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Public Ruling
Duties Act:

**ADMINISTRATIVE ARRANGEMENT—DUTY
EXEMPTION FOR PHARMACY BUSINESSES
COMPLYING WITH THE PHARMACY
BUSINESS OWNERSHIP ACT**

A public ruling, when issued, is the published view of the Commissioner of State Revenue (the Commissioner) on the particular topic to which it relates. It therefore replaces and overrides any existing private rulings, memoranda, manuals and advice provided by the Commissioner in respect of the issue(s) it addresses. Where a change in legislation or case law (the law) affects the content of a public ruling, the change in the law overrides the public ruling—that is, the Commissioner will determine the tax liability or eligibility for a concession, grant or exemption, as the case may be, in accordance with the law.

What this ruling is about

1. This public ruling sets out the terms of an administrative arrangement that enables the Commissioner to administer the *Duties Act 2001* (Duties Act) to provide an exemption from transfer duty, landholder duty or corporate trustee duty for certain transactions or acquisitions that occur as part of an eligible pharmacy business complying with the ownership and interest requirements under the *Pharmacy Business Ownership Act 2024* (2024 Act).
2. The administrative arrangement applies to eligible transactions and acquisitions where the liability for duty arises on or after 1 January 2025 and within the relevant period.¹
3. Under the Duties Act, transfer duty is imposed on the dutiable value of dutiable transactions, unless an exemption applies. Landholder duty is imposed under the Duties Act on a relevant acquisition in a corporation or listed unit trust that has land-holdings in Queensland with an unencumbered value of \$2 million or more. The Duties Act also imposes corporate trustee duty on a relevant acquisition in an unlisted corporation that is a trustee of a discretionary trust and holds, or has an indirect interest in, dutiable property for that trust.
4. The 2024 Act repeals the *Pharmacy Business Ownership Act 2001*. Among other things, the 2024 Act clarifies the regulatory requirements relating to who may own or hold an interest in a pharmacy business, and the number of pharmacy businesses a person may hold an interest in.

¹ See paragraph 8(h) for 'relevant period'.

5. Certain changes may need to be made to how an existing pharmacy business is structured or to the nature of a person's interest in a pharmacy business (including to divest their interest) in order to comply with the ownership and interest requirements in the 2024 Act. These changes may give rise to transfer duty, landholder duty or corporate trustee duty liabilities under the Duties Act.
6. On 26 September 2024, the Deputy Premier, Treasurer and Minister for Trade and Investment approved an administrative arrangement to enable an exemption from transfer duty, landholder duty or corporate trustee duty to be provided for certain transactions or acquisitions that occur as part of an existing pharmacy business complying with the ownership and interest requirements under the 2024 Act.
7. This administrative arrangement establishes the basis for the administration of the exemption under the Duties Act by the Commissioner or his delegates and sets out the eligibility conditions for the exemption.

Ruling and explanation

Defined terms

8. The following definitions apply for the purpose of the administrative arrangement:
 - (a) *2001 Act* means the *Pharmacy Business Ownership Act 2001*.
 - (b) *2024 Act* means the *Pharmacy Business Ownership Act 2024*.
 - (c) An *eligible pharmacy business* is a pharmacy business being carried on under the 2001 Act immediately before commencement of the 2024 Act.
 - (d) An *eligible transaction* is a dutiable transaction² on which transfer duty is imposed under chapter 2 of the Duties Act or a relevant acquisition³ on which landholder duty or corporate trustee duty is imposed under chapter 3 of the Duties Act, for which all the conditions set out in paragraphs 11 to 19 of this administrative arrangement are satisfied.
 - (e) An *interest* includes an interest in a pharmacy business as an owner of the business (solely or jointly, such as in a partnership); as a shareholder of an owner of the business; and as a beneficiary of a trust, the trustee of which is an owner of the business.⁴
 - (f) *Ownership and interest requirements* mean the requirements in the 2024 Act relating to who may own, or hold a material interest in, a pharmacy business and the limit on the number of pharmacy businesses a person may hold an interest in.⁵
 - (g) *Pharmacy business property*, of an eligible pharmacy business, is dutiable property that is used by the eligible pharmacy business to carry on its business of providing pharmacy services under the 2001 Act, that will be used by the pharmacy business to carry on its

² Section 9 of the Duties Act

³ Section 158 of the Duties Act for landholder duty; section 207 of the Duties Act for corporate trustee duty

⁴ This includes looking through corporate shareholders and beneficiaries of trusts, including to shareholders of any corporate beneficiaries of a trust.

