



# Luxury car tax (LCT)

Explains luxury car tax including payments, importation, adjustments, credits, refunds, and record keeping.

## How LCT works



A brief summary of how luxury car tax (LCT) works and who has to pay it.

## Registering



If you operate a business that sells luxury cars you need to be registered for GST and LCT.

## When LCT applies



Information on when luxury car tax (LCT) applies.

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Information on when luxury car tax (LCT) doesn't apply.

## Working out the LCT amount



Explains the method of calculating the amount of luxury car tax (LCT) you need to pay.

## Get your LCT right



Avoiding common errors and compliance issues with your luxury car tax (LCT) claim.

## Reporting and keeping records



You need to report and pay luxury car tax (LCT) on time to avoid interest and penalties.

## Adjustments, credits and refunds



What to do if you've overpaid or underpaid luxury car tax (LCT).

## Definitions – Luxury car tax



Definitions of frequently used terms relating to the luxury car tax (LCT).

QC 22094

## How LCT works

A brief summary of how luxury car tax (LCT) works and who has to pay it.

**Last updated** 16 October 2023

A brief summary of how luxury car tax (LCT) works and who has to pay it.

Luxury car tax (LCT) is a tax on cars that have a GST-inclusive value above the LCT threshold.

LCT is:

- imposed at the rate of 33% on the amount above the luxury car threshold

- paid by businesses that sell or import luxury cars (dealers), and by individuals who import luxury cars.

You need to be registered for LCT if you either:

- operate a business that sells luxury cars
- are an endorsed public institution that purchases a luxury car locally that is both
  - a work of art or collector piece
  - for the sole purpose of public display.

We are reviewing arrangements involving sales designed to improperly obtain refunds of LCT and evade LCT on the retail sale of the cars – see TA 2021/4 – *Structured arrangements that facilitate the avoidance of luxury car tax*.

QC 73405

## Registering

If you operate a business that sells luxury cars you need to be registered for GST and LCT.

**Last updated** 10 March 2017

You need to be registered for GST and LCT if you operate a business that sells luxury cars and we need to process your GST registration before registering you for LCT.

You also need to be registered for LCT if you are an endorsed public institution (a museum, gallery or library that is registered for GST and endorsed as a deductible gift recipient) and you purchase a luxury car locally that is a work of art or collectors piece and is for the sole purpose of public display.

When registered for LCT, labels **1E** and **1F** will appear on your business activity statement (BAS), so you can pay LCT or make LCT adjustments.

**Next step**

- Registration – luxury car tax

## Cancelling your registration

If your business changes (or ceases) and you no longer need the LCT labels on your BAS, you need to **cancel your LCT registration**.

QC 22111

## When LCT applies

Information on when luxury car tax (LCT) applies.

**Last updated** 10 March 2017

Generally, you're required to pay LCT if you're registered or required to be registered for GST and you sell or import a luxury car – this includes retailers, wholesalers, manufacturers and other businesses that sell luxury cars.

You also have to pay LCT if you're an individual (private buyer) who imports a luxury car.

LCT applies to sales of cars that are two years old or less. A car is more than two years old at the time of supply if it was manufactured locally or imported more than two years previously.

For LCT purposes, a car is a motor vehicle (but not a motorcycle) designed to carry a load of less than two tonnes and fewer than nine passengers. A limousine is classified as a car, regardless of the number of passengers it's designed to carry.

LCT applies to a car purchased by a person with a disability even if the car is GST-free. However, **disability-related modifications** are not subject to LCT.

LCT is also payable if you're an endorsed public institution and you purchase a luxury car locally. An endorsed public institution refers to a museum, gallery or library that is registered for GST and endorsed as a deductible gift recipient. However, if the luxury car is a work of art or a collectors piece and is purchased for the sole purpose of public

display, you don't need to pay LCT and can claim a refund at label 1F on your BAS for the LCT paid for the luxury car.

### Find out about

- Selling a luxury car
- Importing a luxury car

### See also

- Luxury car tax rate and thresholds

## Selling a luxury car



Check conditions where a luxury car is subject to luxury car tax if you sell it in the course of your business.

## Importing a luxury car



If you import a luxury car into Australia, the car is subject to LCT if you don't quote your ABN.

