

# BULLETIN

## Industry Divisions



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**Reference No:** LMCT/mm-6-21

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Dear Member

The Australian Taxation Office (ATO) has advised that the Luxury Car Tax (LCT) threshold for application of LCT will rise from the 2020-21 threshold of \$68,740 to an indexed threshold figure of \$69,152 for 2021-22.

The fuel-efficient car limit for the 2021-22 financial year is \$79,659. For more information on LCT please [click here](#) to visit the ATO webpage.

### **From what date does the new threshold apply?**

The new threshold applies to applicable vehicles delivered during the financial year commencing 1 July 2021.

What should you do if you have negotiated a deal at the old rate for a new car being registered after 30 June 2021?

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.

### **Victorian State Motor Vehicle Duties**

The Victorian State Revenue Office are yet to publish their Drive Away Deals guidance for 2021-22. VACC will advise when published.

### **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.

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

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**Industry Policy Advisor**  
Industry Divisions