

Drive-Away-Deals 2008/09

Duties Act Bulletin

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Increases in charges by the Victorian Transport Accident Commission (TAC), and fees under the *Road Safety Act 1986* affect Licensed Motor Car Traders (LMCTs) who sell motor vehicles on a 'drive-away-no more to pay' basis.

The following guidelines are to be used in the calculation of dutiable value on 'drive-away-deals' for new and used motor vehicles where the date of registration or transfer of registration is on or after 1 July 2008.

Key factors

In determining the dutiable value of motor vehicles, all of the following factors must be considered:

- The dutiable value of the 'drive-away-deal' price is the price without deducting any trade-in allowance
- If an agreement for sale was entered into before an application for registration or transfer of registration is made, which provides for accessories or options to be fitted to the vehicle (including protective products or vehicle additions), whether ordered or invoiced separately, the value of the accessories or options must be included in the dutiable value (i.e. the 'drive-away-deal' price)
- Dealer delivery fees must be included in the dutiable value component of the 'drive-away-deal' price, and
- There is to be no discount for the amount of GST (if any) payable on the supply of the vehicle when determining the dutiable value of that vehicle.

New vehicle sales

To calculate the dutiable value, registration fees and TAC charges (registration costs) of \$623.00** (\$573.00 for a hybrid vehicle) must be subtracted from the 'drive-away-deal' price (this is the case even if the actual registration costs are of a lesser amount).

The dutiable value is calculated by subtracting the registration costs of \$623.00** (\$573.00 for a hybrid vehicle) from the 'drive-away-deal' price and dividing the balance by the Relevant Dividing Factor shown in the table (over page). For example, the Relevant Dividing Factor for vehicles with a 'drive-away-deal' price of up to \$59,057 is 1.025.

Used vehicle sales

Sales on the basis of 'drive-away-no more to pay' are not as common in the used vehicle market. When these sales do occur the dutiable value is calculated in a similar way as that in relation to new vehicle sales. However, in all cases, the dutiable value is calculated by deducting the transfer fee of \$31.20 from the 'drive-away-deal' price and dividing the balance by 1.040.

Former demonstrator vehicles

In circumstances where no duty was payable when a demonstrator motor vehicle, that is a passenger car, was initially registered in Victoria in the name of an LMCT and has not been previously registered elsewhere, duty is payable as detailed in the rates of duty table (refer over page) if duty has not been paid in relation to an application for registration or transfer of registration or change of use of the motor vehicle within 60 days of the initial registration.

For further details please refer to [Duties Act Bulletin D9/04](#).

Refer to tables over page

Further information

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Table for calculating dutiable value from 'drive-away-deal' price

'Drive-away-deal' price including registration	Relevant Dividing Factor to convert 'drive-away-deal' price to dutiable value
\$0 to \$59,057	New vehicle – deduct \$623.00 from 'drive-away-deal' price then divide by 1.025*
\$0 to \$59,007	New hybrid vehicle – deduct \$573.00 from 'drive-away-deal' price then divide by 1.025
more than \$59,057	New vehicle – deduct \$623.00 from 'drive-away-deal' price then divide by 1.050
more than \$59,007	New hybrid vehicle – deduct \$573.00 from 'drive-away-deal' price then divide by 1.050
'Drive-away-deal' price including registration paid for a used vehicle	Deduct \$31.20 from 'drive-away-deal' price then divide by 1.040
<i>*This Relevant Dividing Factor also applies to all non-passenger vehicles regardless of the 'drive-away-deal' price.</i>	

Drive-away-deals – examples

Examples	Eg 1. new car	Eg 2. new car - hybrid	Eg 3. new car	Eg 4. used car	Eg 5. used car
'Drive-away-deal' price	\$19,999	\$54,500	\$73,000	\$19,999	\$62,500
Less registration costs	\$623.00**	\$573.00**	\$623.00**	\$31.20	\$31.20
	\$19,376.00	\$53,927.00	\$72,377.00	\$19,967.80	\$62,468.80
Divide by Relevant Dividing Factor	1.025	1.025	1.050	1.040	1.040
Dutiable value for duty calculation	\$18,904.41	\$52,611.71	\$68,930.47	\$19,199.80	\$60,066.15
Rounded up to nearest \$200 unit	\$19,000	\$52,800	\$69,000	\$19,200	\$60,200
<i>** The above calculations are based on motor vehicle registration fees and TAC charges for passenger cars in the High Risk Zone (code 101).</i>					

Rates of duty

Dutiable value	Rates of duty
\$0 to \$57,009***	\$5 for every \$200 or part thereof of the dutiable value
more than \$57,009***	\$10 for every \$200 or part thereof of the dutiable value
new non-passenger cars	\$5 for every \$200 or part thereof of the dutiable value
in any other case (incl. used)	\$8 for every \$200 or part thereof of the dutiable value
***new passenger cars including former LMCT passenger cars transferred or registered within 60 days of initial registration and previously exempted from duty	