



MOTOR TAXES

Commission Position Paper CGC 2008/09

***SUBMISSION BY SOUTH AUSTRALIAN
DEPARTMENT OF TREASURY AND FINANCE***

JANUARY 2009

SOUTH AUSTRALIAN SUBMISSION ON MOTOR TAXES

Issues raised in Commission Position Paper 2008/9 (September 2008) included:

1. *Assessing the three motor taxes as components of a single motor tax.*

SA Position

South Australia accepts the Commission's intention to assess a single motor taxes category so long as there are separate components for each vehicle type.

2. *Whether used vehicle transfers should be included in the assessment*

The Commission is intending to assess used vehicle transfers in the motor vehicle category provided reliable and comparable data is available.

SA Position

South Australia agrees that used vehicle transfers should be assessed in the motor vehicle category as all States raise revenue from stamp duty on used vehicle transfers.

The assessment for used vehicle transfers should be based on the value of used vehicles transferred, not the number of transactions.

The value of vehicles transferred is a more reliable indicator of a State's ability to raise revenue from their revenue base than the number of transactions. As with conveyance duty and land tax, States with higher valued tax bases have a greater opportunity to raise revenue from that base if standard rates of tax are applied.

South Australia is able to provide data on the value of used vehicle transfers, including a historic series.

3. *Whether an adjustment should be made to remove diplomatic, consular and Australian Government vehicles*

SA Position

The Position Paper notes that based on the \$3 per capita data threshold, the adjustment for diplomatic, consular and Australian Government vehicles is material.

South Australia accepts the inclusion of the adjustment to remove diplomatic, consular and Australian Government vehicles on the basis of the \$3 per capita data adjustment threshold.

4. *Whether the stamp duty on motor vehicles component should be based on the number or value of vehicles transferred.*

In the 'Information for States following discussion, 22-23 October 2008' paper, the Commission noted that a number of States queried whether the value of stamp duty on new registrations and transfers should be used for the stamp duty on motor vehicles component, as opposed to the number of vehicles.

SA Position

States impose stamp duty on the value of new vehicles registered and used vehicles transferred. It is an ad valorem duty not a fixed dollar charge. The proposed base for the assessment should accurately reflect what the States do, which is to tax the value of vehicles registered / transferred.

The Commission has stated that for an assessment to be based on the value of vehicles transferred, it would require reliable data on both new vehicle sales and used vehicle transfers and for both exempt and non-exempt vehicles.

Clarification is required on the extent of exempt categories for which the Commission is seeking data.

Only two States, NSW and Western Australia have supplied data to the Commission on exempt categories.

NSW appears to have interpreted the Commission's request much more broadly than Western Australia, implying that exempt vehicles account for over 30 per cent of total vehicles in that State compared to less than 4 per cent in Western Australia.

The Position Paper provided details of the exemptions from duty provided in NSW on both new car registrations and transfers. With the exception of vehicles purchased by eligible war veterans and vehicles registered by exempted organisations involved in charitable activities or welfare (which are not likely to be significant in comparison to the size of the overall base), South Australia provides similar exemptions from duty.

South Australia also provides exemptions from stamp duty for the following types of vehicles:

- (i) Consular vehicles (only a handful in SA)
- (ii) Defence force vehicles
- (iii) Vehicles owned by or on behalf of the Crown
- (iv) State government vehicles registered under the Continuous Government Registration Scheme
- (v) Local government vehicles

It is likely that all States provide similar exemptions for the types of vehicles listed above.

South Australia is able to provide data on both the number and value of new vehicles registrations and transfers of registration for both exempt and non-exempt vehicles. A detailed listing of the exemptions provided in South Australia along with information on data availability is contained in Attachment A.

While the exact type of exemptions provided between States may vary slightly, the size of these exemptions in relation to the overall base is likely to be insignificant and not have a material impact on the overall assessment.

Although it would require further investigation, if it were concluded that all States provide materially similar exemptions, then only data on the value of vehicles liable for duty would be required. This may overcome some situations in which States are not able to provide data (or complete data) on the value of vehicles exempted from stamp duty on new registrations or transfers.

ATTACHMENT A

Exemptions in respect of an application to register or an application to transfer the registration of a motor vehicle exist in South Australia for:

- A licensed motor vehicle dealer
- Stamp duty that has been previously paid in another State or Territory
- Motor vehicles that can be registered without fee (as approved by the Registrar of Motor Vehicles)
- A trailer (that is not a heavy vehicle within the meaning of the *Motor Vehicles Act 1959*)
- Motor vehicles that are assets held on behalf of the Crown
- Stamp duty that has already been paid as part of another instrument (eg. sale of business)
- Motor vehicles that are dispersed pursuant as part of an estate
- Motor vehicles repossessed pursuant to a hire-purchase agreement
- A bus (within the meaning of the Act)
- Local council motor vehicles (pursuant to Part 13 of the *Local Government Act 1934*)
- Motor vehicles conditionally registered under Sections 25 of the *Motor Vehicles Act 1959*
- Motor vehicles entitled to be registered at a reduced fee under Section 38 of the *Motor Vehicles Act 1959*
- A person who is incapacitated (within the meaning of the Act)
- A tractor or item of farm machinery owned by a primary producer
- Transfer between spouses or former spouses (within the meaning of the *Stamp Duties Act 1923*)

Stamp Duty Relief - Disability Service Providers and Incapacitated Persons

The Treasurer has approved the provision of ex-gratia relief from:

- stamp duty and fifty percent of the registration fees where a motor vehicle is registered in the name of a parent or a legal guardian on behalf of a disabled person who is under sixteen years of age; and
- stamp duty where a motor vehicle is registered in the name of a not-for-profit group that is a member of the disability service provider panel and the vehicle is primarily used to transport people with disabilities.

Refunds

The *Stamp Duties Act 1923* allows for a refund of stamp duty paid in relation to the registration, or transfer of the registration, of a motor vehicle where:

- Within three months after the registration or transfer, the vehicle was returned by the applicant to the person from whom it was acquired and accepted by that person; or
- The registration of transfer was made in error.

Data availability

South Australia is able to provide data on the both the number and value of new registrations and used vehicle transfers, including a historic series. South Australia is able to provide this data for both non-exempt vehicles and exempt vehicles listed above.