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LawTalk Blog



The land on which my business is being operated is subject to compulsory acquisition.

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What is my entitlement compensation for compulsory acquisition of land?

Where land on which a business is being operated is to be compulsory acquired, a business owner, whether it is the landowner or a tenant, is entitled to compensation under the *Land Acquisition Act*.

That compensation is likely to be substantially more than mere removal costs to new premises. Compensation in relation to businesses is a very complex issue.

What if I am both the land owner and the business owner?

In the case of the landowner who also operates the business, the landowner is entitled to compensation to the value of the land but as the business is closely connected with the land, the land owner may have separate or additional compensation entitlements.

What if I am a tenant and the business owner?

In the case of a tenant operating a business on leased land, factors which need to be taken into account in compensation include the payments for the balance of any lease term, the cost of negotiations on a new lease, the cost of any fit out of those new premises and any differential in rent on the new premises. There may be a range of other expenses for which compensation is payable.

A business owner may not be able to find new premises which are suitable and will be forced to close the business. In that case, the claim is not only for the loss of goodwill but there can be entitlements for staff redundancies, including redundancies for the principals if they are employees of a company operating the business, and loss of stock value.

Court decisions in past compulsory acquisition cases have set out a range of factors to be considered. There are allowances for what a court classes as "special value" and, where the business might move to other premises, sometimes which need to be specially built or converted, for "reinstatement". These are special terms in relation to acquisition where you should have advice in assisting you with a claim to your entitlements.

If the land on which your business is operating is subject to compulsory acquisition under the *Land Acquisition Act*, then Andersons can assist by providing advice, arranging a valuation and negotiating with the acquiring authority. Your legal and valuation costs are paid as part of your compensation.

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