



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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