

Revenue Rulings

Market value of new motor vehicles

Revenue Ruling SD.004

CEASED 30 June 2002

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Preamble

Stamp duty on new vehicles is payable upon the market value of the vehicle, as at the date of application for registration of such vehicle. Some uncertainty has arisen in determining the market value of a motor vehicle for stamp duty purposes.

The purpose of this ruling is to clarify the meaning of market value, in relation to new motor vehicles, for the purposes of the *Stamps Act 1958*.

Ruling

In determining the market value of new motor vehicles all of the following factors must be taken into account.

- Market value is the price at which the motor vehicle might reasonably have been sold free of encumbrances in the open market, before deducting any trade-in allowance. Discounts to fleet operators and other purchasers are legitimate reduction in the market value, provided the discounts are factual and are clearly shown on the sales agreement or order.
- The provision of accessories, options, protection products, and vehicle additions prior to registration, or included in the transaction, are all costs that form part of the market value for stamp duty purposes.
Transaction covers any contract or agreement in respect of optional extras to be fitted to the vehicle, regardless of whether they are separately ordered or invoiced. Such contracts or agreements entered into prior to an application for registration of the new vehicle being made, must be taken into account in determining the market value.
- Over-allowances for trade-ins, however documented, form part of the market value for stamp duty purposes.
- Under-allowances for trade-ins do not generally reduce the market value of motor vehicles for stamp duty purposes.

- Sales tax is a component of the market value of a motor vehicle for stamp duty purposes. Certain purchasers may be entitled to an exemption from payment of sales tax on the motor vehicle. In such instances, the sales tax that would otherwise have been paid, would form part of the market value of the motor vehicle for stamp duty purposes.
- Delivery fees must be included in the market value for stamp duty purposes. However, under certain circumstances where the delivery fee includes a component of 'out of pocket' expenses, the Commissioner will consider submissions to exclude the 'out of pocket' expenses from the market value for stamp duty purposes.
- Do not include the following items in the market value.
 - Stamp duty, registration fees, third party insurance, comprehensive or third party property insurance, consumer credit insurance and unemployment insurance, finance charges, service or maintenance contracts for which a separate fee is charged, and mechanical warranty/insurance policies.

Where the market value has been understated, the underpaid stamp duty will be collected along with an appropriate penalty.

Please note that rulings do not have the force of law. Each decision made by the State Revenue Office is made on the merits of each individual case having regard to any relevant ruling. All rulings must be read subject to Revenue Ruling GEN.01.

Denzil Griffiths

Commissioner of State Revenue

1 April 1993

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CEASED 30 June 2002