



REVENUE CIRCULAR DAA005.5
Motor Vehicle Registration Duty – <i>Duties Act 1999</i>
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Preamble

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

Circular

When is duty payable?

3. Motor vehicle registration duty applies when:
 - a. a motor vehicle is registered for the first time;
 - b. registration is transferred to another person;
 - c. registration is issued in another name; or
 - d. an imported second-hand vehicle is first registered in the ACT.
4. 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;
 - b. the applicant is transferring the registration – that is, the person in whose name the vehicle is to be registered is not the person in whose name the vehicle was last registered; or
 - c. no duty was payable in another jurisdiction, because the registration was exempt or not liable to duty, but such a registration is dutiable in the ACT.

Who is liable to pay duty?

5. Duty is payable by the person or entity (which can be an association or company) who is applying to have the vehicle registered.

When and where may payment be made?

6. Duty is payable at the time of application for registration;
7. Duty on the transfer or first registration of a motor vehicle is collected by Access Canberra (the Road Transport Authority) on behalf of the ACT Revenue Office;
8. However, applications for a refund of duty for vehicles should be forwarded to the ACT Revenue Office directly;
9. An application to transfer the registration of a motor vehicle must be made and the duty paid at Access Canberra within 14 days of acquiring the vehicle. A late transfer penalty fee will be charged by Access Canberra for applications made after 14 days; and
10. Motor vehicle registrations and any applicable duty can only be paid at Access Canberra locations in Gungahlin, Dickson, Belconnen, Tuggeranong and Woden. Further information is available at www.accesscanberra.act.gov.au.

How is duty calculated?

11. Duty is calculated and payable on the 'dutable value' of a motor vehicle, which includes the Goods and Services Tax (GST) and Luxury Car Tax if applicable.

Vehicle Emission Reduction Scheme

12. The Vehicle Emission Reduction Scheme (VERS) is a differential duty scheme for new cars, motorcycles, utes and light commercial vehicles to provide an incentive for the purchase of lower operating emission vehicles, rather than vehicles with higher operating emissions.
13. Under the VERS, a Vehicle Performance Rating of A, B, C or D is allocated to each motor vehicle appearing in the Green Vehicle Guide at www.greenvehicleguide.gov.au. The Green Vehicle Guide sets out the CO₂ emissions information for different vehicles.
14. The Vehicle Performance Rating for a vehicle corresponds to their CO₂ emissions in grams emitted per kilometre, in accordance with Table 1 below.
15. The duty payable for vehicles with a Vehicle Performance Rating (VPR) is calculated in accordance with Tables 2 and 3 below. No duty applies to A-rated vehicles.
16. Table 2 applies if the vehicle's dutable value is less than \$45,000.
17. Table 3 applies if the vehicle's dutable value is at least \$45,000, unless the vehicle is a motorcycle, large bus, hearse, invalid conveyance, trailer, vehicle with gross vehicle mass more than 4.5t, or plant or equipment.
18. VPRs only apply to new motor vehicles (including new motorcycles) that have not previously been registered under:
 - a. the Vehicle Registration Act or another Territory law; or
 - b. a law of the Commonwealth, a State, another Territory or a foreign country.
19. Demonstrator vehicles that are, or were, first registered in the ACT, and are disposed of by a licensed vehicle dealer within one year of the date of first registration, are treated as new motor vehicles for the VERS.
 - a. A demonstrator does not include a vehicle that was first registered in another State and Territory before being disposed of in the ACT by a licensed vehicle dealer. This restriction is intended to discourage the importation of interstate demonstrators only to take advantage of the ACT's differential duty scheme.

New motorcycles

20. The Green Vehicle Guide does not provide data on the environmental performance of motorcycles. However, in recognition of their favourable environmental performance when

compared to light vehicles, new motorcycles pay duty equivalent to B-rated vehicles under Table 2 below. (Table 3 does not apply to motorcycles – see section 208 (2) (b) (i) of the Act).

21. A ‘motorcycle’ is generally defined as any motor vehicle with two wheels, with or without a sidecar. This includes scooters, mopeds and similar vehicles. (See the definition of ‘motorbike’ in the *Road Transport (Vehicle Registration) Regulation 2000*).

