

REVENUE RULING SD 286

HIRING ARRANGEMENTS STAMP DUTY - NOVATED MOTOR VEHICLE LEASES

PREAMBLE

1. At present, stamp duty is payable twice on novated motor vehicle leases. As detailed in Revenue Ruling SD222, these schemes involve two hiring arrangements - a "head lease" between the finance company and the employee, and a "sub lease" between the employee and the employer.
2. Novated leases are a popular means of providing vehicles to employees, as they allow the employee greater freedom in selection of a motor vehicle and to retain the vehicle if they change jobs. As a result of the Stamp Duties Rewrite Project, an exemption for the second arrangement (the sub lease) was introduced in the Duties Act, which commences on 1 July 1998.
3. Submissions have been received concerning administrative difficulties arising from the delayed start of the exemption. The Treasurer has approved an early commencement for the exemption to provide an immediate benefit to those employees who enter new arrangements.

RULING

4. The Treasurer has approved a Variation to Statute to administer the Stamp Duties Act on the basis that an arrangement entered into on or after 1 March 1998 under which an employee subleases a motor vehicle to an employer is exempt from hiring arrangement stamp duty.
5. The Variation will operate from 1 March 1998 until 30 June 1998. In the interim, appropriate amendments will be made to the Stamp Duties Act. The exemption in Section 186 (1)(h) of the Duties Act will apply from 1 July 1998.
6. In any cases where duty on the sublease is being paid by way of return, the liability to duty on arrangements entered into before 1 March 1998 remains. In all cases, duty will still be payable on the head lease.

B. Buchanan
Chief Commissioner of State Revenue
2nd March 1998