asset and is therefore liable to duty. An example is when a taxi operator surrenders his licence, allowing a new licence to be issued to another operator.

Queensland Office of State Revenue locations:

Brisbane
Upper Plaza
33 Charlotte Street
(GPO Box 2593)
Brisbane 4001

Client Contact Centre
Ph: 1300 300 734

Rockhampton
Level 3
209 Bolsover Street
(PO Box 1276)
Rockhampton 4700
Ph: 1300 300 734

Townsville
Level 1
187-209 Stanley Street
(PO Box 988)
Townsville 4810
Ph: 1300 300 734

Cairns
Level 9
15 Lake Street
(PO Box 2378)
Cairns 4870
Ph: 1300 300 734

For access to further information and forms relating to this and other State taxation subjects, visit the Queensland Office of State Revenue Website at www.osr.qld.gov.au

