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Information Circular	Information Circular Number 108 Stamp Duty on Motor Vehicles: Registrations of Motor Vehicles - Dutiable Value and Dealer Exemptions
Status	Current Replaces IC087
Legislation	<i>Stamp Duties Act 1923</i>
Date Issued	17 July 2024

Introduction

The purpose of this Information Circular is to:

- clarify the correct value of a motor vehicle for stamp duty purposes (the definition of which includes a motor car, a passenger vehicle, a motorcycle and a commercial vehicle);
- clarify the correct application of dealer exemptions;
- outline future RevenueSA activity that will be conducted to ensure compliance with the guidelines contained in the Information Circular; and
- to provide advice on voluntary disclosure of tax defaults and applicable payment methods.

Vehicle valuation

New vehicles - list price

The value to be declared for a new vehicle is the list price of that vehicle. The list price is the price fixed by the manufacturer, importer or principal distributor as the retail-selling price, in South Australia, of a motor vehicle of the relevant make and model inclusive of Goods and Services Tax (GST). GST exempt organisations are required to include the value of GST when calculating stamp duty. Luxury Car Tax, where applied by the Australian Taxation Office, must also be included in the value of the vehicle when calculating stamp duty. In most cases the list price will be the Recommended Retail Price to the public at large in South Australia.

If a particular vehicle's list price includes the value of certain standard equipment that value must not be deducted from the total list price when determining the vehicle's value for stamp duty purposes.

Optional equipment

The following optional equipment, if fitted to a motor vehicle for which there is no list price, must be included in its value:

- a particular kind of transmission;
- power steering; and
- any other prescribed equipment or feature (currently under the *Stamp Duties Act 1923* there is no other prescribed equipment or feature).

Drive-away deals

The list price applicable to 'Drive-Away' deals for stamp duty purposes, where the manufacturer recommends an all inclusive retail price, is that recommended retail price.

The Sales Contract for the vehicle should be itemised, clearly detailing the components that together arrive at the 'Drive Away' price. Stamp duty should be one of those components and calculated only on the recommended retail price of the vehicle, GST and Luxury Car Tax (if applicable) and any other factory fitted additions.

Amounts for items such as registration fees and dealer delivery charges are not to be included for stamp duty purposes.

Factory runout sales

Lower list prices may be applicable for stamp duty purposes where a motor vehicle manufacturer/importer provides new published list prices as part of a sales incentive (for example, where there is a 'factory runout'). For the lower list price to be accepted in such cases, RevenueSA must be able to clearly identify the amended list price in documentation provided by the manufacturer to the dealer.

It is recognised that there may be other recommended retail prices (list prices) for certain segments of the market (for example, fleets, business, government, primary producers). These are not to be used in the determination of value for stamp duty purposes.

Used vehicles

A used vehicle's value is

- the consideration for the sale, inclusive of GST;
- the market value of the vehicle at the time of purchase; or
- the market value at the time of registration; whichever is the highest.

In most circumstances, RevenueSA will accept the price paid as the appropriate value for the vehicle. It should be noted, however, that consideration for the sale includes any cash paid and the value of any items or services used as a trade-in or exchange for the vehicle.

Where vehicles are acquired damaged, repaired and subsequently registered, the vehicle's value is the market value at the time of registration or transfer of registration and hence may be higher than the price for which the vehicle was purchased.

Itemisation of value on contracts

To ensure that stamp duty has been paid on the correct value shown under the heading 'Details of Purchase' on a contract of sale for a new or used vehicle, a dealer should itemise under that heading the total cost to the customer of purchasing the vehicle. Where any items such as cash price, insurance, registration, stamp duty, transfer fee, warranty etc. are consolidated without itemisation, stamp duty must be paid on the total amount, net of any non-dutiable components that are separated under the heading.

Vehicles Previously Granted a Dealer Exemption

For stamp duty purposes, where the registration of a motor vehicle is no longer subject to a dealer exemption, its value will be determined as at the time that the eligibility for exemption ceased. This includes the case in which a vehicle appreciates in value after purchase (for example, a luxury or collectible vehicle).

