



REVENUE CIRCULAR DAA005.8

Motor Vehicle Registration Duty – *Duties Act 1999*

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Introduction

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).

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.

This circular also provides details of the duty exemption provisions in part 9.2 of the Act.

Motor vehicle registration duty

Motor vehicle registration duty applies when:

- a motor vehicle is registered for the first time;
- registration is transferred to another person;
- registration is issued in another name; or
- an imported second-hand vehicle is first registered in the ACT.

Under the Act, duty is payable on an application to register a motor vehicle under the Vehicle Registration Act if:

- the vehicle has not previously been registered under that Act or any other Territory law;
- 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
- 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.

Payment of duty

Duty is payable by the person or entity (which can be an association or company) applying to have the vehicle registered. It is payable at the time of application for registration.

Duty on the transfer or first registration of a motor vehicle is collected by Access Canberra (as the Road Transport Authority) on behalf of the ACT Revenue Office. However, applications for a refund of duty for vehicles should be made to the ACT Revenue Office directly.

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.

Motor vehicle registrations and any applicable duty can only be paid at Access Canberra. Further information is available at www.accesscanberra.act.gov.au.

Vehicle Emission Reduction Scheme

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 (LCT) if applicable.

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.

Vehicle Performance Ratings

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.

The Vehicle Performance Rating for a vehicle corresponds to their CO₂ emissions in grams emitted per kilometre, in accordance with **Table 1 – Vehicle Performance Ratings** below.

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.

- **Table 2 – Amounts payable for section 208 (1) of the Act (dutable value less than \$45,000)** applies if the vehicle's dutable value is less than \$45,000.
- **Table 3 – Amounts payable for section 208 (2) of the Act (dutable value \$45,000 or more)** 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.

VPRs only apply to new motor vehicles (including new motorcycles) that have not previously been registered under:

- the Vehicle Registration Act or another Territory law; or
- a law of the Commonwealth, a State, another Territory or a foreign country.

Demonstrators

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 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

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).

A 'motorcycle' is 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

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. Second-hand motorcycles are also classified as non-rated vehicles with a C rating.

Table 1 – Vehicle Performance Ratings

VPR	CO ₂ emissions (g/km)
A	0–130
B	131–175
C	176–220
D	221+

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

VPR	Amount payable
A	Nil
B	\$1 for every \$100, or part of \$100, of the dutiable value
C	\$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	\$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

Dutiable value

The dutiable 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.

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.

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.

LCT is applicable when the LCT value of the vehicle exceeds the LCT threshold. Please refer to the Australian Taxation Office website (www.ato.gov.au) for further information.

What is included in the dutiable value?

- any trade-in allowance or deposit paid;
- dealer delivery charges;
- dealer discount (subtract from the base price)
- GST;
- LCT;
- 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); and
- the value of any equipment attached to a cab chassis vehicle (for example, trays, tippers or garbage compactors).

What is excluded from the dutiable value?

- motor vehicle registration duty;
- registration, transfer or other Access Canberra 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).

Examples

Example 1 and 2 below illustrate the calculation process of the purchase price for a new motor vehicle. It is broken down by component to illustrate how the dutiable value is calculated.

Example 1 – Vehicle purchase with dutiable value less than \$45,000 (based on a B-rated vehicle)

Component (including GST where applicable)	Amount
Manufacturer's list price	\$19,702
Accessories	\$1,000

Dealer delivery	\$2,000
Subtotal (including GST payable)	\$22,702
Less dealer discount (if applicable)	-\$4,000
Dutiable value	\$18,702
Motor vehicle duty payable	\$188
ACT registration and Access Canberra fees	\$500
Compulsory third party insurance	\$600
Total price (including GST)	\$19,990

The dutiable value in this example is **\$18,702.00** as the sum of the manufacturer's list price, accessories, dealer delivery fee and less dealer discount.

The duty payable for B-rated vehicles with dutiable value under \$45,000 is calculated at 1 per cent of the dutiable value rounded up to the nearest \$100 (\$18,800). Therefore the duty payable for this vehicle is **\$188.00**.

