

REVENUE RULINGS

Dutiable value of new motor vehicles

Revenue Ruling DA.022

Replaces SD.004

Preamble

Section 214(1)(a) of the *Duties Act 2000* (the Act) imposes duty on the application for registration of a motor vehicle under the *Road Safety Act 1986*. The motor vehicle duty on an application for registration of a motor vehicle is payable by the applicant and is calculated on the dutiable value of the motor vehicle.

Section 219 of the Act states that the dutiable value of a motor vehicle is the greater of the consideration in money or money's worth given for the acquisition of a motor vehicle or the price at which the vehicle might reasonably be sold, free from encumbrances, in the open market.

The purpose of this ruling is to clarify the meaning of dutiable value of a new motor vehicle for the purposes of the Act.

Ruling

Effective from 1 July 2000, the dutiable value of a new motor vehicle includes any GST and/or luxury car tax (LCT) that is payable.

Certain eligible purchasers may be entitled to purchase a motor vehicle without attracting a GST and/or LCT impost. In such instances, the GST and/or LCT that would otherwise have been paid forms part of the dutiable value of the new motor vehicle for motor vehicle duty purposes.

Further, in determining the dutiable value of a new motor vehicle, all of the following factors must be taken into account:

1. Dutiable value is the price at which the motor vehicle might reasonably have been sold free from encumbrances in the open market, before deducting any trade-in

allowance. Discounts to fleet operators and other purchasers are, however, legitimate reductions in the dutiable value, provided the discounts are genuine and are clearly shown on the sales agreement or order.

2. 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 dutiable value. Transaction, in this context, 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 that are entered into prior to the application for registration of the vehicle being made must be taken into account in determining the dutiable value.
3. Over-allowances for trade-ins, in any form, are included in the dutiable value.
4. Under-allowances for trade-ins do not reduce the dutiable value of motor vehicles.
5. The dutiable value is not reduced by the value of inducements by way of payments, goods or other considerations made to the applicant for registration by a third party (a person not party to the contract or agreement).
6. Delivery fees must be included in the dutiable value for duty purposes. However, under certain circumstances where the delivery fee includes and specifies a component of 'out of pocket' expenses, the Commissioner of State Revenue will

consider submissions to exclude the 'out of pocket' expenses from the dutiable value for duty purposes.

Items that do not form part of the dutiable value of a new motor vehicle include motor vehicle duty, registration fees, third party insurance (Transport Accident Charges), comprehensive or third party property insurance, consumer credit insurance and unemployment insurance, finance charges, service or maintenance contracts and mechanical warranty/insurance policies for which a separate fee is charged.

Where the dutiable value of a new motor vehicle has been understated, the underpaid duty will be recovered together with the appropriate interest and penalty tax.

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.

Commissioner of State Revenue
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