



TD 2008/17 - Income tax: what is the car limit for the 2008-2009 financial year?

 This cover sheet is provided for information only. It does not form part of *TD 2008/17 - Income tax: what is the car limit for the 2008-2009 financial year?*

 This document has changed over time. This is a consolidated version of the ruling which was published on *30 June 2008*



Taxation Determination

Income tax: what is the car limit for the 2008-2009 financial year?

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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, we must apply the law to you in the way set out in the ruling (unless we are satisfied that the ruling is incorrect and disadvantages you, in which case we may apply the law in a way that is more favourable for you – provided we are 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 car limit for the 2008-2009 financial year is **\$57,180**.

Example

2. *In July 2008 a taxpayer purchases a motor vehicle for \$60,000 wholly for use in carrying on their business. In working out the vehicle's decline in value they may deduct for the 2008-2009 income year, the first element of cost of the vehicle is reduced to \$57,180.*

Date of effect

3. This Determination applies for the financial year commencing on 1 July 2008.

Commissioner of Taxation

30 June 2008

Appendix 1 – Explanation

❶ *This Appendix is provided as information to help you understand how the Commissioner's view has been reached. It does not form part of the binding public ruling.*

Explanation

4. The car limit is used to work out decline in value deductions of certain cars under the income tax law.¹

5. The car limit is indexed annually in line with movements in the motor vehicle purchase sub-group of the Consumer Price Index.

6. For the 2006-2007 year the index was 396.3 and for the 2007-2008 year the index was 396.7, resulting in an indexation factor of 1.001 rounded to 3 decimal places. As a result the car limit for the 2008-2009 financial year increases to \$57,180.

¹ Section 40-230 of the *Income Tax Assessment Act 1997*. The 'car limit' is also used to set the luxury car threshold and is used to determine if luxury car tax is payable - see *Luxury Car Tax Determination LCTD 2008/1*.

References

Previous draft:

Not previously issued as a draft

Related Rulings/Determinations:

LCTD 2008/1

Previous Rulings/Determinations:

TD 2003/18; TD 2004/27;
TD 2005/30; TD 2006/44; TD 2007/22

Subject references:

- car limit
- decline in value
- luxury car depreciation limit
- motor vehicle depreciation
- motor vehicle depreciation limit

Legislative references:

- ITAA 1997 40-230
 - TAA 1953
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ATO references

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Luxury Car Tax