Example 2 – Vehicle purchase with dutiable value \$45,000 or more (based on a B-rated vehicle)

Component (including GST where applicable)	Amount
Manufacturer's list price	\$54,702
Accessories	\$1,000
Dealer delivery	\$2,000
Subtotal (including GST payable)	\$57,702
Less dealer discount (if applicable)	-\$4,000
Dutiable value	\$53,702
Motor vehicle duty payable	\$626
ACT registration and Access Canberra fees	\$500
Compulsory third party insurance	\$600
Total price (including GST)	\$55,428

The dutiable value in this example is \$53,702 as the sum of the manufacturer's price, accessories, dealer delivery fee and less dealer discount.

The duty payable for B-rated vehicles with dutiable value at \$45,000 or more is the sum of \$450 and 2 per cent of the dutiable value (rounded up to the nearest \$100, i.e. \$53,800) in excess of \$45,000. Therefore the duty payable for this vehicle is \$626.

Consideration and market value

Consideration means the amount of money (or money's worth) given by the purchaser for the acquisition of the vehicle.

Market value means the amount for which the vehicle might reasonably be sold, free of encumbrances, on the open market at the time of registration or transfer.

If a vehicle is sold at a purchase price inclusive of any accessories fitted to it, the market value is the value of the vehicle plus the value of accessories minus the dealer discount.

In some cases, the Commissioner for ACT Revenue (the Commissioner) may find duty payable on the market value of the vehicle because the price paid (consideration) is not a true indication of its value.

The ACT Revenue Office will consider the market value of a motor vehicle, at the time of registration or transfer, to be the price paid as a result of an agreement between the purchaser and the vendor, presupposing the willingness of each to the exchange.

This position does not apply if there is any evidence of a non-commercial transaction: for example, if the transaction is between related parties, the vehicle was received as a gift, or the vehicle was won in a competition or art union.

This also assumes that the application for registration is made promptly after the agreement. If a significant amount of time passes between the agreement being made and the application for registration, the market value may change in that time.

The market value at the time of the registration application may also be different from the market value at the time of purchase where prior to the registration application:

- improvements or repairs were made to the vehicle; or
- the vehicle was significantly damaged or otherwise depreciated.

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).

If 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

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.

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

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

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 Access Canberra costs are not included in the dutiable value.

To determine the dutiable value of the vehicle using the drive-away price, the following process should be used:

1. Subtract the registration fees and any other costs paid to Access Canberra, as well as any other exclusions from dutiable value.
2. Deduct the duty payable from the amount under step 1.
3. For vehicles with a dutiable value less than \$45,000, divide the amount by:
 - a. 1.01 for B-rated vehicles (1% duty for B-rated vehicles);
 - b. 1.03 for C-rated vehicles (3% duty for C-rated vehicles); or
 - c. 1.04 for D-rated vehicles (4% duty for D-rated vehicles).
4. For vehicles with a dutiable value of \$45,000 or more:
 - a. for B-rated vehicles, subtract \$45,450 (sum of \$45,000 and the base duty payable of \$450) and divide the balance by 1.02 (2% duty for the value in excess of \$45,000);
 - b. for C-rated vehicles, subtract \$46,350 (sum of \$45,000 and the base duty payable of \$1,350) and divide the balance by 1.05 (5% duty for the value in excess of \$45,000);
 - c. for D-rated vehicles, subtract \$46,800 (sum of \$45,000 and the base duty payable of \$1,800) and divide the balance by 1.06 (6% duty for the value in excess of \$45,000).
5. After dividing the balance, add \$45,000 to the amount.
6. The amount under steps 3 or 4 is the dutiable value of the vehicle.

The following are examples of how to derive dutiable value from a drive away price and calculate duty on this amount.