Appointment of a valuer

Where the Commissioner is not satisfied with a value attributed to a particular vehicle, the Commissioner may cause a valuation of the vehicle to be made by an appointed valuer. The Commissioner may charge the whole or part of the expenses of, or incidental to, the making of a valuation to a person liable to pay additional stamp duty as a result of the valuation.

Dealer exemption

Exempt vehicles

Dealers who hold an Unrestricted Second-hand Vehicle Dealer Licence may claim an exemption from the payment of stamp duty on the registration, and transfer of registration, of new and used vehicles registered for the purpose of resale, and new vehicles used as demonstrator or service demonstrator vehicles.

All such vehicles must be readily available for sale and, where applicable, display the sales schedules required pursuant to the *Second-hand Vehicle Dealers Act 1995*.

Dealers are not entitled to claim an exemption from stamp duty when purchasing new motor vehicles unless they are in the business of selling new motor vehicles.

Maximum registration period

The maximum registration period for which a dealer exemption can be claimed on the registration of a vehicle is 12 months (trading stock included). Importantly this vehicle must still be available for sale at all times.

The 12 month dealer exemption period commences from the first day of registration in the case of a new or service demonstration vehicle, or on the first day of the renewal in the dealers name in the case of a used vehicle.

The 12 months includes periods of non-registration.

After the 12 month exemption period elapses, the dealer must contact RevenueSA and advise of any exceptional circumstances surrounding the registration of a vehicle that may support continued exemption. Where exceptional circumstances do not exist, stamp duty is payable on the market value of the vehicle. If RevenueSA receives no record of such advice, the dealer will no longer be entitled to the exemption. If a subsequent registration renewal is lodged with a Service SA customer service centre, details will be forwarded to RevenueSA for further investigation and interest and penalty tax may apply.

Stock vehicles

Stock vehicles may be used by dealer staff on a limited basis. For the purpose of consistency, the Commissioner of State Taxation (the "Commissioner") will accept that the exemption criteria have been met where such vehicles are used occasionally for purposes other than directly related to the sale of the vehicle,

provided that the total vehicular use is limited to a maximum of 12,000 kilometres or a period of 12 months (whichever is attained first).

Vehicles used by the principals of a dealer (including company directors) for after-hours personal use are not subject to this condition, but such vehicles must be readily available for sale at all times and only one vehicle can be claimed as exempt by the Dealer Principal at any one time.

Demonstrator vehicles

Demonstrator vehicles may be used by dealer staff on a limited basis. For the purpose of consistency, the Commissioner will accept that the exemption criteria have been met where such vehicles are used occasionally for purposes other than directly related to the sale or demonstration of the vehicle, provided that the total vehicular use is limited to a maximum of 12,000 kilometres or a period of 12 months (whichever is attained first).

Vehicles used by the principals of a dealer (including company directors) for after-hours personal use are not subject to these conditions but such vehicles must be readily available for demonstration or sale at all times.

Any demonstrator vehicles that fall outside these parameters in order to satisfy a dealer's commitment to a manufacturer will not be exempt and will be liable to stamp duty.

Where a dealer has not disposed of a demonstrator vehicle within six months of the date of acquisition, the dealer may enter the vehicle into its trading stock for a further 6 months only. Note that the 12,000 kilometre maximum still applies for the whole 12 months.

Service demonstrator vehicles

A dealer who carries on a business of retail dealing in new motor vehicles is exempt from stamp duty on the registration or transfer of a motor vehicle, where the motor vehicle is used solely or primarily as a service demonstrator vehicle.

A service demonstrator vehicle is defined as a motor vehicle that is:

- used exclusively for the purposes of the sale of another vehicle of the same class, and
- made available exclusively, and without charge, by the dealer to a customer for use while the customer's motor vehicle is being serviced.

Meaning of service demonstrator

A service demonstrator vehicle must be provided to a customer of a dealer as a new vehicle that they are promoting for sale to the customer. For the purposes of service demonstrator exemption a new vehicle is a vehicle that is less than 12 months old from the date of its first registration.

