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# Changes to car thresholds from 1 July

Find out the new car thresholds that'll apply for the 2025–26 financial year.

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## Income tax

The car limit for 2025–26 is \$69,674. This is the highest value you can use to calculate depreciation on a car where:

- you use the car for business purposes, and
- you first use or lease the car in the 2025–26 income year.

As a business owner, you can claim a tax deduction on expenses for motor vehicles you use for business purposes.

If you're using a motor vehicle for both business and private purposes, you can only claim a deduction for the business part. 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're buying a car and the price is more than the car limit, the most GST credit you can claim (except in certain circumstances) is one-eleventh of the car limit. For 2025–26, the most GST credit you can claim is \$6,334 (that is,  $1/11 \times \$69,674$ ).

You need to claim GST credits within the 4-year time limit.

You can't claim a GST credit for luxury car tax when you buy a luxury car. This is even if you use it for business purposes.

## **Luxury car tax (LCT)**

The LCT threshold for 2025–26 is:

- \$91,387 for fuel-efficient vehicles – In line with an increase to the motor vehicle purchase sub-group of the Consumer Price Index (CPI)
- \$80,567 for all other luxury vehicles – In line with an increase in the ‘All Groups’ CPI.

From 1 July, the definition of a fuel-efficient vehicle will also change, affecting vehicles with a fuel consumption rate of 3.5 and 7 litres per 100km. The indexation rates applying to the thresholds for fuel-efficient vehicles and other vehicles will be aligned.

If you’re a dealer buying luxury cars under quote, you need to properly quote to meet your obligations.

For more information, visit [Get your LCT right](#).

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