QC 22095

# Selling a luxury car

Check conditions where a luxury car is subject to luxury car tax if you sell it in the course of your business.

**Last updated** 10 March 2017

### On this page

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Endorsed public institution selling a car

When you sell a luxury car in Australia it's subject to LCT if you sell it in the course of your business and you're registered or required to be registered for GST.

LCT applies in all of the following cases:

- A dealer sells a car to an individual or business and the car passes from the manufacturer (or importer) to the finance company, then to the dealership, then to the end customer – each stage is regarded as a separate sale.
- A dealer, wholesaler, manufacturer or importer provides a luxury car to an [employee, associate or member of the same GST group or GST joint venture](#).
- A car is sold to a Commonwealth, state or territory department, agency or statutory authority (other than when used as an emergency vehicle).
- A car that is a capital asset of a business is sold or traded in.
- An [endorsed public institution sells a car](#) that is a work of art or a collectors piece and the buyer is not an endorsed public institution.

#### See also

- When LCT doesn't apply

## Providing a car to an employee or other related party

You must pay LCT if you provide a luxury car to an employee (either as a bonus or as part of a salary package) or associate.

If you sell a luxury car to your **employee, associate or an employee of your associate** for less than the market value, or give it to them, the LCT value of the car is its GST-inclusive market value, excluding any LCT payable.

(Associates include people and entities closely associated with you, such as relatives and closely connected companies or trusts. A partner in a partnership is an associate of the partnership.)

If you're a member of a GST group and provide a luxury car to **another member of your GST group** the LCT liability is payable by the GST representative member.

If you're a participant in a GST joint venture and you provide a luxury car to **another participant in the GST joint venture** the LCT liability is payable by the joint venture operator.

## Endorsed public institution selling a car

If you're an endorsed public institution (a museum, gallery or library that is registered for GST and endorsed as a deductible gift recipient), LCT applies when both of the following apply:

- You purchase a luxury car locally that is a work of art or a collectors piece for the sole purpose of public display.
- You sell that luxury car to an entity that is not an endorsed public institution.

### See also

- Adjustments


QC 22100



## Importing a luxury car

If you import a luxury car into Australia, the car is subject to LCT if you don't quote your ABN.

**Last updated** 1 October 2019

If you import a luxury car into Australia, it's subject to luxury car tax (LCT) unless any of the following apply:

- You **quote your ABN**. You can only do this in very specific circumstances.
- LCT has already been paid on the car – for example, you take the car overseas and later return with it to Australia.
- You are an endorsed public institution (museum, gallery or library that is registered for GST and endorsed as a deductible gift recipient) that imported the car for the sole purpose of public display – see item 7 in [Schedule 4 of the Customs Tariff Act 1995](#) 

- The car is covered in items 10, 11, 15, 18, 21 or 24 in [Schedule 4 of the Customs Tariff Act 1995](#) .
- The car is reimported in an unaltered condition provided the importer either manufactured, owned, imported or acquired the car, prior to the car being exported from Australia.
- The car is reimported on or after 1 January 2019 after being serviced, repaired or refurbished overseas and ownership of the car has not changed between being exported and reimported.
  - If you have paid LCT on a refurbished vehicle re-imported after 1 January 2019, contact the [Department of Home Affairs](#)  for a refund.

#### See also

- When LCT doesn't apply

QC 22098

## When luxury car tax doesn't apply

Information on when luxury car tax (LCT) doesn't apply.

**Last updated** 16 April 2024

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## Overview

LCT doesn't apply:

- where the recipient has **quoted an ABN** in the approved format
- to a car that has not been **imported** and was manufactured more than 2 years before the supply



- where the car was imported more than 2 years before the supply
- to a car exported as a GST-free export
- to a car that is (or is intended to be) registered for use as an [emergency vehicle](#) such as an ambulance, firefighting vehicle, police vehicle, or search and rescue vehicle
- to a motor home or campervan, or a commercial vehicle designed mainly for carrying goods and not passengers – see *LCTD 2023/1 Luxury car tax: how to determine the principal purpose of a vehicle* for more information
- to modifications for people with a disability
- to the LCT value that LCT has already been paid on
- when an endorsed public institution (museum, gallery or library that is registered for GST and endorsed as a deductible gift recipient) either
  - imports a car that is a work of art or collectors' piece for the sole purpose of public display
  - sells a car that was purchased as a work of art or collectors' piece for the sole purpose of public display to another endorsed public institution that also intends to use that car solely for public display

For information on imported and reimported cars, refer to **Importing a luxury car**.

