

Motor taxes

Review outcomes

- The following changes were made to the assessment.
 - A differential assessment of stamp duty on motor vehicle transfers will be reintroduced as a separate component within this category.
- The Commission considered but did not change the following.
 - A separate assessment of distance-based electric vehicle charges will not be introduced. The High Court's decision that distance-based electric vehicle charges levied by a state or territory are constitutionally invalid means a separate assessment is no longer relevant.
 - Electric vehicle incentives will be assessed based on their classification in ABS Government Finance Statistics data (rebates as expenses and tax concessions as reduced revenue). A single assessment of these incentives (either as a separate expense assessment or as part of the motor taxes assessment) will not be made due to their small size and temporary nature. The Commission will continue to monitor the electric vehicle incentives provided by states.
 - Emissions-based registration fees will be assessed using the number of light vehicles, as they are similar in nature to other light vehicle registration fees.

Introduction

- 1 On 6 July 2024, the Commission published the [Draft Report](#) for the 2025 Methodology Review.
- 2 The Draft Report included a detailed analysis and response to issues raised by states and territories (states) in their [submissions](#) on the Commission's [consultation paper](#).
- 3 State submissions on the Draft Report can be viewed [here](#).
- 4 This chapter includes:
 - an overview of the issues considered throughout the review
 - the Commission's response and decision on each issue
 - GST impacts of method changes.
- 5 A description of the assessment method, incorporating changes made in the 2025 Review, can be found in the motor taxes chapter of the *Commission's Assessment Methodology*.

Issues considered

Assessment of stamp duty on motor vehicle transfers

- 6 The differential assessment of stamp duty on the transfer of motor vehicle ownership was discontinued in the 2020 Review because it was no longer material. In response to state comments, the Commission considered the materiality of reintroducing a differential assessment of stamp duty on motor vehicle transfers.
- 7 The Commission estimated the materiality of a differential assessment using ABS revenue data and state data on the value of vehicle transfers from the 2019 Update (the latest data it had available). That analysis suggested a differential assessment was unlikely to be material at the driver materiality threshold (\$40 per capita). On this basis, the Commission proposed not to reintroduce the stamp duty on motor vehicle transfers.

State views

- 8 Five states said they supported the proposal not to reintroduce a differential assessment of stamp duty on motor vehicles on the basis that it was unlikely to be material.
- 9 South Australia did not support the proposal. It said growth in ABS data on revenue from stamp duty on motor vehicle transfers was a strong proxy for growth in each state's revenue base. South Australia said those data suggested there had been significant growth in the value of vehicle transfers since 2018–19 and that a differential assessment would be material.
- 10 South Australia said the Commission should seek the latest data from states on the value of motor vehicle transfers to test the materiality of a differential assessment. It said the assessment should be reintroduced in the 2025 Review, if it was material. South Australia said because this would be reinstatement of a previous assessment, there should be no concerns about the conceptual basis or assessment methodology.

Commission response

- 11 In response to South Australia's submission, the Commission collected new data from states on the dutiable value of motor vehicle transfers.¹ Based on those data, the differential assessment was material at the \$40 per capita driver materiality threshold.²

¹ Stamp duty is collected on new motor vehicle registrations and used motor vehicle transfers. Duty is calculated on the greater of purchase price or the market value (the 'dutiable value').

² A differential assessment was material based on data for the 3 assessment years of the 2024 Update.

Commission decision

- 12 The Commission will reintroduce a differential assessment of stamp duty on motor vehicle transfers. Stamp duty on motor vehicles will be assessed as a separate component within the motor taxes category.

Assessment of electric vehicle charges

- 13 Noting that Victoria had introduced a Zero and Low Emission Vehicle road user charge and that 3 other states intended to introduce similar charges, the Commission considered the case for a separate assessment of revenue from distance-based electric vehicle charges. On 18 October 2023, the High Court found that Victoria's Zero and Low Emission Vehicle road user charge was an excise and, therefore, constitutionally invalid. The decision prevents other states from imposing similar charges. In light of this development, the Commission proposed that a separate assessment of distance-based electric vehicle charges is no longer relevant.

State views

- 14 Six states said they supported not introducing a separate assessment of revenue from electric vehicle charges in light of the High Court decision. Two states did not comment.

Commission response

- 15 Following the High Court decision, Victoria repealed its Zero and Low Emission Vehicle road user charge and refunded the revenue it had previously collected. Other states that announced (or legislated) similar charges were unable to introduce them. Therefore, it is no longer relevant for the Commission to introduce a separate assessment of these charges as part of the motor taxes category.
- 16 Electric vehicles will continue to be included in data on the number of registered vehicles (light and heavy) used in the assessment. The Commission considers this appropriate since electric vehicle owners will continue to be liable for registration fees, albeit with concessions or time-limited exemptions in some states.

