

LCTD 2011/1 - Luxury car tax: what is the luxury car tax threshold and the fuel-efficient car limit for the 2011-12 financial year?



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Luxury Car Tax Determination

Luxury car tax: what are the luxury car tax threshold and the fuel-efficient car limit for the 2011-12 financial year?

Preamble

① This publication provides you with the following level of protection:

This publication (excluding appendices) is a public ruling for the purposes of the *Taxation Administration Act 1953*.

A public ruling is an expression of the Commissioner's opinion about the way in which a relevant provision applies, or would apply, to entities generally or to a class of entities in relation to a particular scheme or a class of schemes.

If you rely on this ruling, the Commissioner must apply the law to you in the way set out in the ruling (unless the Commissioner is satisfied that the ruling is incorrect and disadvantages you, in which case the law may be applied to you in a way that is more favourable for you – provided the Commissioner is not prevented from doing so by a time limit imposed by the law). You will be protected from having to pay any underpaid tax, penalty or interest in respect of the matters covered by this ruling if it turns out that it does not correctly state how the relevant provision applies to you.

Ruling

1. The luxury car tax threshold for the 2011-12 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 2011-12 financial year is \$75,375.
2. The car limit for the 2010-11 financial year was \$57,466. 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 2009-10 financial year this index was 390 and for the 2010-11 year the index was 385.6 resulting in an indexation factor of 0.989. As the indexation factor is less than 1, the car limit for 2011-12 is not to be indexed. Therefore, the car limit for the 2011-12 financial year is \$57,466.
4. The fuel-efficient car limit for the 2010-11 year was \$75,375. This limit is also indexed annually in line with movements in the motor vehicle purchase sub-group of the Consumer Price Index.³

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 2011/18

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

LCTD 2011/1

5. As outlined in paragraph 3 of this Determination, as the indexation factor is less than 1, the fuel-efficient car limit is not to be indexed. The fuel-efficient car limit for the 2011-12 financial year is therefore \$75,375.

Example 1

6. *On 2 July 2011 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 2011 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 2011.

Commissioner of Taxation

29 June 2011

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

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, or 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, or 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 2011/18

Previous Rulings/Determinations:

LCTD 2003/1; LCTD 2004/1; LCTD 2005/1;
LCTD 2006/1; LCTD 2007/1; LCTD 2008/1;
LCTD 2009/1; LCTD 2010/1

Subject References:

- car limit
- luxury car tax threshold

Legislative References:

- ANTS(LCT)Act 1999 25-1(3)
- ANTS(LCT)Act 1999 25-1(5)
- ITAA 1997 960-270(2)
- TAA 1953 Sch 1 105-60

ATO references

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