⁵ See part 3, division 1 of the 2024 Act.

business of providing pharmacy services that include core pharmacy services under the 2024 Act.⁶

- (h) The *relevant period* begins on 1 January 2025 and ends:
- (i) on the day that is 1 year after the day the 2024 Act commences—if the person who owns an eligible pharmacy business immediately before commencement of the 2024 Act is an eligible person⁷
 - (ii) the day that is 2 years after the day the 2024 Act commences—if paragraph (i) does not apply.

9. Note that the 2024 Act will commence in parts. In September 2024, the parts of the 2024 Act that establish the Queensland Pharmacy Business Ownership Council as a statutory body commenced. The remainder of the 2024 Act is expected to commence by late 2025.⁸

Duty exemption

10. Transfer duty, landholder duty or corporate trustee duty is not imposed on transactions or acquisitions that are an eligible transaction where the liability for duty arises during the relevant period.

Conditions

11. To remove any doubt, a dutiable transaction or relevant acquisition (referred to collectively as 'transaction' in this section) must satisfy the purpose test and other conditions set out below to qualify for the duty exemption in paragraph 10 of this ruling.

Purpose test

12. The transaction must be predominantly for the purpose of complying with the ownership and interest requirements. Where a transaction has multiple purposes, the purpose test may still be satisfied provided the other purposes are only minor or incidental.
13. In determining whether this condition is satisfied:
- (a) Where more than one transaction or other dealing not subject to duty is required for an eligible pharmacy business to come into compliance with the 2024 Act, transactions and dealings will be looked at collectively.
 - (b) Where only one transaction is required for an eligible pharmacy business to come into compliance with the 2024 Act but it is not possible to determine whether this condition is satisfied by looking at that transaction in isolation, related transactions and other dealings not subject to duty will be looked at collectively.

Other conditions

14. The transaction relates to the eligible pharmacy business or pharmacy business property of the eligible pharmacy business. To remove any doubt, a transaction does not relate to an

⁶ 'Core pharmacy service' is defined in section 8 of the 2024 Act.

⁷ Sections 10 and 215 of the 2024 Act

⁸ This ruling will be updated to provide details of the expected commencement in due course.

eligible pharmacy business if it involves making structural changes to an entity that provides services to a pharmacy business.

Example 1—entity that provides services to a pharmacy business

Service Trust A provides administrative services to an eligible pharmacy business, B Pty Ltd.

B Pty Ltd makes changes to its structure to ensure compliance with the 2024 Act. At the same time, a series of trust surrenders and trust acquisitions involving Service Trust A result in a change to the beneficiaries in Service Trust A. The trust acquisitions and trust surrenders, which are dutiable transactions under section 9 and Chapter 2, Part 8 of the Duties Act, will not be transactions relating to the eligible pharmacy business of B Pty Ltd.

The trust acquisitions and trust surrenders will therefore not be eligible for the duty exemption under the administrative arrangement.

15. A holder of an interest in the eligible pharmacy business immediately following the transaction must be the same as an interest holder in the pharmacy business immediately before commencement of the 2024 Act.
 - (a) If, prior to commencement of the 2024 Act, the eligible pharmacy business was owned (solely or jointly) directly by an individual, the individual must continue to hold an interest in the business immediately after the transaction.
 - (b) If, prior to commencement of the 2024 Act, the eligible pharmacy business was owned (solely or jointly) by a corporation, at least one shareholder must continue to hold an interest in the business immediately after the transaction. When considering if the shareholder continues to hold an interest in the business immediately after the transaction, it is possible to look through previous corporate shareholders and to beneficiaries if the shareholding is held on trust.

Example 2—same holder of an interest in an eligible pharmacy business—corporation

Red Pharmacy Pty Ltd carries on an eligible pharmacy business and its shareholders are Blue Pty Ltd and Green Pty Ltd.

Blue Pty Ltd's shares are held by Avril Weston; Green Pty Ltd's shares are held on trust for Avril Weston.

