



## **CIRCULAR V.L.D. 3      VEHICLE LICENCE DUTY**

### **THE DUTIES ACT 2008**

The vehicle licence duty provisions contained within the *Duties Act 2008* (“Duties Act”), which are effective from 1 July 2008, are largely based on the provisions contained in Part IIC of the *Stamp Act 1921* (“Stamp Act”) which the Duties Act replaces. However, the Duties Act does incorporate some minor policy changes and new terminology, which are described below.

- The term “dutable value” replaces “market value” that was used in the Stamp Act in relation to calculating duty for new and used motor vehicles.
- The term “specialised vehicle” replaces “eligible vehicle” and the term “dutable value” replaces “net value”. These terms were used in the Stamp Act in relation to calculating duty for vehicles to which certain equipment was attached.
- The definition of “new vehicle” now includes a vehicle used for certain demonstration or charitable purposes for a period of up to two months (rather than the previous three month period). Please refer to Circular V.L.D. 4 for more information.
- The definition of “dealer” has been amended to ensure that financiers are not required to pay duty where a vehicle that is the subject of a chattel mortgage, is repossessed and sold to a third party.
- An anti-avoidance provision has been included and applies where the Commissioner of State Revenue (“Commissioner”) is of the opinion that a vehicle has been licensed or registered outside of Western Australia as part of a course of action or conduct having the sole or dominant purpose of avoiding or reducing duty.
- There is a notification requirement in circumstances where a dealer has acquired a vehicle solely for an exempt purpose and the vehicle is subsequently used for a non-exempt purpose. For the purpose of working out the amount of duty payable, the dutable value of the vehicle is to be determined as at the time of the change of use and no penalty tax applies. Failure to notify the Commissioner of the change to a non-exempt use within one month after the date on which the use of the vehicle changed will result in penalty tax being imposed and duty will be based upon the value of the vehicle at the time of the grant or transfer of the vehicle licence. Refer to Circular V.L.D. 5 for more information.

- There has been a change of practice with regard to loaning of vehicles for use by charitable organisations, to schools for driver education, or for philanthropic or other specified purposes, when certified on the Loan Vehicle Dealer's Declaration form. Dealers are now required to complete a Loan Vehicle Dealer's Declaration form for all loan vehicles and forward it to the Commissioner and retain a copy for their records.
- The provisions which impose nominal duty on the transfer of a licence have been maintained in the Duties Act, however, specific provisions have been inserted to ensure that transfers pursuant to the winding-up of a company or unit trust and the breakdown of a marriage or defacto relationship are also subject to nominal duty.
- Where vehicle licence duty has been paid on the transfer of a licence which would have been in accordance with a matrimonial instrument or de facto relationship instrument, and that instrument comes into existence within 12 months after the day on which the liability to duty on the transfer arose, the taxpayer may apply to the Commissioner for a reassessment of the duty chargeable on the transfer.
- Duty is not chargeable on the transfer of a right to display special plates from 1 July 2008.

The information in this Circular is for guidance purposes only. It is not an exhaustive explanation of the provisions in Chapter 5 of the Duties Act, and reference should be made to the Duties Act for complete details.

For further information please contact the Office of State Revenue on 9262 1556 or 9262 1108.

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