

ATO LUXURY CAR TAX DETERMINATION 23/1 – COMMERCIAL VEHICLES

25 August 2023

To: ALL AADA MEMBERS

The ATO has issued a determination on Luxury Car Tax (LCT) and the eligibility of goods carrying vehicles including utes.

A car, for LCT purposes, is a motor-powered road vehicle designed to carry a load of less than 2 tonnes and fewer than 9 passengers. It does not include motorcycles or similar vehicles.

LCT applies to new cars sold over the threshold of \$76,950 or \$ 89,332 for fuel efficient vehicles. Commercial vehicles designed for the principal purpose of carrying goods used for business or trade are not subject to LCT. Motor homes or campervans are not subject to LCT.

The ATO determination *LCTD 2023/1 Luxury car tax: how to determine the principal purpose of a vehicle*, published on 23 August 2023 can be viewed on the [ATO website](#).

To clarify the decision-making process on commercial vehicles the ATO have a simplified formula and provided examples as guidance.

The simplified method using a calculation including seating capacity and goods carrying capacity is particularly relevant to dual-cab utes and modified vehicles. The load carrying capacity and number of seats to carry passengers are most relevant to the calculation. Modifications may also be considered where they alter the passenger capacity or increase the goods carrying capacity.

There may be implications for some utility vehicles which have 5 seats and a relatively low goods carrying limit (payload).

It is suggested that Dealers become familiar with the ATO LCT 23/1 determination and seek advice from a tax accountant familiar with the automotive industry so that the correct interpretation of LCT is applied to vehicles sold over the LCT threshold and where the commercial vehicle status for the purpose of exemption needs to be determined.

If you have any questions or need further information, please contact:

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