Following a transaction to transfer the eligible pharmacy business to Avril Weston, it is possible to look through the corporate structure to determine that Avril Weston was a shareholder in Red Pharmacy Pty Ltd—via being a shareholder in Blue Pty Ltd as well as a shareholder in Green Pty Ltd—by virtue of her shareholding in that company being held on trust for Avril.

- (c) If, prior to commencement of the 2024 Act, the eligible pharmacy business was owned (solely or jointly) by a trustee for a trust, at least one beneficiary of the trust—or shareholder of a corporate beneficiary of the trust—must continue to hold an interest in the business immediately after the transaction. When considering if the beneficiary of the trust or shareholder of a corporate beneficiary of the trust continues to hold an interest in the business immediately after the transaction, it is possible to look through to the previous beneficiaries, including to shareholders of any corporate beneficiaries of the trust.

Example 3—same holder of an interest in an eligible pharmacy business—trust

Main Street Pty Ltd as trustee for the Main Street Pharmacy Trust carries on an eligible pharmacy business. The beneficiaries of the trust are Niles Chee, Mary Chee and Donald Chee. Following a transaction to transfer the eligible pharmacy business to Mary Chee, it is possible to look through the trust structure to determine that Mary Chee was a beneficiary of the Main Street Pharmacy Trust.

Alternatively, had the beneficiary of the Main Street Pharmacy Trust been Chee Pty Ltd—where the shareholders of Chee Pty Ltd are Niles Chee, Mary Chee and Donald Chee—it would be possible to look through the trust structure to the shareholders of the corporate beneficiary (Chee Pty Ltd) to determine that Mary Chee was a beneficiary of the Main Street Pharmacy Trust.

- (d) If, prior to commencement of the 2024 Act, the eligible pharmacy business was owned in a partnership, the relevant factor in paragraph 15 (a)–(c) would apply, based on the nature of the partner before commencement of the 2024 Act.

Example 4—same holder of an interest in an eligible pharmacy business—partnership

The Bracken Ridge Pharmacy is a partnership that carries on an eligible pharmacy business. The partners are Bracken Pty Ltd and Ridge Pty Ltd.

Bracken Pty Ltd shares are held by Bob Bracken and Beth Bracken. Ridge Pty Ltd shares are held by Ralph Ridge.

Because the partners of this partnership are corporations, paragraph 15(b) applies to determine if this condition of the administrative arrangement has been satisfied.

Following a transaction, Bob Bracken is the sole shareholder in Bracken Pty Ltd. Applying paragraph 15(b), it is possible to determine that Bob Bracken was a previous shareholder in Bracken Pty Ltd.

- (e) If a partner leaves the partnership as part of complying with the requirements of the 2024 Act, a holder of an interest in the business would be considered to be the same if the departing partner's interest was acquired by another existing partner.⁹

Example 5—same holder of an interest in an eligible pharmacy business—departing partner

The Stafford Heights Pharmacy is a partnership that carries on an eligible pharmacy business. The partners are David Danvers and Harry Hudson. Because the partners of this partnership are individuals, paragraph 15(a) applies to determine if this condition of the administrative arrangement has been satisfied.

To comply with the requirements of the 2024 Act, Harry departs the partnership and David acquires Harry's interest in the partnership.

Applying paragraph 15(a), David continues to hold an interest in the eligible pharmacy business immediately after the transaction because he has acquired the departing partner's interest.

⁹ See paragraph 16(c) of the administrative arrangement for how paragraph 15(e) is satisfied in particular circumstances where a partner leaves the partnership and only a sole partner remains.

16. Following the transaction, the eligible pharmacy business must continue to be owned in the same structure as before commencement of the 2024 Act, except in the following circumstances:
- (a) If owned by a corporation or by a trustee of a trust—existing corporate or trustee owners restructure to own the pharmacy business directly as an individual, provided the owner of the business following the transaction was a shareholder or beneficiary before the commencement of the 2024 Act.
 - (b) If owned in a unit trust structure that has a trustee of a discretionary trust as beneficiary—existing trustee owners restructure to own the pharmacy business other than as trustee (this would include restructuring to a corporation), provided an interest holder in the business following the transaction was a beneficiary of the discretionary trust or shareholder of a corporate beneficiary of the trust before the commencement of the 2024 Act.

