



ACT Revenue Office
Department of Treasury

Revenue Circular DAA005.2
Duties Act 1999
Motor Vehicle Registration Duty

Circular history

| Circular number | Issued date | Dates of effect | | Status |
|-----------------|------------------|------------------|------------------|---|
| | | From | To | |
| No 61 | 1997 | 1997 | 30 June 1999 | Superseded |
| MVD1 | June 2007 | 14 June 2007 | 30 June 2008 | Republished as DAA005 with minor amendments |
| DAA005 | 3 July 2008 | 1 July 2008 | 2 September 2008 | Superseded |
| DAA005.1 | 3 September 2008 | 3 September 2008 | 15 March 2010 | Includes "green vehicles" - Superseded |
| DAA005.2 | 10 March 2010 | 16 March 2010 | 30 June 2010 | Includes A2009-45 and DI2010-32 |

Preamble

1. The *Duties Act 1999* (the Act) charges duty on an application to register a motor vehicle under the *Road Transport (Vehicle Registration) Act 1999*.
2. The purpose of this circular is to provide information regarding the payment of duty when an application to register or an application to transfer the registration of a motor vehicle is made in the ACT.

Circular

3. Under the Act, duty is payable on an application to register a motor vehicle under the Vehicle Registration Act if:
 - (a) the vehicle has not previously been registered under that Act or any other territory law; or
 - (b) the person in whose name the vehicle is to be registered is not the person in whose name the vehicle was last registered (that is, an application to transfer the registration); or
 - (c) no duty was payable in another jurisdiction (because the registration was exempt or not liable to duty), and such a registration is dutiable in the ACT.

For example, duty applies when:

- (a) a motor vehicle is registered for the first time; or

- (b) a certificate of registration is transferred to another person, or issued in another name; or
- (c) an imported second-hand vehicle is first registered in the ACT.

Who is Liable to Pay Duty and When and Where Payment May be Made

- 4. Duty is payable at the time of application for registration by the person or entity (which can be an association or company) who is applying to have the vehicle registered.
- 5. An application to transfer the registration of a vehicle must be made and the duty paid within 14 calendar days of the acquisition of a registered vehicle. A late transfer penalty fee will be charged by the Road Transport Authority for applications made after 14 days.
- 6. Motor vehicle registrations and any applicable duty can only be paid at ACT Canberra Connect Shopfronts located at Dickson, Belconnen, Tuggeranong and Woden. Further information is available at www.canberraconnect.act.gov.au.
- 7. Assessments of duty on the transfer or initial registration of a vehicle issued by the ACT Revenue Office or duty payable by a licensed vehicle dealer on the re-registration of a demonstrator or trading stock after 12 months, can only be paid at the ACT Revenue Office. Payments made at other agencies may not be acknowledged.

How Duty is Calculated

- 8. Duty is calculated and payable on the dutiable value of a motor vehicle, which includes the Goods and Services Tax (GST) and luxury car tax if applicable.

Motor Vehicles with a Green Vehicle Rating

- 9. A Green Vehicle Rating only applies to a new motor vehicle that has not previously been registered under:
 - (a) the *Road Transport (Vehicle Registration) Act 1999* or another Territory law; or
 - (b) a law of the Commonwealth, a State, another Territory or a foreign country.
- 10. The duty payable for vehicles with a Green Vehicle Rating is calculated in accordance with Tables 1, 2 and 3 below.
- 11. For the purpose of charging duty, a **Green Vehicle Rating** for a new motor vehicle means a rating of A, B, C, or D corresponding to the vehicle's environmental performance score as determined in the Green Vehicle Guide at <http://www.greenvehicleguide.gov.au>. The **environmental performance score** for a motor vehicle is the total of the air pollution rating and the corresponding greenhouse rating for the vehicle.
- 12. For the purposes of the Disallowable Instrument that determines Amounts Payable – Motor Vehicle Duty, a *new motor vehicle* includes a demonstrator disposed of by a licensed vehicle dealer within one year of the date the demonstrator was first registered.
- 13. Table 1 below lists the Green Vehicle Ratings and environmental performance scores.

