

LCTD 2010/1 - Luxury car tax: what is the luxury car tax threshold and the fuel-efficient car limit for the 2010-11 financial year?



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This document has changed over time. This is a consolidated version of the ruling which was published on 9 June 2010



Luxury Car Tax Determination

Luxury car tax: what is the luxury car tax threshold and the fuel-efficient car limit for the 2010-11 financial year?

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*This document is a ruling for the purposes of section 105-60 of Schedule 1 to the **Taxation Administration Act 1953**. You can rely on the information presented in this document which provides advice on the operation of the Luxury Car Tax system.*

1. The luxury car tax threshold for the 2010-11 financial year is **\$57,466** which is equal to the car limit and is used to determine if luxury car tax is payable.¹ The fuel-efficient car limit for the 2010-11 financial year is **\$75,375**.
2. The car limit for the 2009-10 financial year is \$57,180. This limit is indexed annually in line with movements in the motor vehicle purchase sub-group of the Consumer Price Index, unless the indexation factor is 1 or less.²
3. For the 2008-09 financial year this index was 388.1 and for the 2009-10 year the index was 390.0 resulting in an indexation factor of 1.005. As the indexation factor is more than 1, the car limit has increased to **\$57,466** for the 2010-11 financial year.
4. The fuel-efficient car limit for the 2009-10 year is \$75,000. This limit is also indexed annually in line with movements in the motor vehicle purchase sub-group of the Consumer Price Index.³
5. As outlined in paragraph 3 of this Determination, as the indexation factor is more than 1, the fuel-efficient car limit has increased to **\$75,375** for the 2010-11 financial year.

¹ Subsection 25-1(3) of the *A New Tax System (Luxury Car Tax) Act 1999*. The car limit is also used to calculate depreciation deductions under the income tax law – see Taxation Determination TD 2010/17.

² Subsection 960-270(1) of the *Income Tax Assessment Act 1997*.

³ Subsection 25-1(5) of *A New Tax System (Luxury Car Tax) Act 1999*.

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Example 1

6. *On 2 July 2010 a dealer supplies a car with a GST inclusive value of \$66,000.*
7. *As the GST inclusive value exceeds the luxury car tax threshold of \$57,466, luxury car tax may be payable.⁴*

Example 2

8. *On 3 July 2010 a dealer supplies a fuel efficient vehicle with a GST inclusive value of \$77,000.*
9. *As the GST inclusive value exceeds the fuel-efficient car limit of \$75,375, luxury car tax may be payable.⁵*

Date of effect

10. This Determination applies to the financial year commencing 1 July 2010.

Commissioner of Taxation

9 June 2010

⁴ Luxury car tax is not payable in certain circumstances, even when the GST inclusive value exceeds the luxury car tax threshold. This includes when a GST registered recipient quotes their ABN in the prescribed format at or before the time of the purchase or importation of the luxury car (because the recipient intends to hold the car for trading stock other than holding it for hire or lease, carry out research and development for the manufacturer of the car, or export the car where the export is GST-free under GST law), the car is more than two years old, or the car is exported GST-free.

⁵ Luxury car tax is not payable in certain circumstances, even when the GST inclusive value exceeds the fuel-efficient car limit. This includes when a GST registered recipient quotes their ABN in the prescribed format at or before the time of the purchase or importation of the luxury car (because the recipient intends to hold the car for trading stock other than holding it for hire or lease, carry out research and development for the manufacturer of the car, or export the car where the export is GST-free under GST law), the car is more than two years old, or the car is exported GST-free.

References

Previous draft:

Not previously issued as a draft.

Related Rulings/Determinations:

TD 2010/17

Previous Rulings/Determinations

LCTD 2003/1; LCTD 2004/1; LCTD 2005/1;
LCTD 2006/1; LCTD 2007/1; LCTD 2008/1;
LCTD 2009/1

Subject references:

- car limit
- luxury car tax threshold

Legislative references:

- ANTS(LCT)A 1999 25-1(3)
- ANTS(LCT)A 1999 25-1(5)
- ITAA 1997 960-270(1)
- TAA 1953 Sch 1 105-60

ATO references

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