

LUXURY CAR TAX

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WHAT IS IT?

- An additional tax paid on the sale of new luxury cars
- Paid by the dealer (but charged to the buyer)
- May also be payable by a private person who imports a car
- Rate was 25% until 1 July 2008
- Rate is now 33%

WHAT IS A 'LUXURY CAR'?

- Designed to carry a load of less than two tonnes
- Fewer than nine passengers
- Includes, passenger cars, station wagons, four-wheel drives and limousines.

WHAT IS NOT?

- Does NOT include trucks, buses, motorcycles and racing or rally vehicles not eligible for road registration.
- Emergency Vehicles
- Vehicles fitted out to carry wheelchairs
- Motorhomes and campervans
- Commercial Vehicles designed principally to carry goods used for business or trade such as trucks, hearses and some vans.

HOW IS IT CALCULATED?

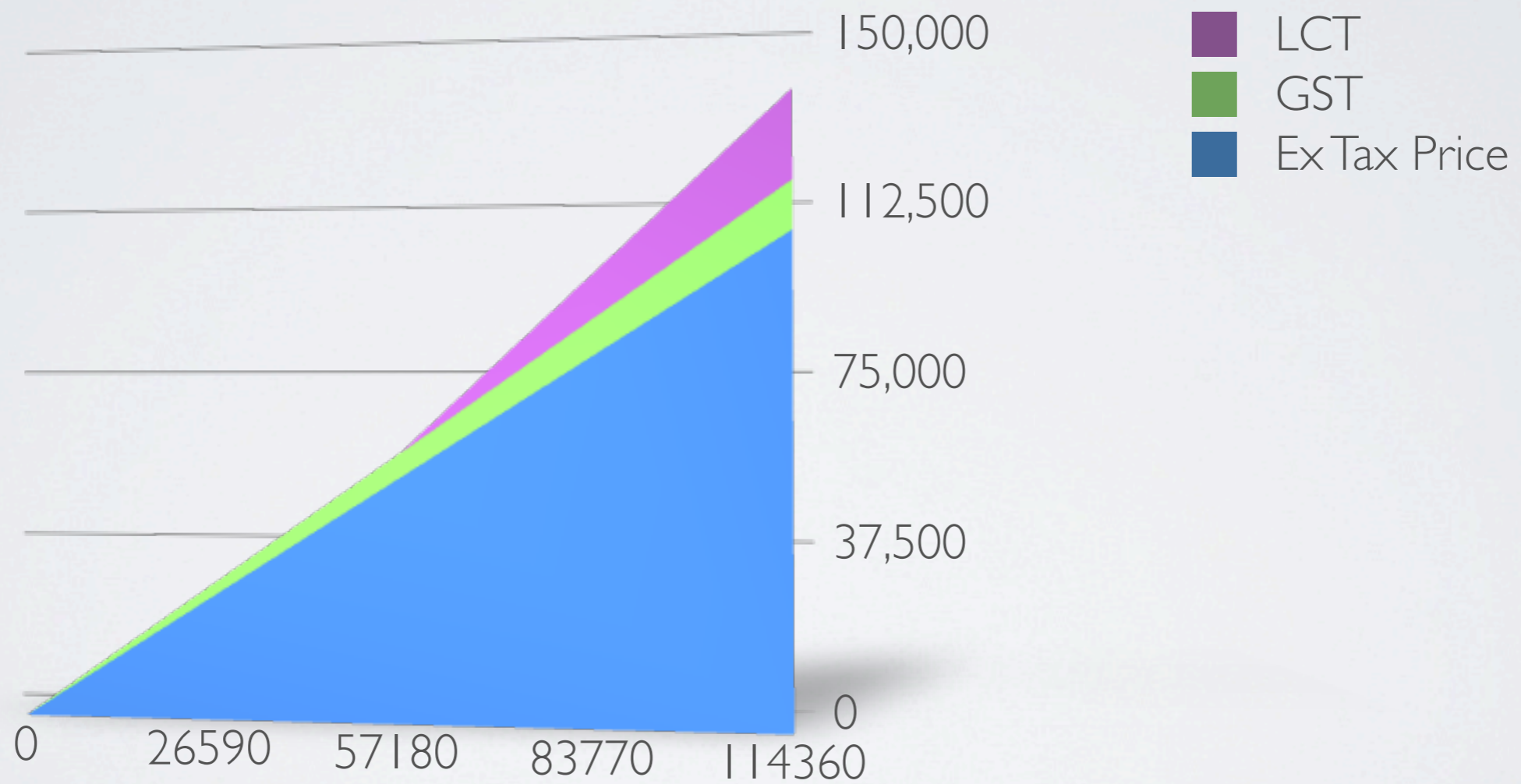
- Includes the value of any parts, accessories or attachments supplied with the car.
- The rate is applied to the amount over the Luxury Car Tax threshold.
- The Luxury Car Tax rate of 33% is in addition to the GST so the effective rate of tax is 43% for the amount over the threshold.

WHAT IS THE THRESHOLD?

Year	Threshold	Rate		Year	Threshold	Rate
00-01	\$55,134	25%		05-06	\$57,009	25%
01-02	\$55,134	25%		06-07	\$57,009	25%
02-03	\$57,009	25%		07-08	\$57,123	25%
03-04	\$57,009	25%		08-09	\$57,180*	33%
04-05	\$57,009	25%		09-10	\$57,180*	33%

* \$75,000 for 'fuel efficient' cars from 3/10/08 – combined fuel consumption rating not exceeding 7.0 litres/100km.

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TAX CALCULATION

- Example: Car valued at \$77,000 inc GST
- Price is \$70,000 ex GST
- Price is $\$77,000 - \$57,180 = \$19,820$ over the LCT threshold
- Value ex GST is $\$19,820 * 10 / 11 = \$18,018.18$
- LCT is $33\% \times \$18,018.18 = \$5,946$
- Total price of the car is \$82,946 which includes:
\$70,000 for the car, \$7,000 for GST and \$5,946 for LCT

FROM THE BUYERS PERSPECTIVE:

- Some primary producers and tourism operators may be entitled to claim a credit of up to \$3,000
- Cars supplied to disabled veterans and persons with a disability certificate that are GST Free are still subject to LCT
- Buyer who purchases for creditable purchase can only claim back GST up to 1/11 th of the LCT Threshold. (Current maximum GST credit is: \$5,198.18)
- Fuel Efficient Vehicles do not have an increased GST credit limit. ie Their limit is \$5,198.18 also)

QUESTIONS?



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