Where a dealer has a fleet of service demonstrator vehicles, the fleet should consist of a variety of makes and models when available from the manufacturer.

Meaning of service

The vehicle must be provided by the dealer for use by a customer while the customer's vehicle is being serviced. Service includes logbook service, warranty work, recall work or out of warranty repair.

Meaning of 'without charge'

A 'charge' is an amount or price asked for the provision of a service demonstrator vehicle. Any fee that passes from the customer to a dealer for the use of the service demonstrator vehicle, including an excess reduction fee for insurance cover, is therefore a charge.

RevenueSA will, however, accept that a requirement to refuel the vehicle upon its return is not a 'charge' provided there is no additional fee imposed in respect of the refuelling requirement by the dealer, such as a handling fee or penalty.

Costs incurred as a result of the actions of the person driving the vehicle, such as speeding, parking or toll fees and infringements are not charges by the dealer for the use of the vehicle. Therefore, where the dealer passes on or seeks to recover these costs, this will not constitute a 'charge' for the purpose of the service demonstrator vehicle exemption.

Duration of use as a demonstrator

A motor vehicle will not be considered as being used solely or primarily as a service demonstrator vehicle where it:

- has travelled a distance of more than 12,000 km since its acquisition and initial registration in the name of the dealer, or
- has been held for longer than 12 months after it has been initially registered in the name of the dealer as a service demonstrator vehicle

Purposes or uses ineligible for the demonstrator or service demonstrator exemption.

As at the time of initial registration or transfer of a motor vehicle in the name of a dealer, the following non-exhaustive list of uses will be considered ineligible for the demonstrator and service demonstrator exemption.

- Courtesy vehicle - where the motor vehicle is used by the dealer or its staff to pick up and drop off customers while the customer's car is being serviced or repaired or a vehicle given to the customer for use, but not for the purpose of selling a vehicle of that class.
- Parts delivery vehicle - where the motor vehicle is used by the dealer or its staff as a parts delivery vehicle.
- Promotional vehicle - where the motor vehicle is provided on a permanent basis for promotional purposes or sponsorship deals, evaluation by motoring organisations and media representatives.
- Loan vehicle - where the motor vehicle is provided by the dealer to a customer where the customer has traded-in their vehicle and is waiting for the delivery of their new vehicle.
- Private use vehicle - where the motor vehicle is provided by the dealer to its directors, staff, employees, their family members or any other person for personal use.
- Other business use vehicle - where the motor vehicle is used by the dealer in the course of conducting the business other than as trading stock, a demonstrator vehicle or a service demonstrator vehicle.

Where the motor vehicle is provided on a temporary basis for promotional or advertising purposes, the motor vehicle may be eligible for the demonstrator or service demonstrator exemption provided the advertising material on the motor vehicle (typically the dealer's name and logo) is of a temporary nature such as removable stickers or magnetic signs, consistent with vehicles being offered or available for sale.

Recordkeeping

Dealers must maintain sufficient records to establish the eligibility of any particular vehicle for exemption as a vehicle for resale or demonstration. While not requiring the use of logbooks, such records must include the vehicle's details (that is, make, model, registration number), date of acquisition, date of disposal, and odometer reading on acquisition and disposal.

Licensed Motorcycle Dealers

The holder of a Restricted Second-hand Vehicle Dealer Licence is only entitled to claim a dealer exemption on a motorcycle. An Unrestricted Second-hand Vehicle Dealer Licence must be held if a dealer exemption is to be claimed in relation to a motor car or a light commercial vehicle.

Vehicles supplied for lottery (or raffle) prize

A vehicle registered to a dealer or manufacturer and supplied as a lottery (or 'raffle') prize, pursuant to the *Lottery and Gaming Act 1936*, to a charitable organisation will be considered as exempt from the application of stamp duty, provided it is not used for any other purpose.

