

WESTERN AUSTRALIAN FEBRUARY 2009 SUBMISSION

CGC2008/09 MOTOR VEHICLE TAXES

Key Points

- Western Australia can provide the Commission with reliable data on the number and value of motor vehicle transfers (for both exempt and non-exempt vehicles).
- We consider that an assessment based on 'value of vehicles' data (including both new and used vehicles) would be conceptually more appropriate, but acknowledge the need for all States to be able to provide reliable data.

DATA ISSUES

- The Commission would be aware that Western Australia can supply data on the number and value of new and used vehicle transfers. We can also provide a breakdown by exempt¹ and non-exempt vehicles (including by type of exemption).
 - We consider that the Western Australian data are of a reliable quality. Calculating the value of duty payable from these data reconciles closely with the actual level of revenue raised.

USED VEHICLES

Inclusion of used vehicles

- We support the proposal to include used vehicle sales in assessments of the revenue base.
 - Used vehicle sales account for a large share of the duty raised from vehicle transfers, and as the Commission has demonstrated, this change has a material effect for a number of States.

Exemptions and Concessions

- In Western Australia, transfers of motor vehicles are exempt from duty in circumstances where an exemption from annual licence fees applies under the *Road Traffic Act 1974* (WA). This covers:
 - certain off-road vehicles used in farming and mining;

¹ We define 'exempt' vehicles in this paper as those eligible for the concession listed under the sub-heading 'Exemptions and Concessions.'

- government vehicles;
- vehicles purchased by certain charities;
- vehicles purchased by holders of a TPI card issued by Veteran's Affairs or an Invalid Rehabilitation card issued by Centrelink.
- Transfers of vehicles to dealers for re-sale are exempt from vehicle licence duty in Western Australia.
- More information can be supplied upon request.

Comment

- Given evidence of a substantial difference between the States in relation to the proportion of exempt vehicles, we encourage the Commission to pursue this issue.