

SOUTH AUSTRALIA



STATE TAXATION OFFICE

Stamp Duties

**Circular No.154
(Replaces Circulars No 68 & 150)**

**STAMP DUTY ON MOTOR VEHICLES
DEALER INTEREST AND PENALTY AMNESTY
VEHICLE VALUATION**

Circular 150 was issued after consultation and agreement with The Motor Trade Association of South Australia Inc (MTA). Following release of the circular the MTA has had further discussion with this Office and this circular provides additional criteria in respect to Dealer exemptions and the scope of the amnesty.

Stamp Duty on motor vehicle registration is payable as at the date of registration or transfer of registration of a vehicle. Some uncertainty has arisen amongst Motor Vehicle Dealers and Motor Cycle Dealers relating to the application of dealers' exemptions for Stamp Duty purposes and the determination of the value of a motor vehicle.

The purpose of this Circular is to:

- clarify the proper application of dealers' exemptions and to provide an amnesty from the imposition of penalties, giving Dealers an opportunity to voluntarily rectify any associated non-compliance.
- clarify for appropriately Licensed Motor Vehicle Dealers and Licensed Motor Cycle Dealers the determination of the value of a motor vehicle. A motor vehicle includes, a motor car, a passenger vehicle, a motor cycle and a commercial vehicle.

DEALER EXEMPTION

Exempt Vehicles

- Dealers registering or transferring the registration of a motor vehicle can claim a dealer's exemption on new and used vehicles registered for the purpose of resale and on new vehicles used as demonstrator vehicles.

- All such exempt vehicles should be readily available for sale and where applicable, display sales schedules pursuant to the Second-Hand Vehicle Dealers Act, 1995.
- The maximum registration period for a vehicle for which a dealers' exemption can be claimed is twelve months. The onus is on the Dealer to advise this Office after this period elapses of any circumstances, surrounding the registration of any particular vehicle, that support continued exemption. Where no record of this advice is received by this Office, then the Dealer will no longer be entitled to the dealers' exemption. If a subsequent registration renewal is lodged with the Department of Transport, Registration and Licensing Section, details will be forwarded to this Office for further investigation.
- Stock vehicles may be used by Dealer staff or for other purposes only on a **limited basis**. For the purposes of consistency the Commissioner will accept that the criteria for exemption has been met, where such exempt vehicles are used occasionally for purposes other than directly related to the sale of the vehicle and the total vehicular use is limited to a maximum of 7,500 kilometres for metropolitan dealers and 12,000 kilometres for non-metropolitan dealers. Vehicles used by the principals of a Dealer (including company directors) for personal use, i.e. after hours, are not subject to this condition but such vehicles must be readily available for sale at all times.
- Demonstrator vehicles may be used by Dealer staff or for other purposes only on a **limited basis**. For the purposes of consistency the Commissioner will accept that the criteria for exemption have been met. Where such exempt vehicles are used occasionally for purposes other than directly related to the sale or demonstration of the vehicle and the total vehicular use is limited to a maximum of 7,500 kilometres or a period of six months (whichever is attained first) for metropolitan dealers and 12,000 kilometres or a period of twelve months (whichever is attained first) for non-metropolitan dealers. Vehicles used by the principals of a Dealer (including company directors) for personal use, i.e. after hours, are not subject to these conditions but such vehicles must be readily available for demonstration and sale at all times.
- Metropolitan and non-metropolitan are defined by the post code of the dealer's yard or business premises where the vehicles will be most usually available for demonstration or sale. Listed below are Metropolitan post codes, these post codes will be periodically reviewed to accommodate the development and expansion of the Adelaide metropolitan area.

5000	5018	5037	5050	5071	5088	5108	5126	5169
5006	5019	5038	5051	5072	5089	5109	5127	5170
5007	5020	5039	5052	5073	5090	5110	5158	5413
5008	5021	5040	5061	5074	5091	5112	5159	5710
5009	5022	5041	5062	5075	5092	5113	5160	5942
5010	5023	5042	5063	5076	5093	5114	5161	5950
5011	5024	5043	5064	5081	5094	5115	5162	
5012	5025	5044	5065	5082	5095	5116	5163	
5013	5031	5045	5066	5083	5096	5117	5164	
5014	5032	5046	5067	5084	5097	5118	5165	
5015	5033	5047	5068	5085	5098	5120	5166	
5016	5034	5048	5069	5086	5106	5121	5167	
5017	5035	5049	5070	5087	5107	5125	5168	

- Dealers must maintain sufficient records to establish the eligibility of any particular vehicle for exemption as a vehicle for resale or demonstration. However, no special records (i.e. log books) are required. Records should be available indicating the vehicle's details (i.e. make, model, registration number), date of acquisition, date of disposal, and odometer reading on acquisition and disposal.
- A Licensed Motor Cycle Dealer is **only** entitled to claim a dealers' exemption on a motor cycle.

Vehicles which do not qualify for a dealers' exemption

- Vehicles which are provided to organisations as promotional aids, eg to sporting organisations.
- Vehicles used by Dealers which have the Dealers' name or logo permanently sign-written thereon.
- Vehicles primarily used by Dealers for:-
 - parts delivery;
 - courtesy & Loan vehicles;
 - towing;
 - provision to potential customers or clients for fee or reward other than the reimbursement of fuel, insurance and other bona fide costs;
 - other business purposes where the dealer has claimed depreciation for taxation purposes pursuant to the *Income Tax Assessment Act, 1936* (except demonstrator vehicles).
- Vehicles used for evaluation by motoring organisations and media representatives.