Non-rated vehicles

22. All second-hand vehicles, as well as vehicles that do not appear on the Green Vehicle Guide (motorcycles excluded), are ‘non-rated vehicles’ and pay duty equivalent to C-rated vehicles.
23. Second-hand motorcycles are also classified as non-rated vehicles with a C rating.

Table 1 – Vehicle Performance Ratings

VPR	CO ₂ emissions (g emitted per km)
A	0 – 130
B	131 – 175
C	176 – 220
D	220+

Table 2 – Amounts payable for section 208 (1) of the Act (dutiabale value less than \$45,000)

VPR	Amount payable
A	Nil
B (includes new motorcycles)	\$1 for every \$100, or part of \$100, of the dutiable value
C (includes non-rated vehicles)	\$3 for every \$100, or part of \$100, of the dutiable value
D	\$4 for every \$100, or part of \$100, of the dutiable value

Table 3 – Amounts payable for section 208 (2) of the Act (dutiabale value \$45,000 or more)

VPR	Amount payable
A	Nil
B	\$450 plus \$2 for every \$100, or part of \$100, of the dutiable value in excess of \$45,000
C (includes non-rated vehicles)	\$1,350 plus \$5 for every \$100, or part of \$100, of the dutiable value in excess of \$45,000
D	\$1,800 plus \$6 for every \$100, or part of \$100, of the dutiable value in excess of \$45,000

What is the dutiable value?

24. The **dutiabale value** of a motor vehicle is the greater of:
- the consideration given for the acquisition of the vehicle (normally the purchase price); or
 - the market value of the vehicle at the time duty is payable.
25. The dutiable value is **rounded up to the nearest \$100** for the purpose of calculating motor vehicle registration duty, as duty is payable per \$100 or part of \$100. For example, a vehicle with a dutiable value of \$15,410 is rounded up to \$15,500 to work out the amount payable.

26. Table 4 below outlines what should be included or excluded from the dutiable value of a motor vehicle.

Table 4 – Dutiable value

Dutiable value includes:	Dutiable value excludes:
<ul style="list-style-type: none"> • any trade-in allowance or deposit paid; • factory rebates (see paragraph 32); • dealer delivery charges; • GST; • Luxury Car Tax; • the value of any accessories or equipment fitted to the vehicle (for example, rust proofing, window tinting, fabric treatment or paint sealant); • the value of any vehicle additions where a contract or agreement to purchase is in place at the time of registration (for example, air conditioning, bull bars, tow bars, roof racks, alarm systems, audio-visual equipment, GPS, mag wheels, or spoilers); • the value of any equipment attached to a cab chassis vehicle (for example, trays, tippers or garbage compactors); and • the value of any discount offered by the dealer. 	<ul style="list-style-type: none"> • motor vehicle registration duty; • registration or transfer fees; • finance charges; • service or maintenance contracts; • mechanical warranty or insurance policies; • premiums for extended warranties, third party insurance, comprehensive or third party property insurance, consumer credit insurance and unemployment insurance; and • any modifications made to the vehicle for a person with a disability (see section 211A of the Act).

27. 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.

Consideration and market value

28. **Consideration** is the amount of money (or money’s worth) given by the purchaser for the acquisition of the vehicle;
29. **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 time of registration or transfer;
30. In many cases, duty is payable on the market value of the vehicle because the purchase price (consideration) is not a true indication of its value. For example:

Example	Purchase price (consideration)	Actual market value
A vehicle is bought cheaply in a damaged or run down condition and repaired before registration.	The price paid for the vehicle in its damaged condition.	The value of the repaired vehicle at the time of registration.
A fleet buyer obtains a fleet discount not available to other purchasers in the general market.	The lower price paid by the fleet buyer.	The price that would have been paid by other purchasers in the vehicle’s market.
A vehicle is received as a gift, or won in a competition or art union.	The recipient does not pay for the vehicle.	The value of the gifted or prize vehicle at the time of registration.
A vehicle is sold at its manufacturer list price, including any additions fitted to it.	The list price of the vehicle.	The value of the vehicle including its additions.

Example	Purchase price (consideration)	Actual market value
A dealer offers the purchaser a discount off the list price.	The discounted price paid by that specific purchaser.	The manufacturer's list price. Discounts are not deducted from the market value.

