

SOUTH AUSTRALIA



STATE TAXATION OFFICE

Stamp Duties

Circular No.150

STAMP DUTY ON MOTOR VEHICLES DEALER EXEMPTION PENALTY AMNESTY VEHICLE VALUATION

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 and demonstrator vehicles may be used by Dealer staff or for other purposes only on a very **limited basis**. For the purposes of consistency, where such exempt vehicles are used for purposes other than directly related to the sale or demonstration of the vehicle and such use is limited to a maximum of 1,000 kilometres over a period of four months, the Commissioner will accept that the criteria for exemption has been met. Vehicles used by the principals of a Dealer (including company directors) for personal use, i.e. after hours, are within the exemption provided such vehicles are readily available for sale, etc, at all times.
- 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 sign-written thereon.
- Vehicles used by Dealers for:-
 - parts delivery;
 - courtesy & Loan vehicles;
 - towing;
 - 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

Where Dealers have registered vehicles pursuant to a dealers' exemption, but which do not meet the criteria for the exemption, details of the vehicles should be provided on the attached form, and returned to the State Taxation Office along with the applicable Stamp Duty by 31 July 1997. Any voluntary disclosures by that date will not incur any interest or penalty tax.

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

Provided that payment of the appropriate Stamp Duty is made within the amnesty period, no penalty will be imposed.

If an audit detects an incorrect claim for a dealers' exemption, interest and penalty tax can be imposed. Where a dealers' exemption is deemed to have ceased prior to 1 July 1997 penalty duty of up to 200% can be applied. Where a dealers' exemption is deemed to have ceased after 30 June 1997 both interest at 8% plus the market rate (currently 10.5%) will be imposed from the date the exemption is deemed to have ceased to apply, and additionally, 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.

GENERAL ENQUIRIES

All Dealer enquiries regarding Stamp Duty on motor vehicle can be directed to the Compliance Branch on 8226 3756.

7 May 1997

COMMISSIONER OF STATE TAXATION