Motor vehicles with No Green Vehicle Rating

14. Non-rated motor vehicles are those that are currently registered or have previously been registered, or those that are not rated under the Green Vehicle Guide.

15. The duty payable for a non-rated vehicle is the same rate of duty as C-rated motor vehicles in Table 2 below.

16. The duty payable for a non-rated vehicle with a dutiable value of more than \$45,000 is the same rate of duty as C-rated motor vehicles in Table 3 below.

17. However, the duty payable for certain vehicles with a dutiable value of \$45,000 or more, such as a motor cycle, large bus, hearse, invalid conveyance, caravan, trailer, vehicle with gross vehicle mass more than 4.5t, plant or equipment, or a vehicle prescribed by regulation is the same rate of duty as C-rated motor vehicles in Table 2 below.

Table 1 Green Vehicle Ratings and Environmental Performance Scores

| Green Vehicle Rating | Environmental performance score |
|----------------------|---------------------------------|
| A | 16 or more. |
| B | 14 or more but less than 16 |
| C | 9.5 or more but less than 14 |
| D | Less than 9.5 |

18. Table 2 lists the amount payable under s 208 (1) of the Act, which applies to all motor vehicles not included in Table 3.

Table 2 Amounts Payable for s 208 (1)

| Green Vehicle Rating for s208(1) of the Act Motor vehicle valued at \$45,000 or less | Amount payable |
|---|--|
| A-rated vehicle | Nil |
| B-rated vehicle | \$2 for each \$100, or part of \$100, of the dutiable value of the motor vehicle |
| C-rated vehicle and Non-rated vehicle | \$3 for each \$100, or part of \$100, of the dutiable value of the motor vehicle |
| D-rated vehicle | \$4 for each \$100, or part of \$100, of the dutiable value of the motor vehicle |

19. Table 3 lists the amount payable under s 208 (2) of the Act, which applies to motor vehicles valued at more than \$45,000 (or another amount if that amount is determined under the *Taxation Administration Act 1999*, section 139).

20. However, Table 3 does not apply to vehicles listed in s 208 (2) (b) of the Act (a motor cycle, a large bus that seats 10 or more people, a hearse, an invalid conveyance, a caravan, a trailer, a vehicle with gross vehicle mass more than 4.5t, plant or equipment, or a vehicle prescribed by regulation).

Table 3 Amounts Payable for s 208 (2)

| Green Vehicle Rating for s 208(2) of the Act Passenger motor vehicle valued at more than \$45,000 | Amount payable |
|--|---|
| A-rated vehicle | Nil |
| B-rated vehicle | \$900, plus \$4 for each \$100, or part of \$100, of the dutiable value of the motor vehicle that is more than \$45,000 |
| C-rated vehicle and Non-rated vehicle | \$1,350, plus \$5 for each \$100, or part of \$100, of the dutiable value of the motor vehicle that is more than \$45,000 |
| D-rated vehicle | \$1,800, plus \$6 for each \$100, or part of \$100, of the dutiable value of the motor vehicle that is more than \$45,000 |

Dutiable Value of the Vehicle

21. The **dutiable value** of a motor vehicle is the consideration given for the acquisition of the vehicle or the market value of the vehicle at the time duty is payable, **whichever is the greater**.

22. **Consideration** is the amount of money (or money's worth) given by the purchaser for the acquisition of the vehicle (normally the purchase price).

23. **Market value** is the amount for which the vehicle, including any additional equipment fitted to the vehicle, might reasonably be sold, free of encumbrances, on the open market at the date of registration or transfer.