Where the winner of such a vehicle arranges for the dealer to re-purchase the vehicle in lieu of taking possession, any stamp duty paid (as part of the value of the prize) by the charitable organisation to the dealer must be refunded.

Vehicles that do not qualify for a Dealer Exemption

Vehicles:

- that are provided to organisations as promotional aids, (for example, to sporting organisations) except a vehicle or vehicles provided to a charitable organisation for the purpose of promoting a raffle where the beneficiary of the proceeds of the raffle is that charitable organisation;
- that have a dealer's name or logo sign permanently written thereon;
- primarily used by dealers for:
 - parts delivery;
 - courtesy and loan vehicles;
 - towing;
 - provision to potential customers or clients in return for fee or reward other than the reimbursement of fuel, insurance and other bona fide costs; or
 - other business purposes where the dealer has claimed depreciation and any other business expenses (that is, fuel, oil and service costs) for taxation purposes pursuant to the *Income Tax Assessment Act 1997* (this excludes demonstrator vehicles);
- used for evaluation by motoring organisations and media representatives;
- leased by dealers from manufacturers, importers or principal distributors and used in a manner that does not fall within the exemption criteria; or
- held in the name of a person or entity whose dealers licence is cancelled by, suspended by or surrendered to Consumer and Business Services (previously the Office of Consumer and Business Affairs). Stamp duty must be paid at the time of cancellation, suspension or surrender;

do not qualify for a dealer exemption.

Compliance audits

Compliance audits and investigations will be conducted in relation to the issues outlined above, as well as any other particular issues, including the following:

- low values being declared on second-hand imported motor vehicles; and
- new and second-hand motor vehicles utilising trade plates inappropriately and thereby claiming an exemption to which they are not entitled.

It is recommended that motor vehicle dealers ensure that the basis for each claimed dealer exemption satisfies the criteria set out above.

Motor vehicle dealers should also examine sales contracts to ensure that such contracts are completed correctly so that correct amounts of stamp duty are applied.

Where a compliance audit detects the incorrect use of a dealer exemption or the provision of incorrect information regarding vehicles sold or delivered to customers, interest and penalty tax can be imposed, in accordance with the *Taxation Administration Act 1996*, from the date that the exemption ceased or transfer occurred.

See [Revenue Ruling TAA01](#) for further information on the application of interest and penalty.

Disclosure and payment

Significant reductions in penalty tax and interest can be obtained by notifying RevenueSA voluntarily of the following events and by making prompt payment where:

- a vehicle registered to a dealer when the dealer has incorrectly claimed the exemption;
- a vehicle registered to a dealer when the dealer exemption is no longer applicable; and
- a vehicle that is sold or delivered by a dealer to a customer, where the contract of sale or delivery states that the dealer is to arrange registration or transfer of registration, and the vehicle has not been registered in the customer's name within the prescribed time limit of 14 days.

Registration fees and registration late payment fees are to be made to a Service SA customer service centre.

[A Voluntary Disclosure Form: Vehicle Exemptions - Licenced Motor Vehicle Dealer](#) (PDF 256KB) for vehicles no longer eligible for dealer exemption can be obtained from the stamp duty forms page on www.revenuesa.sa.gov.au.

Written correspondence can be sent to:

RevenueSA
Compliance Services Branch
GPO Box 2149
ADELAIDE SA 5001

Email: RevSAComplianceSDMV@sa.gov.au

A Notice of Assessment will be issued for the stamp duty applicable.

To avoid the future incorrect issue of traffic infringement notices, parking fines etc., a dealer should submit a Notice of Disposal with Service SA when it becomes apparent that it has sold or delivered a vehicle, and the contract of sale or delivery states that the customer was to arrange registration or transfer of registration, and the registration or transfer has not occurred within the prescribed time limit of 14 days.

Julie Holmes
COMMISSIONER OF STATE TAXATION

Further Information

Further information is available from the following RevenueSA webpages:

[Stamp Duty on Vehicles](#)

[Stamp Duty on Vehicles - Second Hand Vehicle Dealers](#)

[Stamp Duty on Vehicles - Exemptions & Relief](#)