

FACT SHEET

Duties Amendment (Motor Vehicle Industry Red Tape Reduction) Bill 2016

- The Duties Amendment (Motor Vehicle Industry Red Tape Reduction) Bill 2016 amends the *Duties Act 2001* to broaden the permitted use of demonstrator vehicles under the current duty exemption for new motor vehicles registered by licensed motor vehicle traders and motor dealers. It also provides an exemption for new motor vehicles used as courtesy vehicles which will also have similar permitted ancillary uses.
- The broader permitted uses allow interchangeable use as a demonstrator or courtesy vehicle and permit use by sales staff for familiarisation purposes and the display of advertising promoting the motor dealing business.
- In most new motor vehicle dealerships, a service centre for post-sale vehicle maintenance forms part of the product offering. It is common practise for these businesses to loan a courtesy vehicle to a customer while their vehicle is being serviced.
- These amendments mean that duty will not be payable on the registration of vehicles used as courtesy vehicles, and will allow those vehicles to also be used for staff familiarisation or advertising without losing the exemption as was previously the case.
- The Bill also addresses a number of mechanical difficulties with the operation of Chapter 8 of the Duties Act that will enable the provisions to better work as intended.
- Whilst the Duties Act currently provides for a 12 month exemption period for demonstrator vehicles, the Bill introduces a further limit covering the new range of permitted uses for both demonstrator and courtesy vehicles. Duty will now become payable on the earlier of an exempt vehicle exceeding 15 000 kilometres, the expiry of 12 months or the vehicle being used for a non-permitted purpose.
- It is expected that a broader duty exemption will result in a reduction in revenue of between \$270 000 and \$400 000 per annum (less than 1 per cent of total motor vehicle duty revenue for 2016-17). However this is expected to be offset to some degree by an increase in motor vehicle duty revenue from the number of new cars sold through either an increase in turnover of courtesy vehicles or new vehicle orders.