

STAMP DUTY ON MOTOR VEHICLE CERTIFICATES OF REGISTRATION - 2000-01 Budget Amendments

Taxation (Administration) Act

Issued: May 2000

Revenue Circular: MVR 004

TERRITORY REVENUE MANAGEMENT

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Purpose of this Circular

1. The purpose of this circular is to advise of proposed amendments to the *Taxation (Administration) Act* and *Stamp Duty Act* in relation to stamp duty on motor vehicle certificates of registration. The proposed amendments were announced by the Treasurer as part of the 2000-01 Budget and are to take effect from 1 July 2000.

Proposed Amendments

2. The proposed amendments seek:
 - to introduce measures to prevent the avoidance of duty and to address delays in payment;
 - to consolidate and clarify the application of various exemptions provided under the legislation; and
 - to clarify that the "dutable value" for assessment purposes is GST-inclusive.

Avoidance and Payment Measures

3. The amendments seek to:
 - allow the Motor Vehicle Registrar ("the Registrar") to refuse an application for the issue or transfer of a motor vehicle certificate of registration unless he or she is satisfied of the dutiable value of the vehicle;
 - allow the Registrar to request information to determine if duty is payable, and if so, the amount of the duty payable;
 - impose penalty tax at a rate 1.5% per month or \$20, whichever is the greater, if duty on a motor vehicle certificate of registration is not paid within the period (14 days) that a person is required under the *Motor Vehicles Act* to make application for transfer;
 - allow the Commissioner of Taxes or the Registrar to issue a default assessment including penalty tax where a person fails to make application for transfer within the period required under the *Motor Vehicles Act* or on-sells the vehicle without making application for transfer; and
 - introduce various offences if a transferor or transferee fail to make a declaration of the consideration or market value, as the case requires, or, makes a false declaration. They further provide that a seller must make a declaration of the consideration paid within 14 days of the sale.

Exemptions

4. The amendments seek to:

- consolidate all exemptions into one Act to simplify the legislation;
- clarify that the exemption for Motor Vehicle Traders only applies to genuine trading stock and demonstration vehicles. It excludes vehicles that are used solely or principally by the motor vehicle trader, a member of the motor vehicle trader's staff, a member of the motor trader's family, or for other business purposes;
- clarify that the exemption for vehicles used for agricultural or a pastoral business only applies to a person who carries on such a business;
- provide that the exemption for totally and permanently incapacitated persons only applies in relation to persons who are eligible to receive a special rate of pension under section 24 of the *Veterans' Entitlement Act*; and
- extend the exemption allowed for transfers between family members to de facto spouses.

Dutiable Value

5. With the abolition of sales tax and the introduction of GST (effective from 1 July 2000), the proposed amendments clarify that duty is to be assessed on the dutiable value of the vehicle inclusive of any GST paid in relation to its supply. This is consistent with the current scheme, which provides for sales tax to be included in the value. If GST is not payable on the supply of the vehicle, there is no need to include a notional amount of GST in determining the dutiable value.

Reference should be made to the *Taxation (Administration) Amendment Bill 2000*, *Stamp Duty Amendment Bill 2000* and the *Financial Relations Agreement (Consequential Provisions) Bill 2000* for precise details. For general information, please contact this office on ☎ (08) 8999 7949.

COMMISSIONER OF TAXES