

This Bulletin offers Licensed Motor Car Traders a reduced penalty tax rate if a voluntary disclosure is made by 15 March 2010 in respect of vehicles for which an exemption has been incorrectly claimed.

Duties Act Bulletin

Licensed Motor Car Traders – Opportunity for Voluntary Disclosure

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Background

The *Duties Act 2000* (the Act) charges duty on an application for the registration or transfer of registration of a motor vehicle unless an exemption applies.

Section 231(1) of the Act provides an exemption from duty on the registration or transfer of registration of a motor vehicle by a licensed motor car trader (LMCT) who carries on a business of wholesale dealings in motor vehicles, if the motor vehicles are trading stock.

Section 231(2)(a) of the Act provides an exemption from duty on the registration or transfer of registration of a motor vehicle by an LMCT who carries on a business of retail dealings in motor vehicles, if the motor vehicles are used by the LMCT solely or primarily as trading stock or as demonstrator vehicles.

It is important that LMCTs understand that their entitlement to these exemptions is limited to where a vehicle is acquired for at least one of the above purposes.

All vehicles acquired by LMCTs for any other business or private purposes are subject to duty on an application for their registration or transfer, calculated at the applicable new or used vehicle duty rate.

Duty is also payable where a vehicle that was originally exempt from duty is subsequently used for purposes other than predominately as trading stock or as a demonstrator vehicle.

Revenue Rulings DA-034 and DA-035 provide guidance on the exemptions for trading stock and demonstrator vehicles, and the change of use provisions. These Revenue Rulings also provide examples of uses which are considered ineligible for the exemptions, and the criteria used to determine whether a vehicle's predominant use has changed.

Compliance Activity

The Investigations Branch of the State Revenue Office (SRO) is actively involved in ensuring LMCTs comply with section 231 of the Act by identifying vehicles acquired by LMCTs which have not complied with the exemption criteria. The SRO utilises information obtained from a range of sources including the VicRoads and Vehicles Securities Register databases in undertaking these activities.

Opportunity for voluntary disclosure

The SRO encourages all LMCTs to ensure their use of existing trading stock and/or demonstrator vehicles complies with the requirements of section 231 of the Act.

Until **15 March 2010**, the SRO will offer any LMCT who makes an unsolicited voluntary disclosure in respect of vehicles for which they have incorrectly claimed the exemption a penalty tax rate of 5 per cent of the duty amount payable only (no market or premium interest will apply).

The voluntary disclosure must be in writing and include the following.

- Descriptions of each vehicle you have nominated, including year, make, model and registration number.
- A summary of each vehicle's use and whether the exemption has been incorrectly claimed and/or a change in the predominant use of the vehicle has occurred.
- If a change of use has occurred, specify the date from which the vehicle's predominant use as trading stock or a demonstrator vehicle changed.
- A copy of the purchase agreement and/or tax invoice pertaining to your acquisition of the vehicle.



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- Any other material relevant to your voluntary disclosure, and
- A cheque payable to the State Revenue Office of Victoria for the total sum of duty payable, including the 5 per cent penalty.

Please forward the voluntary disclosure, marked Private & Confidential to:

Motor Vehicle Duty Team
Investigations Branch
State Revenue Office
GPO Box 1641
MELBOURNE VIC 3001

Further information

If you are aware of non-compliance by other LMCTs, including their misuse of the LMCT duty exemption, you may wish to provide us with information by calling our anonymous information number (03) 9628 6807 or via the Voluntary Disclosures and Tip-Offs online form available at www.sro.vic.gov.au

All information is protected by our privacy statement and secrecy provisions, and your anonymity will be maintained.

Revenue Rulings DA-034 and DA-035 are also available on our website. Should you have any specific queries relating to this voluntary disclosure program, please contact the Motor Vehicle Duty Team on (03) 9628 6610 or (03) 9628 0724.

For further information please contact the SRO:

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