

**AUSTRALIAN CAPITAL TERRITORY**

**DUTIES ACT 1999**

**GUIDELINES FOR MOTOR VEHICLE DEALERS AUTHORISATION SCHEME**

**INSTRUMENT NO. 124 OF 2000**

**EXPLANATORY STATEMENT**

The *Duties Act 1999* imposes duty on a range of Territory related documents and transactions including:

- ◆ transfers of Crown leases, subleases, shares and trust units, and of businesses operating in the ACT;
- ◆ leases of land (other than Crown leases);
- ◆ share broker transactions;
- ◆ insurance policies (both general and life)
- ◆ hiring of goods; and
- ◆ sale and transfer of motor vehicles.

2. Chapter 9 of the Duties Act imposes duty on the first registration of a motor vehicle in the ACT in the name of the registered person, unless the vehicle was previously registered in that persons name in another jurisdiction. Under section 214 duty is not chargeable on an application by a licensed motor vehicle dealer to register a motor vehicle that is a demonstrator or trading stock. However, if the vehicle is not disposed of within 12 months of being so registered by the licensed vehicle dealer, duty becomes payable as if the exemption never applied. This exemption limitation disadvantages some licensed motor vehicle dealers who trade in rare and prestigious vehicles, which may be held as demonstrators or in trading stock for more than 12 months.

3. To address this issue, section 214A has been introduced into the Duties Act. This section vests in the Commissioner the power to issue an annual authority to licensed motor vehicle dealers, in accordance with guidelines determined by the Minister, allowing the dealer to continue the exemption provided under section 214 of the Duties Act for certain motor vehicles provided they remain registered and comply with the conditions set out in the Determination. The new scheme will apply only to vehicles which have a purchase price of \$35,000 or above and which travel less than 10,000 kilometres in a year. Under the scheme, a dealer may apply to hold an annual authorisation for all vehicles that meet the requirements of the guidelines. The guidelines require dealers to pay an administrative charge of \$250 for the annual authorisation.

4. This determination sets the guidelines that are to apply from 1 March 2000. The retrospective application of the Guidelines, which provide a concession to eligible motor vehicle dealers should have no detrimental effect on these taxpayers.

Circulated by the authority of the Treasurer.