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## Public Ruling Duties Act:

### VEHICLE REGISTRATION DUTY ON THE REGISTRATION OR TRANSFER OF VEHICLES SUBJECT TO GST

*A Public Ruling, when issued, is the published view of the Commissioner on the particular topic to which it relates. It therefore replaces and overrides any existing private rulings, memoranda, manuals and advice provided by the Commissioner in respect of the issue/s it addresses. Where a change in legislation or case law (the law) affects the content of a Public Ruling, the change in the law overrides the Public Ruling—that is, the Commissioner will determine the tax liability or eligibility for a concession, grant, subsidy or exemption, as the case may be, in accordance with the law.*

## What this Ruling is about

1. This Public Ruling clarifies how vehicle registration duty is imposed on an application to register or transfer a vehicle under Chapter 9 of the *Duties Act 2001* (Duties Act) in relation to applications and transfers which attract the goods and services tax (GST).
2. Vehicle registration duty is imposed on the dutiable value of the vehicle.<sup>1</sup>
3. Section 378(1) of the Duties Act provides that the dutiable value of a vehicle that has not been previously registered, whether in Queensland or another State, and for which there is a list price is the total of the following:
  - (a) the vehicle's list price
  - (b) the price of all items of optional equipment not included in the list price.
4. Section 378(2) of the Duties Act provides that the dutiable value of a vehicle that has previously been registered, whether in Queensland or another State, or for which there is no list price is the greater of the following:
  - (a) the total consideration, in monetary terms, payable by the purchaser including any deposit, trade-in allowance and the price of all items of optional equipment
  - (b) the market value of the vehicle.

<sup>1</sup> Section 377(2) of the Duties Act

5. The list price of a vehicle means the recommended retail price or, if there is more than 1 recommended retail price, the highest recommended retail price, of the manufacturer, importer or principal distributor at Brisbane of—
  - (a) for a truck—the relevant make and model of the cab-chassis or
  - (b) for another vehicle—the vehicle.<sup>2</sup>
6. The market value of a vehicle is the amount for which the vehicle might reasonably be sold, free of encumbrances, on the open market when the transaction to which an application to register or transfer the vehicle is made.<sup>3</sup>
7. Under *A New Tax System (Goods and Services Tax) Act 1999* (Cth) (GST Act), GST is imposed on taxable supplies at 10% of the value of the supply.<sup>4</sup>
8. The value of a taxable supply is 10/11ths of the price.<sup>5</sup>
9. The price of a taxable supply is the amount or market value of the consideration for the supply without any discount for the amount of GST (if any) payable on the supply.<sup>6</sup>
10. GST is payable by the person who makes the taxable supply.<sup>7</sup>
11. Sales of new motor vehicles after 30 June 2000 will generally attract GST, as they will be taxable supplies by an enterprise, being motor dealers. Consequently, both the recommended retail price of new motor vehicles and their actual sale price will either include a GST component or be expressed as the price plus GST.
12. Sales of used vehicles will attract GST where the supplier carries on an enterprise and is registered as a used car dealer. Private sales will usually not attract GST.

## Ruling and explanation

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13. Where vehicle registration duty on an application to register a vehicle is to be calculated on the recommended retail price, the duty is to be calculated on the GST-inclusive price. This is because GST is part of the consideration for the supply as the consideration is determined without any discount for the GST payable on the supply.<sup>8</sup>
14. Pursuant to s.378(2) of the Duties Act, where a vehicle that has been previously registered or for which there is no list price, upon an application to register or transfer that vehicle, vehicle registration duty is to be calculated on the greater of the consideration or the market value, the consideration is to be the GST-inclusive consideration.

### Example 1

*The recommended retail price of a new vehicle is expressed to be \$28 990 including GST. Upon the application to register this vehicle, the dutiable value is \$28 990.*

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<sup>2</sup> Schedule 6 of the Duties Act  
<sup>3</sup> Section 379 of the Duties Act  
<sup>4</sup> Sections 7-1(1) and 9-70, GST Act  
<sup>5</sup> Section 9-75, GST Act  
<sup>6</sup> Section 9-75, GST Act  
<sup>7</sup> Section 9-40, GST Act  
<sup>8</sup> Section 9-75, GST Act

**Example 2**

*The recommended retail price of a new motor vehicle is expressed to be \$28 990 including GST. The motor vehicle is sold for \$27 000 including GST. Upon the application to register this vehicle, the dutiable value is \$28 990.*

**Example 3**

*Same as Example 1 except that the price is expressed to be \$28 990 plus GST. The dutiable value is \$28 990 plus the GST component.*

**Example 4**

*The sale price of a current model new vehicle, which does not have a list price, is \$25 990 including GST. If the parties are dealing with each other at arm's length, the sale price will be taken to be equal to the vehicle's market value. Upon the application to register this vehicle, the dutiable value is \$25 990.*

**Example 5**

*Same as Example 4 except that the sale price is \$25 990 plus GST. If the parties are dealing with each other at arm's length, the sale price plus GST will be taken to be equal to the vehicle's market price and the dutiable value is \$25 990 plus the GST component.*

**Example 6**

*The sale price for a used car from a dealer was \$15 000 plus GST. If the parties are dealing with each other at arm's length, the sale price plus GST will be taken to be equal to the vehicle's market value. Upon the application to transfer this vehicle, the dutiable value is \$15 000 plus the GST component.*

**Example 7**

*The sale price for a used car sold by a private seller was \$15 000. As the seller is not liable for GST, the sale price does not include a GST component. If the parties are dealing with each other at arm's length, the sale price will be taken to be equal the vehicle's market value. Upon the application to transfer this vehicle, the dutiable value is \$15 000.*

**Example 8**

*An Aunt transfers her used motor vehicle to her niece for \$6 000, being 50% below the market value. Upon the application to transfer this vehicle, the dutiable value is \$12 000 being the market price of the vehicle.*

**Date of effect**

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15. This Public Ruling takes effect from the date of issue.

David Smith  
Commissioner of State Revenue  
Date of Issue 24 February 2009

**References**

Public Ruling	Issued	Dates of effect	
		From	To
DA378.1.1	24 February 2009	24 February 2009	19 June 2011
Supersedes Revenue Ruling DA 8.1	1 March 2002	1 March 2002	23 February 2009

Superseded