



Meaning of Minor Incidental Purpose in relation to the Grant or Transfer of a Vehicle Licence to a Dealer

1. This revenue ruling provides the Commissioner's interpretation of the term *minor incidental purposes* in sections 245 – 256 of the *Duties Act 2008* (Duties Act).

Relevant legislation

2. The grant or transfer of a vehicle licence is exempt from duty if the vehicle is used for a purpose specified in sections 246(1)(a), (2)(a), (3)(a) and 247(1) of the Duties Act (exempt purposes) and the dealer provides a declaration that the vehicle will not be used for any other purpose.
3. Section 245 of the Duties Act provides that a vehicle whose licence is exempt from duty under those sections can also be used for *minor incidental purposes* without affecting the exemption.
4. Section 246(1) of the Duties Act provides duty is not chargeable on the grant of a vehicle licence to a dealer if the dealer acquires the vehicle solely for the purpose of:
 - (a) selling it to another person in the ordinary course of a dealer's business or
 - (b) demonstrating it to prospective purchasers.
5. Section 246(2) of the Duties Act provides duty is not chargeable on the transfer of a vehicle licence to a dealer if the dealer acquires the vehicle solely for the purpose of reselling it to another person in the ordinary course of the dealer's business.
6. Section 246(3) of the Duties Act provides duty is not chargeable on the grant of a vehicle licence to a dealer if the dealer acquires a new vehicle solely for the purpose of using it as a service demonstrator vehicle.
7. Section 247(1) of the Duties Act provides duty is not chargeable on the grant or transfer of a vehicle licence to a dealer if the vehicle is to be loaned solely to:
 - (a) a charitable organisation to be used solely for providing assistance to underprivileged or disadvantaged persons or providing emergency assistance or
 - (b) a school for driver training or
 - (c) an individual for a philanthropic or other prescribed purpose.
8. If no duty was charged because of the application of sections 246(1)(a), (2)(a), (3)(a) and 247(1) of the Duties Act, and a dealer uses or allows another person to use the vehicle for a different purpose, whether an exempt purpose or not, the dealer commits an offence under section 248 or 249(1) unless they notify the Commissioner of the change of use. The notification must be made in the [approved form](#) within one month after the day on which the use of the vehicle changed.
 - (a) Duty will not be charged if the use of the vehicle changes from one exempt purpose to another and the Commissioner is notified as required.
 - (b) Duty will be charged on the value of the vehicle at the time the change of use occurred if the use of the vehicle changes from an exempt purpose to a non-exempt purpose and the Commissioner is notified as required. If the Commissioner is not notified as

required, duty will be charged on the full value of vehicle at the time it was initially licensed by the dealer.

- (c) Failure to notify the Commissioner of a change of use is an offence for which a fine may apply. In addition, penalty tax may be incurred if the Commissioner is not notified within the required timeframe.

Record keeping

- 9. Section 256 of the Duties Act prescribes the records vehicle dealers must keep.

Ruling

- 10. If duty is not chargeable because the vehicle is used for an exempt purpose, use of the vehicle for *minor incidental purposes* will not affect the exemption.
- 11. Minor incidental purposes include:
 - (a) use of the vehicle for commuting purposes or use by a dealer or staff if the vehicle is:
 - i. available for demonstration or sale on authorised premises during business hours and
 - ii. kept in a condition similar to other vehicles available for sale
 - (b) use of the vehicle as a loan vehicle if it is
 - i. drawn from stock on the day
 - ii. no more than a nominal fee is charged for fuel and insurance and
 - iii. the vehicle is not loaned for periods generally exceeding two days
 - (c) use of the vehicle for driving from the dealership to a service centre to be repaired or prepared for sale, or to/from a potential customer's residence or place of business
 - (d) use of the vehicle for a fleet evaluation if:
 - i. the vehicle is a new model or of a different type to that currently held by the client and
 - ii. the timeframe in which the client is evaluating the vehicle is, in the Commissioner's opinion, reasonable considering the type of vehicle being evaluated.
- 12. Vehicle uses *not* considered to be minor incidental purposes include but are not limited to:
 - (a) parts delivery vehicle
 - (b) courtesy vehicle/bus
 - (c) mobile service vehicle
 - (d) a vehicle designated primarily for the personal use of the dealer principal, dealer, staff or family members
 - (e) a vehicle used as a hire vehicle
 - (f) a vehicle that is not a *service demonstrator vehicle* loaned for an extended period of time and
 - (g) a vehicle used for staff commuting purposes that is not available at the dealer's business premises for demonstration or sale during normal business hours.
- 13. Regardless of whether a vehicle used for an exempt purpose is also used for minor incidental purposes, any use of the vehicle not listed in paragraph 11 may affect the exemption.

Terms used

14. The following terms used in this ruling have the meaning set out below:

Authorised premises - the premises specified in the dealer's licence under section 20E(5) of the *Motor Vehicle Dealers Act 1973*.

Demonstrator vehicle - a vehicle used for demonstration to a prospective purchaser.

Fleet evaluation vehicle - a vehicle provided by the dealer to a prospective purchaser to evaluate the vehicle's suitability for use in the purchaser's business.

Loan vehicle - a vehicle provided by the dealer to a person while their vehicle is being serviced or repaired or when the person has traded in their vehicle and is awaiting delivery of their new vehicle.

Service demonstrator vehicle - a vehicle loaned to a customer while their vehicle is being serviced. It is a current model supplied by the dealer's authorised manufacture or principal distributor and used to entice customers into upgrading their vehicles.

Ruling history

Revenue Ruling	Issued	Effective dates	
		From	To
DA 5.0	July 2008	July 2008	28 June 2023
DA 5.1	29 June 2023	29 June 2023	Current