

LCTD 2015/1 - Luxury car tax: what is the luxury car tax threshold and the fuel-efficient car limit for the 2015-16 financial year?



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Luxury Car Tax Determination

Luxury car tax: what is the luxury car tax threshold and the fuel-efficient car limit for 2015-16 financial year?

Preamble

1 This publication provides you with the following level of protection:

This publication (excluding appendixes) 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 luxury car tax (LCT) threshold and the fuel-efficient car limit are determined in accordance with Division 25 of the *A New Tax System (Luxury Car Tax) Act 1999* (LCT Act).
2. The LCT threshold for the 2015-16 financial year is \$63,184.
3. The fuel-efficient car limit for the 2015-16 financial year is \$75,375.

Luxury car tax threshold

4. The LCT threshold is indexed annually according to a factor to be determined by Parliament or, if such a factor is not determined by Parliament, indexed annually in accordance with movements in the All Groups Consumer Price Index (All Groups CPI).¹
5. Parliament has not determined an indexation factor, so for the 2015-16 financial year the LCT threshold will be indexed in accordance with movements in the All Groups CPI, unless the indexation factor is 1 or less.²

¹ Refer subsection 25-1(3A) of the LCT Act. This limit is indexed annually in accordance with the CPI indexation method provided by Subdivision 960-M of the *Income Tax Assessment Act 1997* (ITAA 1997).

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6. The indexation factor for the 2015-16 financial year is the sum of the index numbers for 2014-15, divided by the sum of the index numbers for 2013-14. Therefore the All Groups CPI indexation factor (rounded to three decimal places) for the 2015-16 financial year is:

$$(425.7 / 417.0)^3 = 1.021$$

7. The indexation is greater than 1 and therefore the LCT threshold will be indexed.

8. The LCT threshold for the 2015-16 financial year is:

$$\$61,884 \times 1.021 = \$63,184$$

Fuel-efficient car limit

9. The fuel-efficient car limit is indexed annually in line with movements in the motor vehicle purchase sub-group of the CPI⁴, unless the indexation factor is 1 or less.⁵

10. The indexation factor for the 2015-16 financial year is the sum of the index numbers for 2014-15, divided by the sum of the index numbers for 2013-14. Therefore, the motor vehicle CPI indexation factor (rounded to three decimal places) for the 2015-16 financial year is:

$$(382.1 / 384.6)^6 = 0.993$$

11. The motor vehicle CPI indexation factor for the 2015-16 financial year is 0.993 and therefore the fuel-efficient car limit will not be indexed.

12. The fuel-efficient car limit for 2015-16 will remain unchanged at \$75,375.

Date of effect

13. The Determination applies to the financial year commencing 1 July 2015.

Commissioner of Taxation

13 May 2015

² Subsection 960-270(2) of the ITAA 1997.

³ All Groups CPI (sourced from ABS Catalogue): 6401.0 – Consumer Price Index, Australia, March 2015, Table 11)

⁴ Refer subsection 25-1(5) of the LCT Act. This limit is indexed annually in accordance with the CPI indexation method provided by Subdivision 960-M of the ITAA 1997.

⁵ Subsection 960-270(2) of the ITAA 1997.

⁶ Motor vehicle purchase sub-group of the CPI (sourced from ABS Catalogue 6401.0 – Consumer Price Index, Australia, March 2015, Table 11)

References

Previous draft:

Not previously issued as a draft

Related Rulings/Determinations:

LCTD 2003/1; LCTD 2004/1; LCTD 2005/1;
LCTD 2006/1; LCTD 2007/1; LCTD 2008/1;
LCTD 2009/1; LCTD 2010/1; LCTD 2011/1;
LCTD 2012/1; LCTD 2013/1; LCTD 2014/2

Subject references:

- car limit
- consumer price index
- luxury car tax threshold

Legislative references:

- ANTS(LCT)A 1999 Div 25
- ANTS(LCT)A 1999 25-1(3A)
- ANTS(LCT)A 1999 25-1(5)
- ITAA 1997 Subdiv 960-M
- ITAA 1997 960-270(2)

ATO references

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