

# BULLETIN

## Industry Divisions



Reference No: SRO-17-19

Date issued: 17/12/2019

### Important: SRO reissue of Motor Vehicle related Revenue Rulings

VACC members are advised of the release of today reissued versions of the State Revenue Office (SRO) Revenue Rulings that govern how Licensed Motor Car Traders will use the exemption from motor vehicle duty as dictated by Section 9 of the Victorian Duties Act 2000.

The changes have been made as a result of the Victorian Government's 2019-20 Budget announcement regarding the new category of vehicle known as Service Demonstrator Vehicles and made by the *State Taxation Acts Amendment Act 2019*.

A period of public consultation took place. VACC reminds members that further gains for LMCTs have been previously advised in earlier VACC bulletins. You can view the VACC submissions by taking this [link](#).

VACC continues to lobby SRO for other changes to Motor Vehicle Duty criteria that impact LMCTs.

#### The reissued Revenue Rulings

##### Trading stock, demonstrator vehicle, service demonstrator vehicle exemptions

[DA-034v2](#) replaces DA-034 to take into account the exemption from motor vehicle duty on the registration or transfer of a service demonstrator vehicle on or after 1 July 2019.

##### Important note regarding the provision of a Service Demonstrator Vehicle

A service demonstrator vehicle must be provided to a customer of an LMCT as a vehicle that they may want to purchase. Whilst this is generally an upgrade, if an LMCT can demonstrate that a customer is in the market for a second car or a 'downsized' vehicle, this can also be a legitimate service demonstrator vehicle depending upon the particular customer and vehicle.

##### Motor vehicle change of use provisions

[DA-035v2](#) replaces DA-035 to take into account: the exemption from motor vehicle duty on the registration or transfer of a service demonstrator vehicle on or after 1 July 2019 and the change in the rate of motor vehicle duty payable on a statement of change in use of a motor vehicle.

##### Important note regarding Fringe benefits tax (FBT) returns/employment agreement

Where the FBT returns and employment agreements in respect of the motor vehicle show that private use by director(s), staff, employees of the LMCT or their family members is the primary use, the SRO considers that a change in the predominant use of the motor vehicle has occurred.

##### What should dealers do with these Revenue Rulings?

VACC urges all members of the Victorian Automobile Dealers Association, Used Car Traders Division, Commercial Vehicle Industry Association and Motorcycle Dealers Association to circulate the Revenue Rulings amongst key personnel within your dealerships.

You are encouraged to contact your own financial advisors or professional services providers with any queries.

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