


# ***TD 2012/16 - Income tax: what is the car limit for the 2012-13 financial year?***

 This cover sheet is provided for information only. It does not form part of *TD 2012/16 - Income tax: what is the car limit for the 2012-13 financial year?*

 This document has changed over time. This is a consolidated version of the ruling which was published on *27 June 2012*



---

# Taxation Determination

---

## Income tax: what is the car limit for the 2012-13 financial year?

**❶ 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 car limit for the 2012-13 financial year is \$57,466.

### Example

2. *In July 2012 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 for the 2012-13 financial year, the first element of cost of the vehicle is reduced to \$57,466.*

### Date of effect

3. This Determination applies for the financial year commencing on 1 July 2012.

---

**Commissioner of Taxation**

27 June 2012

---

## Appendix 1 – Explanation

**ⓘ** *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.

5. The car limit is indexed annually in line with movements in the motor vehicle purchase sub-group of the Consumer Price Index.<sup>1</sup>

6. The index for the year ended 31 March 2011 was 385.6 and the index for the year ending 31 March 2012 was 376 resulting in an indexation factor of 0.975 rounded to 3 decimal places. The law requires that where the indexation factor is 1 or less, the car limit is not to be indexed.<sup>2</sup> As a result the car limit for the 2012-13 financial year remains at \$57,466 which applied for the 2011-12 financial year.

---

<sup>1</sup> Subdivision 960-M of the ITAA 1997.

<sup>2</sup> Subsection 960-270(2) of the ITAA 1997.

---

## References

---

*Previous draft:*

Not previously issued as a draft

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

*Previous Rulings/Determinations:*

TD 2003/18; TD 2004/27; TD 2005/30;  
TD 2006/44; TD 2007/22; TD 2008/17;  
TD 2009/13; TD 2010/17; TD 2011/18

*Legislative references:*

- ITAA 1997 Subdiv 960-M
- ITAA 1997 960-270(2)
- TAA 1953

*Subject references:*

- car limit
- 

## ATO references

NO: 1-3YOSPP8

ISSN: 1038-8982

ATOlaw topic: Income Tax ~~ Capital allowances ~~ cost of depreciating assets