



Motor Vehicle Registration Duty

When do you pay duty on a motor vehicle?

Duty on an application to register a motor vehicle must be paid when:

- it is new and is being registered for the first time
- registration is being transferred to another person
- registration is issued in another name
- an imported second hand vehicle is first registered in NSW.

The Roads and Traffic Authority (RTA) collects duty for the Office of State Revenue (OSR).

How much duty do you pay?

You have to pay duty on the full value of a new vehicle, or the sale price or market value of a used vehicle (whichever amount is the greater).

If Goods and Services Tax (GST) is payable, then duty is calculated on the GST inclusive full value on new vehicles, or sale price or market value of a used vehicle.

If an application is made by a person with a disability or the motor vehicle is used by or to transport a person with a disability, and modifications (user modifications) have been made to the vehicle to enable a person with a disability to drive the vehicle or to enable a person with a disability to be transported in the vehicle, the duty chargeable on the application is to be charged on the lesser of the following:

- a) the dutiable value of the motor vehicle reduced by the value of the user modifications,
- b) the dutiable value of the motor vehicle determined without regard to the user modifications.

The 'value of the user modifications' is the consideration in money or money's worth given for the user modifications.

For most motor vehicles, the duty currently payable is \$3 for every \$100 (or part of \$100) of its value.

However the duty on vehicles valued at \$45 000 or more (not including motorcycles, buses for more than nine people including the driver, hearses and invalid conveyances) is \$1350 plus \$5 for every \$100 (or part of \$100) over \$45 000.

What do 'sale price' and 'market value' mean?

Sale price is the price you pay for a used vehicle.

Market value is the price the vehicle would bring on the open market.



In many cases, duty is payable on the market value of a vehicle because the sale price is not a true indication of its value, such as when:

- a vehicle is received as a gift or won in a competition or art union or
- a vehicle is bought cheaply in a damaged or run-down condition and repaired before registration.

Declaring a used vehicle's market value

If the registration of a vehicle is being transferred to another person or organisation, both the seller and the buyer must state the correct market value of the vehicle:

- on the back of the certificate of registration; and
- on the transfer of registration form to help avoid the chance of buyers making false statements.

If GST is payable on the transfer of a motor vehicle, then duty is calculated on the GST inclusive price.

Exemption from GST

Market value does not include GST, if the goods are exempt from the payment of GST. You will need to check with your local Australian Taxation Office if this applies to you.

Assessing a used vehicle's market value

If you have not bought your vehicle (because it was a gift or for some other reason), you may not know its market value. There are a number of ways you can obtain a market value including:

- consulting a dealer
- NRMA members call 1300 655 443
- asking your insurance company or
- visiting Glass's Guide's website www.valuemail.com.au

Factory rebates

A factory rebate is regarded as a gift from the manufacturer. When a factory rebate is paid directly to a purchaser, or assigned by the purchaser to the dealer as a deposit, duty should be paid on the price paid for the vehicle before the rebate is issued.

Extended warranties

Premiums paid by motor vehicle purchasers to dealers for extended warranty insurance policies should not be included in the value of the motor vehicle.

Are some applications for registration not chargeable with duty?

Yes. You do not pay duty when a vehicle is:

- left to you in a will
- awarded to you as part of a divorce settlement

Note: in this case, you do not pay a transfer fee either but you will need to produce evidence from the Court confirming your divorce and property settlement. Similar provisions apply on the breakup of a de facto and domestic relationship.

- registered in your name in another State or Territory and you have paid duty on that vehicle. You must show the certificate of registration when you register the vehicle in NSW
- transferred to NSW registration from the Federal Interstate Registration Scheme (if registered in the same name under that scheme before 1 July 1995)
- purchased by eligible war veterans
- transferred from joint names to a single name (married or de facto couples only)
- used for carrying sick or injured people, provided that it is:
 - ▶ specially constructed and used mainly or wholly to carry sick or injured people or for mine rescue work
 - ▶ specially constructed, with an unladen weight of not more than 250 kg, and used solely to carry disabled persons

Note: in both of these situations you must produce proof of construction and intended use by taking the vehicle to a motor registry office. You must fill in an exemption declaration for an invalid vehicle.

- vehicles that are the property of the following organisations may also be exempt from duty:
 - ▶ public hospitals which include an Area Health Service with original letter of exemption from OSR
 - ▶ licenced motor dealers: vehicles which are second hand (including imported vehicles) – if the licensed second-hand dealer signs a declaration stating the vehicle is only being held for resale. There are also some exemptions for certain new vehicles registered as demonstration vehicles
 - ▶ organisations involved in charitable or welfare work – if a letter of exemption from OSR is presented at the time of registration.

If you have paid duty in these situations you are entitled to a refund.

Are there other exceptions?

Yes. You do not pay duty on an application for registration in certain circumstances, such as:

- a company (for example Black and Yellow Cabs Pty Ltd) buys a vehicle but the dealer registers it under an incorrect name (say Yellow Cabs Pty Ltd)
- a representative buys a vehicle on behalf of another person or company (for example a son buys a vehicle for his father) but the dealer registers it in the representative's (the son's) name
- a representative negotiates the purchase of a vehicle for an employer who pays for it, but the dealer registers it in the name of the representative rather than the company or vice versa
- a person changes their name through marriage, divorce, deed poll or another legally recognised means and seeks the issue of an amended certificate of registration
- an error is made in recording the details of a registration
- a person seeks a change from an abbreviated name to a full name, for example Trish to Patricia
- a company changes its name but retains the same ACN, ARBN or ABN

MORE INFORMATION



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Help in community languages is available.

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- an owner of a vehicle (who has paid duty or was exempt from duty at the time of registering the vehicle) attaches a taxi or hire car plate to the vehicle, either as owner or lessee, or registers it as a private vehicle
- no fee transactions are issued as a result of the requirements of the RTA's computer system
- where eligible pensioners transfer vehicles from joint to single names to obtain concessions for two eligible vehicles.

If you have paid duty in respect of any of the above exceptions an application for refund must be made within three months of purchase and must include:

- the reason why you are requesting a refund and the original certification of registration showing the duty was paid.

If, however, the vehicle was returned to the dealer (because you were dissatisfied with it or it was faulty), it must be returned within three months of purchase and your application must be made within three months of returning your vehicle.

As part of your application, you must include:

- confirmation from the dealer as to why the vehicle was returned, and
- the original certificate of registration showing the duty was paid.

Caravans and Camper Trailers

Effective from 1 July 2009 duty is not chargeable on an application to register a caravan.

For the purpose of the exemption 'caravan' means a trailer (within the meaning of the *Road Transport (Vehicle Registration) Act 1997*), including a camper trailer, that is permanently fitted for human habitation in connection with a journey.

A note about trading names and company names

An application for registration following the transfer from a trading name to the person who is entitled to use that name does not attract duty (for example R. Smith Plumbing to R. Smith).

However, an application for registration following the transfer to or from a company name is liable to duty (for example R. Smith to R. Smith Pty Ltd).

Are there penalties?

If you understate the market value of your vehicle on the application for transfer of registration form, motor registry officers will query the amount and refer the case to the OSR for investigation if there is still doubt as to its value.

If OSR finds that you have understated the vehicle's value:

- interest at the current market rate on the unpaid amount will be calculated on a daily basis until the day of payment
- penalty tax, up to 90 per cent of the unpaid amount, will be imposed for intentional disregard of the law.