AMNESTY ON VOLUNTARY DISCLOSURE

The Office is providing an amnesty on interest and penalty tax payable in respect to the following two situations.

- where Dealers have registered vehicles pursuant to a dealers' exemption, but which do not meet the criteria for the exemption, the Dealer should provide details of the vehicles to this Office on the attached Form 1, and the Stamp Duty applicable, by **31 July 1997**. Provided that payment of the appropriate Stamp Duty is made within the amnesty period, no interest and penalty tax will be imposed.

ALL STAMP DUTY SHOULD BE PAID TO THE STATE TAXATION OFFICE LOCATED AT 200 VICTORIA SQUARE EAST, ADELAIDE, SA, 5000.

- where Dealers have sold or arranged for vehicles to be delivered to customers but the vehicle's registration has not been transferred into the customer's name within the prescribed time limit of 14 days, the Dealer should provide details of the vehicles to this Office on the attached Form 2 and ensure the transfer of registration is lodged with the Registration and Licensing section of the Department of Transport together with stamp duty and registration fees by **31 July 1997**.

ALL STAMP DUTY AND REGISTRATION FEES SHOULD BE PAID TO THE REGISTRATION AND LICENSING SECTION OF THE DEPARTMENT OF TRANSPORT.

If an audit detects an incorrect claim for a dealers' exemption or incorrect information has been provided regarding vehicles sold or delivered to customers, interest and penalty tax can be imposed. Where a claim or information is determined to be incorrect and the exemption or transfer is deemed to have ceased or occurred prior to 1 July 1997 penalty duty of up to 200% can be applied. Where a claim or information is determined to be incorrect and the exemption or transfer is deemed to have ceased or occurred after 30 June 1997 interest at 8% plus the market rate (currently 10.5%) will be imposed from the date the exemption or transfer is deemed to have ceased or occurred. Penalty tax of up to 75% of the unpaid duty can also be imposed depending on the circumstances. State Taxation Office Circular No 143, issued 20 December 1996, outlines further details in relation to interest and penalties.

VEHICLE VALUATION

Value of a Motor Vehicle previously granted a dealer's exemption

- For Stamp Duty purposes, where the registration of a motor vehicle is no longer subject to dealers' exemption, its value will be determined as at the time that the eligibility for exemption ceased.
- For luxury or collectable vehicles that appreciate in value after purchase and are no longer entitled to dealers' exemption, the market value is determined as at the time that the eligibility for exemption ceased on the basis of the higher of consideration paid or the market value.

New Vehicles - List Price

- **The list price is the Recommended Retail Price to the public at large in South Australia.** Lower list prices are applicable for Stamp Duty purposes where a motor vehicle manufacturer/importer provides new published list prices as part of a sales incentive, (eg where there is a "factory runout").
- It is recognised that there may be other recommended retail prices (list prices) for segments of the market, eg. fleet, business, primary producers etc. These are **NOT** to be used in the determination of value for Stamp Duty purposes.
- Where the purchaser is currently exempt from Sales Tax for Australian Taxation Office purposes in respect of that transaction the amount of the Sales Tax exemption is not regarded as part of the list price of the new vehicle. In cases where such an exemption is applicable, the value for Stamp Duty purposes is calculated by deducting the value of the sales tax exemption from the list price of the vehicle. Reference to the consideration paid for the vehicle is not relevant to this calculation.

- Optional equipment to be included in the value of a motor vehicle for which there is no list price is;
 - a particular kind of transmission
 - power steering
 - any other prescribed equipment or feature.

- If a particular vehicular model has a range of vehicles within that model and each successive vehicle is supplied with additional standard equipment included in the list price, that list price is to be used in the calculation of value for Stamp Duty purposes. It is not acceptable to deduct the value of any of those additional standard features in determining the value of the vehicle. For example, if a vehicle is supplied standard with central locking for a list price of say, \$25,000 and through the manufacturer's pricing data for vehicles within a model's range it is possible to determine the value of the central locking to be \$750, that amount must **NOT** be deducted in the determination of the value for Stamp Duty purposes. The value of the vehicle in this example would be \$25,000.

Used Vehicles

- A used vehicle's value is the price paid for the vehicle or the market value of the vehicle, whichever is the higher. In most circumstances the State Taxation Office will accept the price paid as the appropriate value for the vehicle. The price paid may comprise both cash and the value of any item used as a trade-in or exchange for the vehicle.

FURTHER INFORMATION?

Location

State Taxation Office
 Taxpayer Services
 Ground Floor
 State Administration Centre
 200 Victoria Square East
 ADELAIDE SA 5000

Postal

Commissioner of State Taxation
 State Taxation Office
 Box 2149 GPO
 ADELAIDE SA 5001

Telephone

(08) 8226 3756

Facsimile

(08) 8226 3834

Website

<http://www.treasury.sa.gov.au/tax.html>

TOTAL STAMP DUTY _____

* For further details please refer to pages 4 & 5 of Circular 154.



DEPARTMENT OF TREASURY AND FINANCE
STATE TAXATION OFFICE

FORM 2

STAMP DUTY DEALER AMNESTY FORM

Company/Business Name :.....
Address.....
MVD Number.....
Date.....

Registration Number	Date Vehicle Sold	Purchaser(s)	Vehicle Value	Stamp Duty

Historical Use Only

TOTAL STAMP DUTY _____

Signed

Historical Use Only