24. Both **consideration** and **market value** include:

- (a) any trade-in allowance or deposit paid;
- (b) factory rebates;
- (c) dealer delivery charges;
- (d) the GST. Motor vehicles purchased from licensed vehicle dealers, and vehicles sold at auction will generally attract GST. The duty is calculated on the GST inclusive price;
- (e) luxury car tax;
- (f) the value of any accessories or equipment fitted to the vehicle including, options, protection products (e.g. rust proofing, window tinting, fabric treatment, paint sealant) and vehicle additions where a contract or agreement to purchase is in place at the time of registration (e.g. air conditioning, bull bars, towbars, roof racks, alarm systems, audio visual equipment, GPS systems, mag wheels, spoilers); and
- (g) the value of any equipment attached to a cab chassis vehicle (e.g. tray, tipper, garbage compactor).

25. The following items are **not** included in the dutiable value:

- (a) motor vehicle duty;
- (b) registration or transfer fees;

- (c) finance charges;
- (d) service or maintenance contracts;
- (e) mechanical warranty/insurance policies;
- (f) premiums for extended warranties, third party insurance, comprehensive or third party property insurance, consumer credit insurance and unemployment insurance; and
- (g) any modifications made to the vehicle for a person with a disability (see section 211A of the Act.)

26. In many cases, duty is payable on the market value of the vehicle because the purchase price is not a true indication of its value. For example:

- (a) a vehicle is bought cheaply in a damaged or run down condition and repaired before registration. The vehicle's market value at the time of registration or transfer of registration, would be higher than the price for which the vehicle was purchased;
- (b) a fleet buyer obtains a fleet discount not available to other purchasers in the general market; or
- (c) a vehicle is received as a gift or won in a competition or art union.

27. There are a number of ways to obtain the market value of a vehicle including:

- (a) phone NRMA;
- (b) ask the insurance company;
- (c) visit the red book website www.redbook.com.au.

28. If the Commissioner for ACT Revenue (the Commissioner) is not satisfied that the purchase price stated at the time of registration represents the full value of the vehicle, the market value will be used to determine the duty payable.

Factory Rebates

29. Vehicles are sometimes sold under arrangements where the manufacturer provides a factory rebate directly to the purchaser after the sale. Although the rebate has the effect of reducing the amount paid by the purchaser of the vehicle, the dutiable value is the contracted purchase price and the factory rebate is **not** to be subtracted.

30. For example, an applicant purchases a vehicle for \$20,000 under a promotion and is paid a \$1,000 factory rebate by the manufacturer. While the overall cost of the vehicle is reduced to \$19,000, the dutiable value of the vehicle is the contracted purchase price of \$20,000.

Fleet Discounts

31. In some situations, motor vehicle manufacturers and dealers give discounts to their staff, or discounts are given to fleet buyers. In these cases, the market value of the vehicle, based on prices realised in the general market at the time of registration, should be declared for duty purposes.

Drive Away – No More to Pay

32. Some vehicles may be sold on a ‘drive away – no more to pay’ basis. In such cases, the dealer pays the duty, registration fees and any transfer fees even though the purchaser is liable for these costs. In these cases, the duty, registration fees and any other Motor Registry costs are not included in the dutiable value.

33. To determine the dutiable value of the vehicle, the registration fees and any other Motor Registry costs should be deducted from the fixed price of the vehicle. The following are examples of how duty is calculated.

34. Example 1 Dutiable value < \$45,000 (based on a C-rated vehicle in Table 2)

| Motor Vehicle | \$ |
|---|-----------------------|
| Drive-away price (including factory options) | 29,999 |
| Subtract registration fees and Motor Registry costs | 672 |
| Sub-total (includes duty payable) | 29,327 |
| Divide sub-total by 1.03 | $\frac{29,327}{1.03}$ |
| Dutiable value for duty calculation | 28,473 |
| Add dealer accessories | 940 |
| Total dutiable value for duty calculation | 29,413 |
| Duty payable at \$3 per \$100 or part of \$100 of the total dutiable value | 885 |

