

# Historical Only



## Stamp Duties

**Circular No. 271**  
(replaces Circular No. 211)

### **A GUIDE TO STAMP DUTY ON MOTOR VEHICLE REGISTRATIONS FOR LICENSED MOTOR VEHICLE DEALERS STAMP DUTIES ACT 1923**

Please refer to Circular No. 164 in relation to guidelines for heavy vehicles.

The purpose of this Circular is to:

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

## **I DEALER EXEMPTION**

### **1. Exempt Vehicles**

- (i) Dealers 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 vehicles.
- (ii) 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*.
- (iii) Licensed Second Hand Motor Vehicle 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.



**Government of  
South Australia**

# Historical Only <sup>2</sup>

- (iv) The maximum registration period for which a dealer exemption can be claimed on the registration of a vehicle is twelve (12) months. After that period elapses, the dealer must advise this Office of any exceptional circumstances surrounding the registration of a vehicle that may support continued exemption. Where this Office 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 Customer Service Centre of either Transport SA or Service SA, details will be forwarded to this Office for further investigation.

Where vehicles are retained for a period longer than 12 months but have not been continually registered during that period, the total period for which the vehicle has been registered will be taken as the period for exemption purposes.

- (v) Stock vehicles may be used by dealer staff on a **limited basis**. For the purpose of consistency, the Commissioner of State Taxation 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 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 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.

- (vi) 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 7,500 kilometres or a period of six (6) months (whichever is attained first) for metropolitan dealers and 12,000 kilometres or a period of twelve (12) months (whichever is attained first) for non-metropolitan dealers. 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 and 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 metropolitan 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 six months only. Note that the 7,500 kilometre maximum still applies for the whole twelve months.

# Historical Only

- (vii) 'Metropolitan' and 'non-metropolitan' are defined by the postcode of the dealer's yard or business premises where the vehicles will be most usually available for demonstration or sale. Metropolitan postcodes are listed below. These postcodes will be reviewed periodically as changes to the defined Adelaide metropolitan area occur.

|      |      |      |      |      |      |      |      |      |
|------|------|------|------|------|------|------|------|------|
| 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 | 5942 |
| 5008 | 5021 | 5040 | 5061 | 5074 | 5091 | 5112 | 5159 | 5950 |
| 5009 | 5022 | 5041 | 5062 | 5075 | 5092 | 5113 | 5160 |      |
| 5010 | 5023 | 5042 | 5063 | 5076 | 5093 | 5114 | 5161 |      |
| 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 |      |

- (viii) 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 (ie make, model, registration number), date of acquisition, date of disposal, and odometer reading on acquisition and disposal.
- (ix) A Licensed Motor Cycle Dealer is **only** entitled to claim a dealer exemption on a motorcycle. A Motor Vehicle Dealer's licence must be held if a dealer exemption is to be claimed in relation to a motorcar or a light commercial vehicle.
- (x) 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.
- (xi) 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.

## 2. Vehicles that do not qualify for a dealer exemption

### Vehicles:

- (i) that are provided to organisations as promotional aids (eg 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.
- (ii) that have a dealer's name or logo sign written thereon (whether temporarily or permanently attached).

# Historical Only

- (iii) 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; and
  - other business purposes where the dealer has claimed depreciation and any other business expenses (ie fuel, oil and service costs) for taxation purposes pursuant to the *Income Tax Assessment Act 1997*. (This excludes demonstrator vehicles.)
- (iv) used for evaluation by motoring organisations and media representatives.
- (v) leased by dealers from manufacturers, importers or principal distributors and used in a manner that does not fall within the exemption criteria.
- (vi) held in the name of a person or entity whose dealers licence is cancelled by, suspended by or surrendered to the Office of Consumer and Business Affairs. Stamp duty must be paid at the time of cancellation, suspension or surrender.