Commission decision

- 17 The Commission will not include a separate assessment of distance-based electric vehicle charges as part of the motor taxes category.

Assessment of electric vehicle incentives

- 18 Western Australia said electric vehicle incentives offered by states, in the form of rebates, grants or concessions, could become material in future updates. It said the Commission should consider assessing these in a single place, either as a separate expense assessment or in the motor taxes assessment, to be policy neutral to the type of incentive offered.

State views

- 19 Three states said they supported assessing electric vehicle incentives according to where they are classified in ABS Government Finance Statistics. Queensland said Government Finance Statistics data were the most appropriate dataset for this purpose.
- 20 Western Australia said that, if a separate assessment of stamp duty on motor vehicle transfers became material, the Commission should net off electric vehicle incentives from the revenue raised from stamp duty.
- 21 Other states did not comment.

Commission response

- 22 States provide a range of incentives to encourage the purchase of electric vehicles.³
- Two states offer rebates to purchasers of new electric vehicles, ranging from \$2,000 to \$3,500 per vehicle. The rebates are available for a limited time period or until allocated funding is exhausted (as at 1 October 2024, Tasmania's rebate funding had been exhausted).
 - Three states offer concessional registration fees (or a time-limited exemption) for newly registered electric vehicles.
 - Two states offer concessional rates of stamp duty (or an exemption) on transfers of electric vehicles.
- 23 Electric vehicle rebates are not separately identified in ABS Government Finance Statistics data. However, data published by states suggest rebate expenses are small. A separate expense assessment of these rebates is unlikely to be material.
- 24 Tax concessions are captured as reduced revenue in the relevant component (light vehicle registration fees or stamp duty on motor vehicle transfers). States' tax expenditure data indicate that the 'foregone revenue' from the 2 types of concessions is small relative to motor taxes revenue.
- 25 Given the small size and temporary nature of most electric vehicle incentives, the Commission does not consider a separate assessment of these incentives is justified. Further, the Commission notes that 3 states offer (or have previously offered) both rebates and concessions. Therefore, the Commission does not consider it appropriate to assess rebates and concessions together. The Commission will continue to monitor the electric vehicle concessions provided by states.

Commission decision

- 26 The Commission will assess electric vehicle incentives where they are classified in ABS Government Finance Statistics data (rebates as expenses and tax concessions as reduced revenue).

³ These incentives apply to electric vehicles and in some cases to other low emissions vehicles, such as plug-in hybrid and hydrogen vehicles.

Assessment of emissions-based registration fees

27 From 1 July 2024, the ACT transitioned from its weight-based registration system for light vehicles to an emissions-based system. Under the new scheme, lower emission vehicles will face lower registration fees. The Commission proposed assessing revenue from emissions-based registration fees using the number of light vehicles.

State views

28 All states said they supported assessing revenue from emissions-based registration fees using the number of light vehicles. New South Wales said the number of vehicles was a simpler and more consistent capacity measure than one that attempts to capture those differences. Queensland said the average policy was to impose registration fees per vehicle and this did not change regardless of the characteristics of the vehicle or its use. Western Australia said a state's capacity to raise revenue from registration fees depends on the number of registered vehicles, not on the method of calculating these fees. The Northern Territory said the 2020 Review method measures the overall taxation intensity on vehicles, rather than how that burden was distributed between vehicle types.

Commission response

29 The Commission notes that the basis on which light vehicle registration fees are collected varies across the states – vehicle weight or engine capacity, private or business use. The assessment does not attempt to adjust for those differences. Instead, it uses the number of registered light vehicles as its proxy measure of states' capacity to raise light vehicle registration fees.

30 The Commission considers that emissions-based registration fees are sufficiently similar in nature to those based on vehicle weight or engine capacity for the revenue from those fees to be assessed using its proxy measure. Both are annual (or periodic) fees to register a vehicle.

Commission decision

31 The Commission will assess revenue for emissions-based registration fees using the number of light vehicles.

GST impacts of method changes

32 The impact on the GST distribution from the method changes is shown in Table 1.

Table 1 Impact on GST distribution of method changes, motor taxes, 2024-25 to 2025-26

	NSW	Vic	Qld	WA	SA	Tas	ACT	NT	Total effect
\$m	51	131	-93	-116	15	-9	21	0	218
\$pc	6	18	-16	-38	8	-15	43	1	8

- 33 Queensland, Western Australia and Tasmania had above-average per capita values of vehicle transfers which reduced their assessed GST needs. The other states had below-average per capita values of vehicle transfers, and this increased their assessed GST needs.