

BULLETIN

Industry Divisions



Reference No: SRO-9-19

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VADA members have been advised that as a result of recent announcement in the 2019-20 Victorian State Government Budget that saw changes to how a service demonstrator vehicle (SDV) could be used that update to SRO revenue rulings DA-034 and DA-035 was to be affected by the State Revenue Office (SRO).

As a key stakeholder, VACC has taken up the invitation forwarded from SRO to make commentary on the draft revenue rulings has provided commentary on the SRO draft Revenue Rulings DA-034v2 and DA-035v2 as well as taking the opportunity to address the no longer fit for purpose SRO Revenue Ruling DA.022 that clarifies the meaning of dutiable value of a new motor vehicle for the purposes of the Duties Act 2000.

SRO has issued draft revenue rulings. Those revenue rulings referred to by SRO are:

Trading stock/demonstrator vehicle exemptions

The new draft Revenue Ruling DA-034 V2 replaces DA-034 and deals with trading stock/ demonstrator stock exemptions and takes into account the exemption from motor vehicle duty (MVD) on the registration or transfer of a service demonstrator vehicle on or after 1 July 2019. This exemption was announced in the Victorian Government's 2019-20 Budget. View the VACC submission regarding trading stock/demonstrator exemptions by taking this [link](#).

The VADA submission has recommended that Revenue Ruling DA-034v2 makes a clear and defined set of reforms that include the following:

- Statement for exemption from interpretation of 'charge' for fuel used by a consumer in a SDV
- Statement of exemption from interpretation of 'charge' for a SDV that has incurred toll fees, parking tickets and speeding fines or any other vehicle operator issue connected with the Road Safety Act and Hoon Legislation
- Statement of exemption that the dealer can at its discretion advise the consumer in writing that the consumer will pay an agreed excess amount in the event of any accident or damage incurred by the consumer whilst in possession of the SDV
- Clear definition of driving after hours incidentally (i.e. currently services advisors take the vehicle home at the end of their shift each night and over the weekend)

Motor vehicle change of use provisions

The new draft Revenue Ruling DA-035 V2 replaces DA-035 and deals with motor vehicle change in use provisions. View the VACC submission regarding motor vehicle change of use provisions by taking this [link](#).

The VADA submission has recommended that Revenue Ruling DA-035v2 makes a clear and defined set of reforms that include the following:

- VACC would suggest that SRO provides clear guidance to the LMCT of stock of unique or other high value stock that a separate ruling be obtained by that LMCT if they seek an extension to the 12-month exemption period
- VACC recommends that any reference to personalized number plates be removed in its entirety from the Revenue Ruling.
- VACC recommends that stamp duty is paid on the average value of a car as per the FBT return calculation once every 2 years x the number of staff who are recorded in the FBT returns / employment agreements
- VACC recommends that any subsidy agreement between the LMCT and the manufacturer or supplier be removed from the Revenue Ruling
- VACC recommends that SRO provide a list of supporting documents that allow for the LMCT to demonstrate where the predominant use of a motor vehicle has not occurred.

Important: About Revenue Ruling DA.022

Based on the needs to ensure fairness and consistency across all Revenue Rulings that affect LMCTs, prudence dictates that VACC also provides commentary to SRO concerning Revenue Ruling DA.022 released in the year 2002. DA.022 replaced Revenue Ruling SD.004 that came into effect in 1993.

VACC is disappointed that SRO did not take the opportunity to seek industry commentary or modernisation to the Duties Act 2000, specifically to the associated, Revenue Ruling DA.022 as VACC requested in our August 2018 submission and State Election Manifesto. This would have officially provided industry and government with a chance to address what is an outdated and discriminatory set of rulings that is curtailing industry growth opportunities. VACC has taken the liberty of entering a submission and has advised SRO that DA.022 is no longer fit for purpose in so far as 2019 new and used car dealership models are concerned and seeks relief from archaic and discriminatory factors contained within the ruling. View the VACC submission by taking this [link](#).

The VADA submission has recommended that Revenue Ruling DA.022 makes a clear and defined set of reforms that include the following:

- VACC recommends that a vehicles' dutiable value be determined by the price paid for that vehicle on the day of its sale.
- VACC recommends and calls for the exemption of duty application to the fitment of accessories and/or aftermarket parts from being calculated into a vehicles dutiable value. The dutiable value should be based on Recommended Retail Price or the negotiated retail price of a vehicle
- VACC recommends that Dealer Delivery Charges are exempted from a vehicles dutiable value and exempted from application of motor vehicle duty.

Summary

The VACC commentary is the first instance since 2002 that VACC has been provided with an official opportunity to address issues contained within the original rulings that so affect Victorian Licensed Motor Car Traders (LMCTs). SRO has advised VACC that the draft rulings issued on 16 August 2019 are worded to provide a more contemporary set of guidelines, and this is consistent with the ideology put forward within the August 2018 VACC submission '*Impacts of the unintended double duties for Victorian new car dealers*'.

Other information

VACC is also awaiting further guidance on other elements for consideration as they relate to the use of SDVs.

Please call me with any queries.

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