


# ***LCTD 2006/1 - Luxury car tax: what is the luxury car tax threshold for the 2006-2007 financial year?***

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 This document has changed over time. This is a consolidated version of the ruling which was published on *5 July 2006*



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# Luxury Car Tax Determination

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## Luxury car tax: what is the luxury car tax threshold for the 2006-2007 financial year?

### **Preamble**

*This document is a ruling for the purposes of section 105-60 of Schedule 1 to the **Taxation Administration Act 1953**. You can rely on the information presented in this document which provides advice on the operation of the LCT system.*

1. The luxury car tax threshold for the 2006-2007 financial year is equal to the car limit and is used to determine if luxury car tax is payable.<sup>1</sup>
2. The car limit for the 2006-2007 financial year is \$57,009. This limit is indexed annually in line with movements in the motor vehicle purchase sub-group of the Consumer Price Index.
3. For the 2004-2005 year this index was 404.2 and for the 2005-2006 year the index was 395.4 resulting in an indexation factor of 0.978, that is, less than 1. The law requires that where the indexation factor is less than 1, the car limit is not to be indexed.<sup>2</sup> As a result, the car limit remains the same as that which applied in 2005-2006 financial year.

### **Example**

4. *On 2 July 2006 a dealer supplies a car with a GST inclusive value of \$66,000.*
5. *As the GST inclusive value exceeds the luxury car tax threshold of \$57,009, luxury car tax may be payable.*

### **Date of effect**

6. This Determination applies to the financial year commencing on 1 July 2006.

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**Commissioner of Taxation**

5 July 2006

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<sup>1</sup> Subsection 25-1(3) of the *A New Tax system (Luxury Car Tax) Act 1999*. The car limit is also used to calculate depreciation deductions under the income tax law – see Taxation Determination TD 2006/44.

<sup>2</sup> Subsection 960-270(2) of the *Income Tax Assessment Act 1997*.

# LCTD 2006/1

*Previous draft:*

Not previously issued as a draft.

*Related Rulings/Determinations:*

TD 2006/44

*Previous Rulings/Determinations*

LCTD 2003/1; LCTD 2004/1; LCTD 2005/1

*Subject references:*

- car limit
- luxury car tax threshold

*Legislative references:*

- TAA 1953 Sch 1 105-60
- ITAA 1997 960-270(2)
- ANTS(LCT)A 1999 25-1(3)

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ATO references

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