

BULLETIN

Industry Divisions



Reference No: Luxury Car Tax Threshold 20-21/mm-06-20

Date issued: 17/06/2020

Luxury Car Tax Threshold 2020-21

The Australian Taxation Office has advised that the Luxury Car Tax (LCT) threshold for application of LCT will rise from the 2019-20 threshold of \$67,525 to an indexed threshold figure of \$68,740 for 2020-21.

The fuel-efficient car limit for the 2020-21 financial year is \$77,565. For more information on LCT please [click here](#).

From what date does the new threshold apply?

The new threshold applies to applicable vehicles delivered during the financial year commencing 1 July 2020.

What should you do if you have negotiated a deal at the old rate for a new car being registered after 30 June 2020?

If you are using VACC 'New and/or Used Car Contracts of Sale', Sections 2(a) and 2(b) make an allowance for an increase in the amount of LCT and stamp duty (or any other tax payable) in respect of the motor vehicle between the date of the contract and the date of delivery.

Under these or similar terms and conditions, you can pass on the increase to the purchaser. These sections also make the requirement to use reasonable endeavours to advise the purchaser of the increase in duty as soon as reasonably practicable. Advising the purchaser of this well before delivery is recommended.

Other actions

Dealers are advised to adapt changes to any Dealer Management Systems to reflect the change.

If you have further queries you should consult your own financial or taxation advisor.

How does this change correlate with the Victorian Super Luxury Duty threshold?

The Victorian State Revenue Office (SRO) has made no announcement as yet as to the threshold for SLD for 2020-21. VACC has consulted with the SRO and was advised that the SRO will be issuing industry guidance in to reflect the change to the SLD threshold so it is in line with the LCT threshold. VACC will advise in the first instance SRO makes this guidance available.

Please feel free to call me directly with any other queries.

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