Example 6—exception to requirement that eligible pharmacy business must continue to be held in the same structure—unit trust

The Wirrawarra Unit Trust operates an eligible pharmacy business. The beneficiaries of the Wirrawarra Unit Trust include Riccardo Pty Ltd as trustee of the Riccardo Family Trust. The Riccardo Family Trust is a discretionary family trust, whose beneficiaries include Riccardo Ravelli, Maria Ravelli and Antonia Ravelli.

Following a transaction to transfer the eligible pharmacy business to Riccardo Pty Ltd (of which Antonia Ravelli is a shareholder), the eligible pharmacy business is no longer owned in the same structure because it is held in a corporate structure rather than a unit trust structure. This will not satisfy the administrative arrangement general condition in paragraph 16.

However, because Antonia Ravelli was a beneficiary of the Riccardo Family Trust (which is a discretionary trust) before the transaction and she is also an interest holder in the business following the transaction due to her shareholding in Riccardo Pty Ltd, the exception provided in paragraph 16(b) applies.

- (c) Where a partner leaves the partnership, if there is only a sole partner remaining who owns the eligible pharmacy business directly as an individual—that partner restructures to own the pharmacy business in a corporation or as trustee, provided the partner is a shareholder or beneficiary. This would include if the partner acquires the departing partner's interest and then restructures or if the partner uses a corporation or trust to acquire the departing partner's interest and their own interest.

Example 7—exception to requirement that eligible pharmacy business must continue to be held in the same structure—partnership

The West Valley Pharmacy is a partnership that carries on an eligible pharmacy business. The partners are Elsa West and Diarmid Valley.

Following a transaction to acquire Elsa's partnership interest, Diarmid Valley remains the sole partner. Diarmid decides to continue operating the eligible pharmacy business using a trust structure of which he will be the sole beneficiary of the newly established trust, West Valley Pharmacy Trust.

After the acquisition of Elsa West's partnership interest, the eligible pharmacy business is no longer owned in the same partnership structure because it is held firstly by Diarmid in his capacity as an

individual and then subsequently in a trust structure on establishment of the West Valley Pharmacy Trust. This will not satisfy the administrative arrangement general condition in paragraph 16.

However, because Diarmid firstly remains the sole partner and owns the eligible pharmacy as an individual and secondly restructures the pharmacy business as a trust of which he is a beneficiary, the exception provided in paragraph 16(c) applies.

Note—Because condition 16 operates at the ownership level, it would not restrict changes to collapse existing corporate shareholders or beneficiaries of a trust.

Example 8—eligible pharmacy business owned by a corporation or by a trustee of a trust, which has corporate shareholders or corporate beneficiaries, necessitating removal of any corporate layers so shareholders and beneficiaries are individuals

The AAA Unit Trust operates an eligible pharmacy business. The beneficiary of the AAA Unit Trust is BBB Pty Ltd, of which Charlie Chester is the sole shareholder.

Following the transaction, Charlie Chester is beneficiary of the AAA Unit Trust directly (and not via his shareholding in BBB Pty Ltd). Even though the structure of the beneficiary has changed—in that it has moved from a corporation (BBB Pty Ltd) to an individual (Charlie Chester)—the eligible pharmacy business structure has not changed because it is still a trust structure. This will not contravene the administrative arrangement general condition in paragraph 16.

17. Following the transaction, the eligible pharmacy business is owned (solely or jointly) by a person who is an 'eligible person'¹⁰ as defined under the 2024 Act.¹¹
18. The Commissioner is satisfied the transaction is not part of an arrangement to avoid the imposition of duty.

Application for exemption

19. An application for exemption must be made to the Commissioner, in the way approved by the Commissioner and supported by the information required by the Commissioner.

Date of effect

20. This public ruling takes effect from the date of issue.

Simon McKee
Commissioner of State Revenue
Date of issue: 24 October 2024

¹⁰ Section 10 of the 2024 Act

¹¹ In determining whether this condition is satisfied, the Commissioner will undertake a factual assessment of the nature of the owners, not an assessment of compliance with the 2024 Act. Ensuring compliance with the 2024 Act is the responsibility of the Queensland Pharmacy Business Ownership Council.

References

Public Ruling	Issued	Dates of effect	
		From	To
DA000.19.1	24 October 2024	1 January 2025	Current