

BULLETIN

Licensed Motor Car Traders



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State Revenue Office Voluntary Disclosure opportunity

VACC meets regularly with State Revenue Office (SRO) to discuss dealer issues with the Duties Act 2000 and in particular the application, exemption and collection of Motor Vehicle Duty.

What is the issue?

VACC has been advised that the SRO is currently offering an opportunity for LMCTs to voluntarily disclose instances where LMCTs may have incorrectly obtained an exemption from duty for any vehicle intended for use as a service loan vehicle or service demonstrator.

Dealers are reminded that under the current provisions of the Duties Act 2000 there is no definition of a service demonstrator (or similar).

About the voluntary disclosure

The voluntary disclosure will cease on 31 May 2018. SRO invites dealers to make a voluntary disclosure on any service loan/service demonstrator vehicle where you may have incorrectly claimed an exemption over the past five years.

What is the SRO offering?

The SRO has advised VACC that in the event where a dealer makes a voluntary disclosure on or before 31 May 2018, the Commissioner will issue reassessments for the amount of taxes unpaid and penalty tax at a reduced rate of 5 percent. Further interest will be charged at the market rate only from the date of the tax default to the date of reassessment.

How do you make a voluntary disclosure?

Dealers can make a voluntary disclosure by writing to the SRO at the following address:

Service Demonstrator Voluntary Disclosure Program
State Revenue Office
Investigations Branch
GPO Box 1641
Melbourne Vic 3001

You can call the SRO on 132 161 for further information.

VACC viewpoint on service loan demonstrators

VACC has a firm policy position that a category or exemption should be created that allows for the duty exemption for a category known as a 'service demonstrator'. These vehicles are quite often used as an upsell tool and are a legitimate and integral technique to assist in dealership vehicle sales. VACC has begun a dialogue with the Victorian Government and Opposition Treasurer in pursuit of this.

VACC has noted the outcome of the Mercedes-Benz Australia/Pacific Pty Ltd v Commissioner of State Revenue (2016) VSCA 194 action and the subsequent unsuccessful Supreme Court appeal and is currently considering our future strategy on this issue.

Other Information

Dealers should always be aware that SRO's investigations focus on the practices of LMCTs, including (but not limited to) their use of vehicles classified as trading stock or demonstrator vehicles and the calculation, collection and payment of duty to VicRoads.

The use of the LMCT duty exemption for the registration/transfer of motor vehicles is also audited to ensure the LMCT was entitled to the exemption in the first instance and whether, due to a change in the use of a vehicle, the exemption no longer applies.

Regards

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