



Car thresholds from 1 July

Find out the car thresholds that'll apply for 2026–27 financial year and how they may affect your claims.

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Income tax

The car limit threshold for 2026–27 is \$69,883. This is the maximum value you can use to calculate depreciation on a vehicle where you:

- use the vehicle for business purposes
- first use or lease the vehicle in the 2026–27 income year.

As a business owner, you can claim a tax deduction for motor vehicle expenses you incur for business purposes.

If you use a vehicle for both business and private use, you can only claim the business portion. You must be able to show the percentage you claim as business use and have records to support your claim.

Goods and services tax (GST)

If you buy a vehicle for more than the car limit, the maximum GST credit you can generally claim is one-eleventh of the car limit (subject to certain [exceptions](#)). For 2026–27, the most GST credit you can claim is \$6,353 (that is, $1/11 \times \$69,883$).

You need to claim GST credits on your BAS within the [4-year time limit](#).

You can't claim a credit for any luxury car tax you've paid when you buy a luxury vehicle, even if you use it for business purposes.

Luxury car tax (LCT)

The LCT threshold for both fuel-efficient vehicles and other vehicles will increase in line with the motor vehicles consumer price index (CPI).

The LCT [threshold](#) for 2026–27 is:

- \$91,661 for fuel-efficient vehicles
- \$80,809 for all other luxury vehicles.


If you're a motor vehicle dealer buying luxury vehicles under quote, you need to quote correctly to meet your LCT obligations. For more information, visit [Get your LCT right](#).

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