
State Revenue Office: Important information for LMCTs to be aware of regarding trading and demonstrator stock

Members should be alert that the State Revenue Office (SRO) from time to time conduct random investigations focusing on duty exemptions claimed by Licensed Motor Car Traders (LMCT) in respect of duty arising from change of use vehicles.

Why does the SRO conduct such random investigations?

SRO and other government agencies such as VicRoads, Consumer Affairs Victoria and the ATO conduct data matching exercises as a matter of routine. In some instances, the SRO may determine that LMCTs may have misused their exemptions when it has acquired certain vehicles.

Important points to understand

- LMCTs should be aware that Section 73 of the Taxation Administration Act 1997 permits officers of the SRO to request any person to produce information in their custody or control.
- Section 231 of the [Duties Act 2000](#) provides an exemption from duty on application for registration of vehicles by an LMCT.
- Section 238 of the Duties Act 2000 imposes duty where there has been a predominant change in use of a vehicle that was previously exempted from duty based on the vehicle's use
- By taking the links to SRO ruling [DA.034](#) and [DA.035](#) you will find further guidance and criteria pertaining to the trading stock and demonstrator vehicles exemptions and change of use provisions respectively.

What should LMCTs do if they are unsure of their current stock status?

VACC has liaised with the SRO and can advise that SRO encourages LMCTs to conduct self-assessment tests and long term compliance.

If you find that you have an undeclared liability you are encouraged to make a written disclosure to the SRO. This disclosure should include the all facts including an explanation of how the error occurred, the amount and period of the default.

SRO has advised VACC that a voluntary disclosure may result in a lower penalty.

Further guidance

Members are encouraged to take professional advice from their own financial or legal firms.

For further guidance please contact Ron Cooke at the SRO Investigations Branch on 9628 0344 or ron.cooke@sro.vic.gov.au

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