

September 2008 **Fordham Motor Dealer Services**

Luxury Car Tax Amendments -

Finally it's final!

After some false starts, the Federal Government's Luxury Car Tax increase was finally passed in the senate last night after some significant amendments were incorporated.

In broad terms, luxury car tax has been increased from 25% to 33% for new vehicles which are retailed at a value greater than \$57,180. However, there are some significant exclusions:

- Tax will no longer be applied to vehicles sold for retail price up to \$75,000 which use no more than 7 litres of fuel per 100 kilometres (for example, some luxury brands where efficient diesel engines are offered).
- In the event of documented vehicle orders for luxury cars prior to the date of the budget announcements (7:30pm, 13 May 2008) but where the vehicle has been delivered to the customer subsequent to this date, then the 25% luxury car tax will continue to apply as a transitional measure.

In terms of the practical issues which dealers are faced with, there is now clarity that the additional luxury car tax collected on vehicles to which this applies, will need to be remitted as part of the September BAS. Whilst dealers can also seek amendment for their previous BAS, it is administratively easier to simply affect the "catch up" LCT remittance as part of the September BAS.

In terms of any luxury car vehicle orders prior to the date of the budget announcements, but where the vehicles have been delivered post 30 June, we would strongly advocate dealers ensuring that their records confirm that the vehicle order is dated and documented prior to the budget announcement. In this regard, a signed vehicle contract appropriately dated is the ultimate evidence in the event of review by the Australian Taxation Office.

Should you wish to discuss this matter further, please do not hesitate to contact one of our Fordham Motor Dealer Services team:

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