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Bill of Sale

A bill of sale is an important legal document which provides evidence of specific purchases between the buyer and the seller, including the amount paid, the date and time of the transaction, and any other important or relevant information. A bill of sale is used to demonstrate who the parties to the transaction are, the item being sold, the price and the time frame for the transaction.

Using a bill of sale helps document the transaction is documented and encourages the parties to discuss the sale before proceeding with it, which minimises the chance of disputes occurring later on. Should a dispute arise, the bill of sale can be used as evidence in the courtroom.

The three fundamental parts of a bill of sale

1. The contact information, including full names, address and post codes, phone number etc. of the parties involved, and a statement declaring that the seller is transferring legal title to the buyer.
2. An accurate and thorough description of whatever is being bought and sold.
3. The agreed price for the item, including currency and payment method.

Not all transactions can be evidenced with a bill of sale. For example specific legislative requirements apply to real estate transactions and a bill of sale would not be appropriate to use. Some transactions require due care, for example checks may need to be undertaken to ensure that the vendor has legal title to the item being sold in which case you should seek legal advice.

The bill of sale form provided is for information purposes and may be used as a guide only. The bill of sale form is not a substitute for legal advice and



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may not be appropriate in your circumstances. We recommend that you seek legal advice before entering into any binding legal agreement.

Bill of Sale template

[Insert date]

Seller – [Insert name or business name]

Purchaser – [insert name or business name]

BILL OF SALE FOR [insert item, e.g automobile]

On [insert date], the seller, [insert name or business name] and the buyer, [insert name or business name] have come to an agreement regarding the sale of [insert item].

Background

The seller, [insert name or business name], currently owns the legal title to [insert item]. Upon reaching an agreement with the purchaser, [insert name or business name], the seller has agreed to sell the [insert item] and transfer legal title to the purchaser.

Operatives

1. Purchase/sale

The seller agrees to sell all legal title, right, and interest in [insert item] as it is described in the second schedule attached to this document, to the purchaser, who agrees to the terms of the sale.

2. Payment and purchase price



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The consideration to be paid in exchange for the transfer of [insert item] from the seller to the purchaser is equivalent to the amount shown on item one of the first schedule attached to this document.

3. Identification of [insert item]

The purchaser, [insert name or business name] shall have the right to identify and inspect the [insert item].

4. Payment method

The purchaser will make payment to the seller in the form of a direct bank transfer of funds equal to the figure shown in item one of the first schedule attached to this document.

5. Delivery/possession

On the settlement date displayed on item two of the first schedule, all ownership and title of [insert item] shall be transferred to the purchaser.

The seller must transfer [insert item] and all ownership and title to the purchaser, free of encumbrances, on the settlement date displayed on item two of the first schedule.

6. Dispute resolution

Should a dispute arise following the breach or termination of this sales agreement, neither of the parties may commence legal action relating to the dispute unless the requirements of this clause have been met.

If either party claims that a dispute has occurred in relation to this sales agreement, that party must deliver written notice of their dispute claim to the other party.



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Within 14 days of service of the dispute notice, both parties are to proceed in good faith towards resolving the agreement outside of court, such as through negotiation.

In the event that the dispute is not resolved within 28 days of service of the dispute notice, the parties may elect to proceed with making a claim in a court or tribunal.

7. Continuing effect

The obligations and rights of the parties to this agreement as set out in this bill of sale shall not cease upon completion of this transaction.

8. Default

Include the steps to be taken in the event of default and what constitutes default by the parties, for example non provision of the item or a failure to make payment. If the transaction is taking place as part of a loan or credit agreement, where the purchaser agrees to pay the cost of the item to the seller over time, a default clause can be included in the bill of sales to protect the seller should the purchaser default on their payments. Legislative requirements may apply in the event that you are providing a loan or credit to the purchaser and legal advice ought to be sought.

Other clauses

A bill of sale can be tailored to suit the specific needs of the buyer and seller involved in a transaction. For example, you may wish to include a GST clause or terms regarding duties and expenses. If you think you might need to include one of these clauses, or any others, contact a legal professional to ensure that all the relevant information is included. This will ensure that your bill of sale can be used in the event of a breach or termination of the sales contract.



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This includes the process which should be performed in the event that a default occurs, and the repercussions this will have for the purchaser.

Final agreement

[date]

[Name and address of purchaser]

[Signature]

[Name and address of the seller]

[Signature]

Witnesses may be included as required, simply insert witness name and signature next to the above information.

First schedule

- 1. Purchase price** [insert amount]
- 2. Date of settlement** - [insert date] or such other date as determined through mutual agreement.

Second schedule

[Insert a detailed description of whatever is being bought and sold in this transaction. Be sure to include all relevant details, for example, registration information for a car.]