31. There are a number of ways to obtain the market value of a motor vehicle, including contacting the NRMA, the vehicle's insurance company or a car valuation service, or consulting websites like RedBook (www.redbook.com.au).
32. If the Commissioner for ACT Revenue (the Commissioner) is not satisfied 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

33. 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.
34. For example, an applicant has purchased 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

35. 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

36. 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.
37. To determine the dutiable value of the vehicle, the registration fees, any other costs at Access Canberra, and finally the duty amount should be deducted from the fixed price of the vehicle. The following are examples of how duty is calculated.

Example 1 – Dutiable value less than \$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 Access Canberra costs	$\$29,999 - \$672 = \$29,327$
Subtotal (includes duty payable)	\$29,327
Divide subtotal by 1.03 (3% duty for C-rated vehicle)	$\$29,327 \div 1.03 = \$28,473$
Dutiable value	\$28,473
Add dealer accessories	$\$28,473 + \$940 = \$29,413$
Round dutiable value up to nearest \$100	\$29,500

Motor Vehicle	\$
\$3 per \$100 or part of \$100 of the dutiable value	$\$29,500 \times 3\% = \885
Duty payable	\$885

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

Motor Vehicle	\$
Drive-away price (including factory options)	\$54,990
Subtract registration fees and Access Canberra costs	$\$54,990 - \$706 = \$54,284$
Subtotal (includes duty payable)	\$54,284
Subtract \$46,350 ($\$45,000 \times 1.03 = \$46,350$) from subtotal and divide balance by 1.05	$(\$54,284 - \$46,350) \div 1.05 = \$7,556$
Then add \$45,000 to this result	$\$7,556 + \$45,000 = \$52,556$
Add dealer accessories	$\$52,556 + \$990 = \$53,546$
Dutiable value	\$53,546
Round dutiable value up to nearest \$100	\$53,600
\$1,350 plus \$5 for every \$100, or part of \$100, of the dutiable value in excess of \$45,000	$1,350 + ((\$53,600 - \$45,000) \times 5\%) = \$1,780$
Duty payable	\$1,780

OTHER TOPICS

Record keeping

38. 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 costs at Access Canberra. The *Taxation Administration Act 1999* requires records to be kept for **not less than five years**.

Licensed vehicle dealers

39. Licensed Vehicle Dealers are not liable for duty if:
- 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;
 - 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
 - the licensed vehicle dealer obtains a dealer's authorisation to maintain the registration of a motor vehicle for more than 12 months.
40. **Trading stock** means a motor vehicle offered or exposed for sale by a licensed vehicle dealer in the course of the dealer's business.
41. **Demonstrator** means a new motor vehicle used solely for promoting the sale of another motor vehicle of the same kind.
42. 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.

43. Vehicles, including demonstrator vehicles, displayed or offered for sale during trading hours and taken home outside these hours will be regarded as trading stock.
44. Vehicles used for the following purposes are **not** considered trading stock:
 - d. advertising, promotion or sponsorship;
 - e. courtesy or loan vehicles, spare parts or towing vehicles;
 - f. part of a dealer's salary package or an employee's wage package;
 - g. personal use by the dealer and/or their family or staff;
 - h. any other purpose that does not expose the vehicle for sale during normal trading hours.

Caravans and camper trailers

45. No duty is payable under the Act for applications to register a caravan or camper trailer, or to transfer a caravan or camper trailer.
46. Duty remains payable on applications for all other trailers that are not camper trailers.

Statutory obligations

47. 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.
48. 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.

Compliance

49. The ACT Revenue Office undertakes audit programs involving regular data matching of declarations made by sellers of purchasers, together with the matching of industry guides of the value of vehicles. Other audits, such as the inspection of seller's records, are also conducted.

Penalties and interest

50. Giving false or misleading information is a serious offence under part 3.4 of the *Criminal Code 2002*.
51. 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 sellers or purchasers who understate the dutiable value.
52. Where the market value or purchase price has been understated, the underpaid duty will be payable along with any applicable penalty.
53. Interest is imposed on any underpaid duty. Interest is calculated on a daily basis and is back-dated to the day after the original duty was due.

SIGNED

Kim Salisbury
Commissioner for ACT Revenue
1 July 2016