

Drive-Away-Deals 2014/15

Duties Act Bulletin

JULY 14
D2/14

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-deal' basis.

An increase in the general rates of duty for motor vehicles was also announced by the Government in the 2014/15 Victorian State Budget. See Table 3 for the new rates which are effective from 1 July 2014.

The following guidelines are to be used in calculating the dutiable value of new and used motor vehicles sold as part of a 'drive-away-deal' where the date of registration or transfer of registration is on or after 1 July 2014.

Key factors

The following factors must be considered when calculating the dutiable value of a motor vehicle that is subject to a 'drive-away-deal':

- any trade-in allowance is not to be deducted from the dutiable value of the 'drive-away-deal' price
- if an agreement for sale was entered into before an application for registration or transfer of registration is made, the value of accessories or options to be fitted to the vehicle (including protective products or vehicle additions) must be included in the dutiable value of the 'drive-away-deal' price. This is regardless of whether the accessories or options are ordered or invoiced separately to the vehicle
- dealer delivery fees must be included in the dutiable value component of the 'drive-away-deal' price, and
- there is to be no discount on the dutiable value of the 'drive-away-deal' price for the amount of GST (if any) payable on the supply of the vehicle.

New vehicle sales

From 1 July 2010, as part of the 2010 State Budget, the Victorian Government aligned the thresholds for calculation of motor vehicle duty for new and near new passenger cars with the general Commonwealth luxury car tax threshold.

New vehicles may be sold as part of a 'drive-away-deal'. In order to calculate the dutiable value of the 'drive-away-deal', registration costs must be subtracted from the 'drive-away-deal' price with the balance then divided by the Relevant Dividing Factor (as set out in Table 1).

Please note that the registration costs listed in Table 1 are to be used, irrespective of whether the actual registration costs of the vehicle are of a lesser amount.

Former demonstrator vehicles

Duty is payable upon an application for the transfer of registration of a demonstrator motor vehicle (which is a passenger car) pursuant to the rates set out in Table 1. For the purposes of Table 1, a demonstrator motor vehicle is a motor vehicle that was:

- initially registered in Victoria in the name of an LMCT that has not been previously registered elsewhere, and
- within 60 days of initial registration of the motor vehicle, no duty has been paid in relation to:
 - an application for registration or transfer of registration of the motor vehicle, or
 - as a result of the change of use of the motor vehicle.

Used vehicle sales

Sales of used vehicles on a 'drive-away-deal' basis are not as common as they are for new vehicles. However, the formula used to calculate the dutiable value for 'drive-away-deal' sales of used vehicles is the same as that described for new vehicles.

Please refer to Table 1 for the rates used to calculate the dutiable value of used vehicles and Table 2 for examples of calculations of the dutiable value of 'drive-away-deals'.

Refer to tables over page

Further information

For further information please contact the SRO:

Website	www.sro.vic.gov.au
Email	sro@sro.vic.gov.au
Phone	13 21 61 (local call cost)
Fax	03 9628 6222
In person	State Revenue Office Level 2 121 Exhibition Street Melbourne
Mail	GPO Box 1641 MELBOURNE VIC 3001
or	DX 260090 Melbourne

© July 2014 State Revenue Office Victoria



www.sro.vic.gov.au

Table 1: Figures used to calculate dutiable value on 'drive-away-deals'

Type of Car	'Drive-away-deal' price (including registration)	Registration costs to be deducted	Relevant Dividing Factor to convert 'drive-away-deal' price to dutiable value
New	\$0-\$64,656	\$791.70*	1.032*
New	More than \$64,656	\$791.70	1.052
New hybrid	\$0-\$64,556	\$691.70	1.032
New hybrid	More than \$64,556	\$691.70	1.052
Used	No price threshold	\$36.40	1.042

*The Registration cost and Relevant Dividing Factor also apply to all non-passenger vehicles regardless of the 'drive-away-deal' price

Calculation anomaly

Table 1 of the Bulletin indicates that \$64,656 (\$64,556 for hybrid vehicles) is the 'drive-away-deal' price threshold for new passenger cars that will determine the rate of duty that will apply.

However a mathematical anomaly has been identified with respect to new passenger cars that have a 'drive-away-deal' price in the following ranges:

For new passenger cars: \$64,657 - \$65,893

For new hybrid passenger cars: \$64,557 - \$65,793

When the 'drive-away-deal' price is converted to a dutiable value, using the figures supplied in Table 1 of the Bulletin and the methodology set out in Table 2 of the Bulletin, the resulting dutiable value is actually less than the current luxury car tax threshold of \$61,884. Table 3 states that the rate of duty applicable to dutiable values of up to \$61,884 is \$6.40 per \$200 or part thereof.

The State Revenue Office acknowledges that where a new passenger car drive-away-deal price has been treated in strict accordance with Bulletin D2/14, and the resultant dutiable value is less than or equal to \$61,884, the rate of \$6.40 per \$200 or part thereof shall apply.

Table 2: Example calculations for dutiable value of 'drive-away-deals'

	Example 1 New car	Example 2 New hybrid car	Example 3 New car	Example 4 Used car	Example 5 Used car
'Drive-away-deal' price	\$19,999	\$54,500	\$73,000	\$19,999	\$62,500
Less registration costs	\$791.70**	\$691.70**	\$791.70**	\$36.40	\$36.40
Equals	\$19,207.30	\$53,808.30	\$72,208.30	\$19,962.60	\$62,463.60
Divide by Relevant Dividing Factor	1.032	1.032	1.052	1.042	1.042
Dutiable value	\$18,611.72	\$52,139.83	\$68,639.07	\$19,157.97	\$59,945.87
Rounded up to the nearest \$200	\$18,800	\$52,200	\$68,800	\$19,200	\$60,000

** The registration costs for new vehicles are based on the motor vehicle registration costs for passenger cars in the High Risk Zone (code 101)

Table 3: General rates of duty for motor vehicles

Type of vehicle	Dutiable value	Rates of duty
New passenger vehicle***	\$0- \$61,884	\$6.40 for every \$200 or part thereof
New passenger vehicle***	More than \$61,884	\$10.40 for every \$200 or part thereof
New non-passenger vehicle	No threshold	\$5.40 for every \$200 or part thereof
In all other cases (including used vehicles)	No threshold	\$8.40 for every \$200 or part thereof
*** This includes former LMCT passenger cars registered or transfer of registration within 60 days of initial registration which were previously exempted from duty		

This publication may be of assistance to you, but the State Revenue Office does not guarantee that this publication is without flaw of any kind or is appropriate for your legal purposes. This publication should be read in conjunction with the appropriate legislation and, if necessary, appropriate professional advice should be sought.