**READ THE SECTIONS BELOW ENTITLED 'COMPLIANCE AUDITS' AND 'DISCLOSURE AND PAYMENT' FOR INFORMATION REGARDING PENALTIES FOR NON-COMPLIANCE AND CORRECT METHODS OF DISCLOSURE AND PAYMENT.**

## II VEHICLE VALUATION

### 1. New Vehicles – List Price

- (i) 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 the State 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 calculation 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.
- (ii) If a particular vehicle's list price includes the value of certain standard equipment, and it is possible to determine the value of that standard equipment, that value must **NOT** be deducted from the total list price when determining the vehicle's value for stamp duty purposes.
- (iii) 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.)

# Historical Only

- (iv) 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. For example, if a manufacturer’s list price for a motor vehicle that includes free air-conditioning, power steering and ‘on-road costs’ for a drive-away deal is \$14,990, the value that must be declared for stamp duty purposes is \$14,990. Amounts for items such as registration fees and dealer delivery charges are **NOT** to be deducted for stamp duty purposes.
- (v) 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 (eg where there is a “factory runout”). **For the lower list price to be accepted in such cases, RevenueSA must be able to identify clearly the amended list price in documentation provided by the manufacturer to the dealer.**
- (vi) It is recognised that there may be other recommended retail prices (list prices) for certain segments of the market (eg fleets, business, government, primary producers). These are **NOT** to be used in the determination of value for stamp duty purposes.

## 2. Used Vehicles

- (i) A used vehicle’s value is the consideration for the sale, inclusive of GST, or 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.
- (ii) 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.

## 3. 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 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.

## 4. 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 (eg a luxury or collectible vehicle).

# Historical Only

## 5. 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.

## III 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 calculated at the current market rate plus 8% and penalty tax of up to 75% may be applied from the date that the exemption ceased or that the transfer occurred. Applicable interest rates can be obtained by contacting this Office or by viewing RevenueSA's website at <http://www.revenuesa.sa.gov.au/circulars/interest.pdf>.**

## IV DISCLOSURE AND PAYMENT

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

1. A vehicle registered to a dealer when the dealer has incorrectly claimed the exemption;
2. A vehicle registered to a dealer when the dealer exemption is no longer applicable; and
3. 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.

To avoid the future incorrect issue of traffic infringement notices, parking fines etc, a dealer should notify this Office 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 registrations or transfer of registration, and the registration or transfer has not occurred within the prescribed time limit of 14 days.

# Historical Only

In such cases, notification should include the following information:

- registration number of the vehicle;
- date on which the vehicle was purchased and/or sold (in the case of the vehicle being sold, a copy of the Contract of Sale is required);
- person to whom the vehicle was sold (if applicable);
- date on which eligibility for the exemption ceased (if applicable);
- motor vehicle's correct value as at the applicable date; and
- amount of stamp duty payable.

A Motor Vehicle Dealer Voluntary Disclosure Form can be obtained through RevenueSA's website at [http://www.revenuesa.sa.gov.au/circulars/mv\\_voldisclosure.pdf](http://www.revenuesa.sa.gov.au/circulars/mv_voldisclosure.pdf).

Written correspondence and payments by cheque or money order made payable to the Commissioner of State Taxation can be sent to the postal address shown below.

***RevenueSA is unable to process registration fees and registration late payment fees. Such payments must be made to a Customer Service Centre of either Transport SA or Service SA.***

## FURTHER INFORMATION

Further information regarding these amendments may be obtained from RevenueSA.

### ***Location***

RevenueSA  
State Administration Centre  
200 Victoria Square East  
ADELAIDE SA 5000

### ***Postal***

Commissioner of State Taxation  
RevenueSA  
GPO Box 2149  
ADELAIDE SA 5001

### ***Telephone***

Compliance Services  
(08) 8226 2863      Mobile 0401 123 935

### ***Facsimile***

(08) 8226 3834

### ***Website***

<http://www.revenuesa.sa.gov.au>

### ***E-mail***

[revenuesa@saugov.sa.gov.au](mailto:revenuesa@saugov.sa.gov.au)