


LCTD 2013/1 - Luxury car tax: what is the luxury car tax threshold and the fuel-efficient car limit for the 2013-14 financial year?

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Luxury Car Tax Determination

Luxury car tax: what is the luxury car tax threshold and the fuel-efficient car limit for the 2013-14 financial year?

Preamble

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

This publication (excluding appendixes) 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 (LCT) threshold and the fuel-efficient tax limit are determined in accordance with Division 25 of the *A New Tax System (Luxury Car Tax) Act 1999* (LCT Act).

Luxury car tax threshold

2. From 1 July 2012, the LCT threshold is to be indexed annually according to a factor to be determined by Parliament or, if such a factor is not determined by Parliament, indexed annually in accordance with movements in the All Groups Consumer Price Index (All Groups CPI).¹

3. Prior to 1 July 2012 the LCT threshold was indexed in accordance with the motor vehicle purchase sub-group of the Consumer Price Index (CPI).

¹ Refer subsection 25-1(3A) of the LCT Act. This limit is indexed annually in accordance with the CPI indexation method provided by Subdivision 960-M of the *Income Tax Assessment Act 1997* (ITAA 1997).

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4. Parliament has not determined an indexation factor, so for the 2013-14 financial year the LCT threshold will be indexed in accordance with movements in the All Groups CPI unless the indexation factor is 1 or less².

5. For the 2012-13 financial year this index was 406.6 and for the 2011-12 financial year the index was 398.7³ resulting in an indexation factor of 1.020. For the 2012-13 financial year, the LCT threshold was \$59,133⁴. The LCT threshold for the 2013-14 financial year is \$60,316 (\$59,133 x 1.020).

Fuel efficient car limit

6. The fuel efficient car limit is indexed annually in line with movements in the motor vehicle purchase sub-group of the CPI⁵, unless the indexation factor is 1 or less.⁶

7. For the 2011-12 financial year this index was 401.5 and for the 2012-13 year the index was 395.1⁷ resulting in an indexation factor of 0.984. As the indexation factor is less than 1, the fuel-efficient car limit will not be indexed. For the 2012-13 financial year, the fuel-efficient car limit was \$75,375.⁸ The fuel-efficient car limit for the 2013-14 financial year remains at \$75,375.

Note: from the September quarter 2012, the CPI series are now presented on an index reference period of 2011-12, resulting in the index numbers for each index series being reset to 100.0 for the 2011-12 financial year. Accordingly, the index for the 2011-12 financial year has changed. The index for the 2011-12 financial year in this Determination for the luxury car tax threshold and the fuel efficient car limit will not reconcile with the corresponding index for the 2011-12 financial year reflected in Luxury Car Tax Determination LCTD 2012/1 because of this change.

Date of effect

8. This Determination applies to the financial year commencing 1 July 2013.

Commissioner of Taxation

22 May 2013

² Subsection 960-270(2) of the ITAA 1997.

³ Sourced from *ABS Catalogue 6401.0 Consumer Price Index, Australia, March 2013, Table 1*.

⁴ See Luxury Car Tax Determination LCTD 2012/1: *what is the luxury car tax threshold and the fuel-efficient car limit for the 2012-13 financial year?*

⁵ Refer subsection 25-1(5) of the LCT Act. This limit is indexed annually in accordance with the CPI indexation method provided by Subdivision 960-M of the ITAA 1997.

⁶ Subsection 960-270(2) of the ITAA 1997.

⁷ Sourced from *ABS Catalogue 6401.0 Consumer Price Index, Australia, March 2013, Table 11*.

⁸ See Luxury Car Tax Determination LCTD 2012/1: *what is the luxury car tax threshold and the fuel-efficient car limit for the 2012-13 financial year?*

References

Previous draft:

Not previously issued as a draft

- consumer price index
- luxury car tax threshold

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; LCTD 2011/1
LCTD 2012/1

Legislative references:

- ANTS(LCT)A 1999 Div 25
- ANTS(LCT)A 1999 25-1(3A)
- ANTS(LCT)A 1999 25-1(5)
- ITAA 1997 Subdiv 960-M
- ITAA 1997 960-270(2)

Subject references:

- car limit
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ATO references

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