


CLD/LCTD2023EC1/NAT/ATO -

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Australian Government

Australian Taxation Office

Public advice and guidance compendium – LCTD 2023/1

❗ Relying on this Compendium

This Compendium of comments provides responses to comments received on Draft LCTD 2022/D1 *Luxury car tax: how to determine the principal purpose of a vehicle*. It is not a publication that has been approved to allow you to rely on it for any purpose and is not intended to provide you with advice or guidance, nor does it set out the ATO's general administrative practice. Therefore, this Compendium does not provide protection from primary tax, penalties or interest for any taxpayer that purports to rely on any views expressed in it.

Summary of issues raised and responses

| Issue number | Issue raised | ATO response |
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| 1 | Clarification is needed in the final Determination that the 'principal purpose' of a car, for the purposes of the <i>A New Tax System (Luxury Car Tax) Act 1999</i> (LCT Act) is not solely determined by the applicable vehicle category classification under the <i>Road Vehicles Standards Act 2018</i> and the <i>Vehicle Standard (Australian Design Rule – Definitions and Vehicle Categories) 2005</i> (ADR). | Paragraphs 14 and 15 of the final Determination now state that a vehicle's classification under the ADR (which was made under the <i>Road Vehicles Standards Act 2018</i>) is not solely determinative in assessing the principal purpose of a vehicle under the LCT Act. |
| 2 | Clarification is needed in the final Determination that the principal purpose of a utility vehicle for the purpose of the LCT Act may be determined by assessing factors beyond the 'dual purpose test' in clause 4.5.2 of the ADR. | Paragraphs 54 to 59 in the Appendix of the final Determination state the circumstances in which the principal purpose of a utility vehicle for the purpose of the LCT Act can be determined by the simplified method, which reflects the 'dual purpose test' in clause 4.5.2 of the ADR, and when other factors will need to be considered. |

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| 3 | Clarification is needed that the final Determination will apply to vehicles modified under approved second stage of manufacture (SSM) Processes. | Paragraphs 28 and 29 of the final Determination clarify that for modified vehicles, including those modified under an approved SSM Process, the vehicle's principal purpose is not solely determined by the applicable ADR vehicle category classification. |
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