



Luxury Car Tax Changes You Might Not Know About

There have been recent changes made to the Luxury Car Tax (LCT) that affect all luxury cars in Australia. LCT is an additional tax and charged at a rate of 33% on top of the cars retail price once it exceeds the LCT threshold.

From January 1 2020, primary producers will be able to claim a refund of LCT on one eligible vehicle per financial year for vehicles delivered to them after 1 July 2019. The maximum amount that can be claimed is \$10,000, up \$7,000 from \$3,000.

This amount has varied from year to year and is indexed on the consumer price index. The LCT is incurred if you are a retailer, wholesaler, manufacturer or any business that sells luxury cars. Individuals will also be required to pay LCT on imported luxury cars. The LCT applies to sales of cars that are two years old or less.

For the 2018 / 2019 financial year, the threshold was \$66,331, however this rate has risen to \$75,526 for the 2019 / 2020 financial year.

LCT thresholds

Financial year	Fuel-efficient vehicles	Other vehicles
2019-20	\$75,526	\$67,525
2018-19	\$75,526	\$66,331
2017-18	\$75,526	\$65,094

Goods and Services Tax (GST)

If a luxury car is purchased at a GST inclusive price above the threshold rates, LCT is paid less the GST component.

Fuel-efficient cars

Cars that offer a fuel efficiency at 7.0L/100km or lower and priced (currently) above \$66,331 and below \$75,526 will not incur the LCT. Many prestigious cars are making use of this exemption to provide fuel efficient luxury cars into the market.

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When LCT applies

A motor vehicle that is designed to carry less than two tonnes and fewer than nine passengers will incur the LCT. Vans or trucks that carry over two tonnes of gear, motorhomes, campervans, vehicles used to carry disabled persons and GST exempt vehicles are LCT free.

If the car has been purchase by a museum, gallery or library (known as endorsed public institutions), registered for GST and endorsed as a deductible gift will incur LCT. There are exceptions if the car has been purchased as a work of art or a part of a collection.

Claiming LCT

You can claim LCT if you're not registered for GST. A refund may be available if you're a primary producer or tourism operator who buys luxury vehicles. To claim, you must be eligible and claim your refund using the Applications for Luxury Car Tax Refund for Primary Producers and Tourism Operators and must be claimed within four years of purchase.

You may be able to claim a refund of GST was included in the price and you purchased a registered vehicle dealer in Australia and if the LCT you paid on all new cars and cars less than two years old if the value of the care is more than the LCT threshold amount.

Business Activity Statements

If you're a business that needs to charge LCT, you must declare the amount in your BAS form. The method of calculating the amount of LCT you need to pay depends on whether you are selling or importing a luxury car and whether LCT has already been paid on it. If you aren't registered for GST, you can claim an LCT credit. There are certain circumstances where you can make adjustments to the amount of LCF paid. It's best to seek the advice of a tax agent who can help you make these amendments.

ITP The Income Tax Professionals have helped individual Australians and Australian businesses for 50 years and can help you understand your Luxury Car Tax and if you can make any tax claims. Speak with a Professional today.

ITP The Income Tax Professionals are more than tax agents. They have been helping Australian individuals and businesses with their business accounting and advice for 50 years and offer a wealth of knowledge. Speak to a Professional today and see how your business can be more profitable.



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