



# Apportioning the Purchase Price Between Chattels and Fixtures

Article © 2007 Marshall Diel & Myers (<http://www.law.bm/>), All Rights Reserved.

## RELATED ARTICLES

[Do I need a Structural Survey?](#)  
[Reducing Stamp Duty with Court Ordered Transfers](#)  
[Fittings and Fixtures](#)  
[Apportioning the Purchase Price Between Chattels and Fixtures](#)

The purchase price for the land and fixtures can easily and should sensibly be kept separate and distinct from the purchase price for chattels.

The sale of land and chattels in Bermuda is taxed on a sliding scale basis. This means that the higher the value of the item purchased, the higher the rate of taxation. It is important to keep in mind that for tax and other purposes it makes sense to keep the purchase price, as much as is reasonably possible, at the lowest rate of taxation.

The benefit of apportioning the purchase price between chattels and the balance of the land is probably best explained by example: Assume that the buyer and seller have agreed to a purchase price of \$ 650,000.00 for the land plus the fridge, stove, washer, dryer, dishwasher and microwave oven. If the purchase price is not apportioned between chattels and land, the tax payable is \$20,500.00. If you allocate, \$ 20,000.00 to the chattels, and \$630,000.00 to the land, the seller still receives \$ 650,000.00 but the tax payable on the purchase price of the land and the chattels combined becomes \$18,900.00. You have saved \$ 600.00 in tax. The amount of savings becomes greater and more exacerbated as the purchase price increases because the rate of taxation increases as the purchase price increases.

It is very important to understand that only the true value of the chattels may be deducted from the purchase price for this purpose. Any overvaluation of the price of the chattels may be interpreted as an attempt to intentionally defraud the Accountant General, which may render both the lawyer and the client liable to very serious sanctions. If you are uncertain as to what may or may not be a reasonable price for the chattels you may find it necessary to do some research on your own. Ask your real estate agent, check the classified sections of the newspapers, stop at a few house sales and talk to friends about what might be a reasonable price for the chattels you wish to purchase. The benefit of this research is at least two fold: a) you will know what price to use in the sales agreement for the purposes of valuing the chattels; and b) you will be satisfied that the price that you are paying is reasonable having regard to the age and quality of the chattels.

**NEED MORE INFORMATION?** Contact us at [info@law.bm](mailto:info@law.bm)