

BULLETIN

Victorian Automobile Dealers Association



Reference No: VADA 01-17

Date issued: 04/05/2017

New passenger vehicle motor vehicle duty will be introduced from 1 July 2017

Victorian Automobile Dealers Association (VADA) members are advised that the Victorian State Government has announced that as part of the 2017/18 Victorian State Budget a 1% rise in new passenger motor vehicle duty will be introduced from 1 July 2017. From 1 July 2017, new passenger vehicle duty will increase from \$6.40 per \$200 to \$8.40 per \$200 of a vehicle's market value.

The duty rate for new non-passenger vehicles will remain at \$5.40 per \$200.

Please [click on this link](#) to read more information from the State Revenue Office (SRO) regarding the rate and dates of implementation of motor vehicle duty and other duties emanating from the Budget.

What is the VADA viewpoint on these new rises?

VADA Executive Committee members have instructed VACC to protest the rise in duty in the strongest possible terms to the Victorian State Government. At the very least VACC will be demanding the Government set aside reasonable funding from the expected \$100 million annual windfall for much-needed improvements to the VicRoads Registration and Licensing system.

What can you do?

VACC will be asking members, via a survey to be released in the coming days, to supply information regarding the detrimental effects of this rise to both dealerships and consumers. VACC requests members to complete this survey when released.

When does the new rate apply?

Our conversations with the Victorian Government have determined that the new rate of motor vehicle duty and all other fees are applicable at the time the registration fees are submitted (i.e. the actual date of registration). So, if you order a car today, but it is not due to your Dealership until after 1 July 2017 then the new motor vehicle duty rate will apply.

The SRO advise that the new rates of duty must be approved by the Victorian Parliament before they are active. You should only rely on the exact detail once the legislation is passed. This approval is likely to be in June 2017.

What should I do if I have negotiated a deal at the old rate for a new car being registered after 30 June 2017?

If you are using VACC's 'New Car Contract of Sale', Sections 2(a) and 2(b) of that contract make an allowance for an increase of stamp duty or any other tax payable in respect of the motor vehicle between the date of the contract and the date of delivery. Under these or similar terms and conditions, you can pass on the increase to the purchaser. These sections also make the requirement to use reasonable endeavours to advise the purchaser of the increase in duty as soon as reasonably practicable. Advising the purchaser of this well before delivery is recommended.

What should dealers do to prepare?

VACC would advise that those of you who are operating under a Dealer Management System ensure that any necessary adjustments are made to reflect this change from 1 July 2017.

If you have any further queries, please visit www.sro.vic.gov.au or call me directly.

Michael McKenna

Industry Policy Advisor

Industrial Relations, Policy and Engagement

Level 7 | 464 St Kilda Road | Melbourne Vic 3004

P: 03 9829 1280 | **E:** mmckenna@vacc.com.au | **W:** vacc.com.au