Example 3 – Dutiable value less than \$45,000 (based on a B-rated vehicle in Table 2)

Motor Vehicle	Amount
Drive-away price (including factory options)	\$19,990
ACT registration and Access Canberra fees	-\$500
Compulsory third party insurance	-\$600
Subtotal (includes duty payable)	\$18,890
Divide subtotal by 1.01, following step 3 (a)	÷ 1.01
Dutiable value	\$18,703
Round dutiable value up to the nearest \$100	\$18,800
\$1 for every \$100, or part of \$100, of the dutiable value	× 1%
Duty payable	\$188

Example 4 – Dutiable value \$45,000 or more (based on a B-rated vehicle in Table 3)

Motor Vehicle	Amount
Drive-away price (including factory options)	\$55,428
ACT registration and Access Canberra fees	-\$500
Compulsory third party insurance	-\$600
Subtotal (includes duty payable)	\$54,328
Subtract \$45,450, following step 4 (a)	- \$45,450
Divide the balance by 1.02 (2% duty for the value in excess of \$45,000)	÷ 1.02
Then add \$45,000	\$45,000
Dutiable value	\$53,704
Round dutiable value up to the nearest \$100	\$53,800
Subtract threshold	- \$45,000
Dutiable value in excess of \$45,000	\$8,800
\$2 for every \$100, or part of \$100, of the dutiable value in excess of \$45,000	× 2%
Add \$450	\$450
Duty payable	\$626

Exemptions from duty

By administrative arrangement, Access Canberra processes most exemptions from motor vehicle registration duty at the same time as the registration.

The Act requires an applicant seeking an exemption to provide Access Canberra (as the ACT Road Transport Authority) any relevant information to allow it to process the exemption.

Access Canberra is required to report monthly on all transactions processed during the month to the ACT Revenue Office. Access Canberra must also provide all documentation associated with an application if requested by the Commissioner.

Exemptions processed by Access Canberra

Access Canberra has been authorised by the Commissioner to process applications for duty exemption under the following exemption categories:

Table 4 – Exemptions processed by Access Canberra

Section of the Act	Exemption
209A	Foreign countries
209B	International organisations and diplomats
209C	Status of forces agreements
211	Certain disabled people
211A	Partial exemption—modified vehicles for people with disabilities
214	Vehicle dealers—registration of demonstrators and trading stock
215	Organisations registered under the <i>Fair Work (Registered Organisations) Act 2009</i> (Cwlth)
216	Repossessed motor vehicles
217	Veteran, vintage and historic vehicles
232B	Hospitals and schools
232C	Commonwealth, States and Territories
232D	Deceased estates
232F	Transactions under certain court orders
232G	Transactions under <i>Family Law Act 1975</i> (Cwlth), s 90B, s 90C or s 90D financial agreements
232H	Transactions under <i>Family Law Act 1975</i> (Cwlth), pt VIIIAB financial agreements
232I	Transactions under <i>Domestic Relationships Act 1994</i> , s 33 (1) (d)

Applications under any of the above exemption categories do not require prior approval from the ACT Revenue Office.

Exemptions processed by the ACT Revenue Office

The ACT Revenue Office processes all applications for duty exemption under the following exemption categories:

Table 5 – Exemptions processed by the ACT Revenue Office

Section of the Act	Exemption
219	Reassessment of duty—repossession of stolen motor vehicle
232	Charitable organisations

Applications for duty exemption under the above exemption categories must be lodged online with the Commissioner. The SmartForm to apply for exemption is available on www.revenue.act.gov.au. Approved applicants will be provided with a certificate of exemption to present to Access Canberra when registering a motor vehicle in the applicant's name.

Applicants whose applications for duty exemption under the above exemption categories are not approved will be so advised by the ACT Revenue Office.

Licensed vehicle dealers

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 dealer; or
- a new vehicle is used as a demonstrator and an application is made to register the vehicle in the name of the dealer.

Trading stock

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

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

Vehicles used for the following purposes are not considered trading stock:

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

Demonstrators

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

Caravans and camper trailers

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

Compliance

The ACT Revenue Office undertakes audit programs involving regular data matching of declarations made by sellers or 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.

Record keeping

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* (TAA) requires records to be kept for not less than five years.

Statutory obligations

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.

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.

Penalties and interest

Penalty tax and interest are imposed on underpaid duty under section 30 and section 25 of the TAA, respectively.

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

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.

False or misleading information

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

Signed

Kim Salisbury
Commissioner for ACT Revenue
15 January 2019