Example 2 Dutiable value ≥ \$45,000 (based on a C-rated vehicle in Table 3)

| Passenger motor vehicle with dutiable value ≥ \$45,000 | \$ |
|---|--|
| Drive-away price (including factory options) | 54,990 |
| Subtract registration fees and Motor Registry costs | 706 |
| Sub-total (includes duty payable) | 54,284 |
| To determine the dutiable value , subtract \$46,350 (\$46,350 divided by 1.03 = \$45,000) from sub-total and divide balance by 1.05. Then add \$45,000 to this result | $\frac{54,284 - 46,350}{1.05}$ $= 7,556 + 45,000$ |
| Dutiable value for duty calculation | 52,556 |
| Add dealer accessories | 990 |
| Total dutiable value for duty calculation | 53,546 |
| Duty payable = \$1,350 on first \$45,000, plus \$5 per \$100 or part of \$100 of dutiable value in excess of \$45,000 | 1,350 + 430 |
| Duty payable | 1,780 |

Record Keeping

35. For audit purposes, dealers and purchasers are required to retain records that demonstrate that the sale was inclusive of duty, registration fees, and any other Motor Registry costs. The *Taxation Administration Act 1999* requires records to be kept for not less than five years.

Licensed Vehicle Dealers

36. Licensed Vehicle Dealers are not liable for duty if:

- (a) a vehicle has been acquired as trading stock and an application is made to register or transfer the registration into the name of the licensed vehicle dealer;
- (b) a new vehicle is used as a demonstrator and an application is made to register the vehicle in the name of the licensed vehicle dealer; or
- (c) the licensed vehicle dealer obtains a dealer's authorisation to maintain the registration of a motor vehicle for more than 12 months.

37. **Trading stock** means a motor vehicle offered or exposed for sale by a licensed vehicle dealer in the course of the dealer's business.

38. **Demonstrator** means a new motor vehicle used solely for promoting the sale of another motor vehicle of the same kind.

39. A **dealer's authorisation** is required from the Commissioner in order for a licensed vehicle dealer to maintain the registration of a motor vehicle for more than 12 months without becoming liable for the payment of duty on an application to renew the registration of the vehicle.

40. Vehicles, including demonstrator vehicles, displayed or offered for sale during trading hours and taken home outside these hours will be regarded as trading stock.

41. Vehicles used for the following purposes are **not** considered 'trading stock':

- (a) advertising, promotion or sponsorship;
- (b) courtesy or loan vehicles, spare parts or towing vehicles;
- (c) part of a dealer's salary package or an employee's wage package;
- (d) personal use by the dealer and/or their family or staff;
- (e) any other purpose that does not expose the vehicle for sale during normal trading hours.

Statutory Obligations

42. For every sale and purchase of a vehicle, the seller is required to make a declaration of the vehicle's sale price in the Notice of Disposal. Purchasers are required to make a declaration of the purchase price and market value of the vehicle within 14 days of the purchase.

43. The onus is on the person making the declaration to ensure that the value stated is a true representation of the value of the vehicle.

ACT Revenue Office Audit Programs

44. Audit programs involving regular data matching of declarations made by sellers and purchasers are undertaken together with the matching of industry guides on the value of vehicles. Other audits, such as the inspection of seller's records, are also conducted.

Penalties and Interest

45. Giving **false or misleading information is a serious offence** under part 3.4 of the *Criminal Code 2002*.

46. It is an offence under the Criminal Code to make a false declaration or a false or misleading statement, give false or misleading information or produce false or misleading documents. Significant penalties apply to a seller and/or purchaser who understate the dutiable value.

47. Where the market value or purchase price has been understated, the underpaid duty will be payable along with any applicable penalty.

48. Interest, calculated on a daily basis, back-dated to the date the payment was due until the day it is paid, may also be imposed on any unpaid amount.

SIGNED

David Read
Commissioner for ACT Revenue
10 March 2010

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