

## Motor Vehicle Registry (MVR) Information Bulletin

# R34 – Stamp Duty

Effective Date: 25 November 2008

### What is Stamp Duty?

Stamp duty is a tax imposed under the *Stamp Duty Act* on certain instruments (or documents). This Bulletin focuses on the requirement placed on the Registrar of Motor Vehicles under the *Stamp Duty Act* to ensure that the correct stamp duty is paid before any vehicle registration certificate is issued.

Stamp duty is charged at \$3 for every \$100 or fractional part of the dutiable value of the motor vehicle.

### When is Stamp Duty Payable?

In accordance with Part 3, Division 9 of the *Stamp Duty Act*, the Registrar of Motor Vehicles **shall not issue** a Certificate of Registration for a vehicle, unless satisfied the appropriate amount of stamp duty is paid.

#### First Registration or Transfer

Generally, stamp duty is payable whenever a Certificate of Registration is issued for the first time in the name of a new owner of the vehicle.

The new owner is, in relation to a motor vehicle, the person/s to whom the vehicle is sold or disposed, and that person has applied to have the vehicle registered in his/her name, joint names or bodies corporate etc. for the **first time**.

Stamp duty may also be payable if the person is the owner of the vehicle but who has not previously paid stamp duty on the vehicle in this or another jurisdiction.

### When is Stamp Duty not Payable?

Stamp duty is not payable if the vehicle was previously registered in the applicant's (existing owner's) name, either in the Territory or elsewhere, including overseas.

A **Certificate of Registration**, a **Registration Renewal** or an **Extract from another jurisdiction's Database** issued by another state or territory of Australia or from another country are generally viewed as prima-facie evidence that stamp duty has been paid, providing that the name of the owner identified on that document is the same as the name of the owner identified on the relevant MVR registration application form.

## Exemptions from Stamp Duty.

The *Stamp Duty Act* provides a number of exemptions from stamp duty for certain registration transactions. For more information on stamp duty exemptions and who is exempt, please see the brochure "Application for Exemption from Stamp Duty on a Motor Vehicle," which is available from the Territory Revenue Office website [www.revenue.nt.gov.au](http://www.revenue.nt.gov.au), or your local MVR Office.

## Responsibilities of the Applicant.

It is the applicant's responsibility to truthfully complete and sign the relevant MVR registration application form. An application for transfer must be made within 14 days after a person becomes the owner of the motor vehicle.

Any applicant or seller who makes a false statement or obtains registration by misrepresentation may be found guilty of an offence which, in the case of an individual, carries a maximum penalty of \$2000 or imprisonment for 6 months. It is also an offence under the *Stamp Duty Act*, with a maximum penalty of \$5500, to fail or neglect to make a declaration of the dutiable value or to make a false declaration. Whether or not a person is prosecuted for an offence, underpayment of stamp duty arising from an under declaration will result in penalty tax and interest being imposed under the *Taxation Administration Act*.

## Assessment of Stamp Duty Payable.

### Dutiable Value

"dutiable value" means –

- (a) in the case of the transfer of a motor vehicle by a sale and purchase at **arm's length** – the sum of the amount for which the motor vehicle and any additional equipment (e.g. accessories such as air conditioning, bull bars, towbars, roof racks, snorkels, window-tinting, car alarm systems, stereos or DVD players, GPS systems, mag wheels and spoilers; as well as more substantive equipment, such as tray backs, drilling rigs, cement agitators etc) in or added to the motor vehicle when sold (which is to include any deposit paid and any trade-in allowance) and the amount paid for dealer delivery charges; or
- (b) in any other case – the **market value** of the motor vehicle and the additional equipment in or added to the motor vehicle as at the date the transaction that gives rise to the application for registration of the motor vehicle is entered into or at the date the application for registration is made, whichever is the greater.

### Arm's length

An **arm's length** sale and purchase is a transaction made in good faith between parties with independent interests in which neither of the parties has the ability to exert personal influence or control over the other. Typically, the parties would not be related or have any business connections. Whether parties have dealt at arm's length depends not only on the relationship between the parties but also on the nature of the dealings.

Where the sale is at arm's length, the "dutiable value" is the sale price of the vehicle, including the price of any additional equipment in or added to the motor vehicle when sold (whether or not it is priced separately), and also includes any deposit or trade in allowance.

In some cases, the applicant may have negotiated a discount that is not generally available to the public (i.e. a fleet discount) or the vehicle may require repairs. In these cases, the market value may be greater than the sale price but duty is still payable on the sale price.

## Market Value

The “dutiable value” is the **market value** of the vehicle when parties are not entering into a sale and purchase at arm’s length. This includes situations where no money is changing hands between the previous owner (seller) and the applicant (buyer), such as gifts, repossessions or if the price of the vehicle is reduced as a result of to the relationship between the previous owner and the applicant.

Market value is the greater of:

1. The actual price at which the vehicle including any additional equipment fitted to the vehicle, might reasonably have sold on the open market at the **time of the transaction**, including any GST if applicable; or
2. The actual price at which the vehicle including additional equipment, repairs, maintenance and upgrades might reasonably have sold on the open market at the **time of registration**, including any GST if applicable.

For more information on the dutiable value of motor vehicles in a number of common sale situations, such as ‘drive away, no more to pay deals’, factory rebates, accessory protection products and extended warranties, please refer to Commissioner’s Guideline CG-SD-004 – *Stamp duty on motor vehicle certificates of registration*. This is available from the Territory Revenue Office website [www.revenue.nt.gov.au](http://www.revenue.nt.gov.au) or contact the Territory Revenue Office on 1300 305 353.

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