## Certification for emergency vehicles

If you supply an emergency vehicle, you must get a statement in the format shown below, from the purchaser. This is to certify that the vehicle will only be used as an emergency vehicle.

### **Example: statement to certify an emergency vehicle**

A New Tax System (Luxury Car Tax) Regulations 2000

Certification to the Commissioner of Taxation

### Acquisition of emergency vehicle

I hereby certify that this vehicle is a prescribed emergency vehicle to be used for emergency purposes and is not subject to luxury car tax.

Description of vehicle:

Emergency purpose of vehicle:

Date of acquisition:

Name of authorised person making this statement:

Name of entity or organisation:

Signature:

Date:

### Quoting an ABN



You may be able to defer the payment of the LCT until a later transaction by quoting your ABN.

### Modifications for people with a disability



Luxury car tax applies to a car purchased by a person with a disability, but doesn't apply to certain modifications.

QC 22099

## Quoting an ABN

You may be able to defer the payment of the LCT until a later transaction by quoting your ABN.

**Last updated** 22 May 2024

## On this page

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## Registered for GST

If you're registered for GST, you may be able to defer paying LCT by quoting your ABN.

You can do this if you plan to use the car **only** for one of the following purposes:

- to hold it for trading stock (not including holding it for hire or lease)
- to carry out research and development for the car's manufacturer
- to export it GST-free.

You can't quote your ABN if you intend to use a luxury car:

- for personal use
- for rally or race driving
- for staff salary packaging
- for promotion or sponsorship purposes
- as an executive vehicle
- as a capital asset.

These restrictions apply even if you intend to sell the car at a later date. If you've quoted your ABN and then use the luxury car for such a purpose, you must pay the LCT.

## When and how to quote

You must quote your ABN at or before the time you purchase or import the luxury car – you can't quote after buying it.

However, in some circumstances you can make an **adjustment**.

Your quotation must be in the following format:

I hereby quote Australian business number <insert ABN> in relation to the supply of the luxury car as detailed above/attached.

Name of business:

Name of person authorised to quote:

Signature of person authorised to quote:

Date:

The quotation must be on, or attached to, the order for the car or any other document provided to the supplier or Department of Home Affairs that clearly identifies the car – such as a contract, import warrant, or letter.

If the order or document the quote relates to has more than one car on it, you must clearly identify those cars the quotation relates to.

For more information see **If you are reviewed**.

## **Periodic quotations**

If you purchase multiple luxury cars in Australia over a period of time, you can give your supplier a single quotation to cover all your purchases for a period of 12 months or less – this is called a periodic quotation.

You can't use a periodic quotation when importing luxury cars.

The periodic quotation must be in the following format:

I hereby quote Australian business number <insert ABN> in relation to the supply of all luxury cars obtained by me during the period <dd/mm/yy> to <dd/mm/yy> inclusive, except luxury cars about which I notify you to the contrary at or before the time of their supply.

Name of business:

Name of person authorised to quote:

Signature of person authorised to quote:

Date:

You must be able to clearly identify each luxury car you purchased during the quotation period. If you plan to purchase more luxury cars after the end of your specified quotation period, you'll need to give your supplier a new periodic quotation.

## Non-quotable purchases and periodic quotations

If you need to buy a luxury car for a non-quotable purpose during the period covered by a periodic quotation, you must tell your supplier that the car is to be used for a non-quotable purpose before you purchase it.

It is a criminal offence if you don't tell the supplier that a luxury car is to be used for a non-quotable purpose, and if you obtain the car free of LCT, you must account for it in your BAS as an **increasing change-of-use adjustment**.

The notification must be in the following format:

I hereby notify you that I am not quoting for the supply of the following luxury car(s):

Description of car(s):

Date of transaction:

Australian business number:


Name of business:

Name of person authorised to make this declaration:

Signature:

Date:

## Quoting on luxury cars you import

If you import a luxury car, you must complete the [Department of Home Affairs](#)  entry forms, including the sections about quoting an ABN.

QC 22113

## