



**NORTHERN TERRITORY VIEWS ON
CGC POSITION PAPER 2008/09**

MOTOR TAXES

FEBRUARY 2009

**COMMONWEALTH GRANTS COMMISSION
GENERAL REVENUE GRANT RELATIVITIES
2010 REVIEW**

Key Points

- The Territory supports the Commission's proposal to assess motor taxes as a single category with five components.
- The Territory supports the separate assessment of stamp duty on used vehicles using the number of used vehicle transfers.
- The Territory supports the exclusion of diplomatic, consular and Australian Government vehicles from light vehicles and new vehicle sales.

This submission details the Territory's views on issues raised in the Commonwealth Grants Commission's (the Commission's) Position Paper, *Motor Taxes 2008/09*.

The Commission proposes:

- assessing motor taxes in a single category with five separate components; and
- excluding vehicles which are exempt from motor taxes (diplomatic, consular, and Australian Government vehicles) from light vehicles and new vehicle sales.

Single Category Approach

The Territory supports the Commission's proposal to assess all motor taxes in a single category comprising five components including; light vehicles, heavy rigid trucks, articulated trucks, new vehicle sales, and used vehicle transfers. The Territory considers this approach should adequately capture the contribution of each significant contributor to motor vehicle taxation revenue.

The Territory supports the separate assessment of used vehicles using the number of used vehicle transfers as this is consistent with the approach taken to the assessment of new vehicle transfers and is policy neutral. Exemptions from stamp duty that apply to used vehicles are at Appendix A. The Territory is able to provide data to support the assessment.

Exempt Vehicles

The Commission propose excluding vehicles exempt from motor taxes (diplomatic, consular, and Australian Government vehicles) on the basis that such an adjustment meets the \$3 per capita data adjustment threshold. While the Territory supports this approach it notes that a similar adjustment in the proposed Payroll Tax assessment was deemed immaterial because it failed the \$10 per capita test. The Territory

considers the application of materiality thresholds should be consistent between assessments.

APPENDIX A

Exemptions from duty for motor vehicle transfers in the Northern Territory

Any of the following motor vehicle certificates of registration:

A motor vehicle certificate of registration issued to the person in whose name the vehicle was last registered before it was issued (whether registered in the Territory or elsewhere and whether or not that registration has expired) other than:

(i) a motor vehicle certificate of registration issued in respect of a motor vehicle that:

(A) was at any time registered under the Interstate Road Transport Act 1985 (Cth); and

(B) is being registered under the Motor Vehicles Act by a person who has, until so registering the motor vehicle, never paid any stamp duty in relation to the motor vehicle under any law in force in the Commonwealth or a State or Territory of the Commonwealth; or

(ii) a motor vehicle certificate of registration issued in respect of a motor vehicle that:

(A) is a motor vehicle in which seating is provided for not less than 12 persons; and

(B) is being registered under the Motor Vehicles Act by a person who has, until so registering the motor vehicle, never paid any stamp duty in relation to that motor vehicle under any law in force in the Commonwealth or a State or Territory of the Commonwealth; or

(iii) a motor vehicle certificate of registration, or a motor vehicle certificate of registration belonging to a class of motor vehicle certificates of registration, prescribed for the purposes of this subparagraph;

A motor vehicle certificate of registration issued following a conveyance of the motor vehicle:

(i) to a person who is the spouse, parent or child of the person in whose name the vehicle was last registered (whether in the Territory or elsewhere) before the issue of the motor vehicle certificate of registration; or

(ii) to or from the spouse, parent or child jointly with that person;

if the conveyance is wholly by way of gift;

A motor vehicle certificate of registration issued to a person who is engaged solely or principally in the business of agricultural or pastoral production other than in respect of a vehicle designed primarily and principally for the transport of persons;

A motor vehicle certificate of registration issued to a person to give effect to:

- (i) a change in that person's name; or
- (ii) a change in the name of the business carried on by that person;

A motor vehicle certificate of registration issued to a person:

- (i) who is the executor or administrator of, or the person administering, the estate of a deceased person for the purpose of transferring the vehicle to a person beneficially entitled to the vehicle; or
- (ii) who is the executor or administrator of, or the person administering, the estate of a deceased person for the purpose of sale in the course of winding-up the estate of a deceased person; or
- (iii) who is beneficially entitled to the vehicle under the estate of a deceased person;

A duplicate motor vehicle certificate of registration;

A motor vehicle certificate of registration issued on an application for registration by the Territory, by a Government Business Division declared by regulation to be a Government Business Division for the purposes of this item or by a person acting on behalf of the Territory other than a Government Business Division;

A motor vehicle certificate of registration issued in the name of a public hospital, public benevolent institution, religious institution or public education institution or a council, society, organisation or other body established or carried on exclusively or principally for the promotion of the interests of a school (other than a school carried on for the profit of an individual);

A motor vehicle certificate of registration issued to a person who, in the opinion of the Commissioner, is engaged principally in the business of buying and selling motor vehicles (a motor vehicle trader) in respect of:

- (i) a vehicle acquired by the motor vehicle trader for the purpose of resale by the motor vehicle trader in the ordinary course of business; or
- (ii) a new motor vehicle used solely or principally by the motor vehicle trader to sell new motor vehicles of the same class;

other than:

(iii) a vehicle used solely or principally by the motor vehicle trader, a member of the motor vehicle trader's staff or a member of the motor vehicle trader's family; or

(iv) a vehicle used for general purposes in the motor vehicle trader's business;

A motor vehicle certificate of registration issued in respect of a vehicle that is:

(i) a motorised wheelchair; or

(ii) an experimental or research vehicle that has no readily ascertainable market value; or

(iii) a vehicle that has been brought into the Territory principally to take part in, or be part of, a specific event or specific events; or

(iv) a vehicle that is registered under the Motor Vehicles Act as a classic, veteran or vintage vehicle;

A motor vehicle certificate of registration issued:

(i) to a veteran who is eligible to receive a pension at the rate specified by section 22(4) or 24(4) of the Veterans' Entitlements Act 1986 (Cth); and

(ii) in respect of a motor vehicle for the veteran's non-commercial use;

A motor vehicle certificate of registration issued to a person solely to correct an error on another motor vehicle certificate of registration on which stamp duty has been paid.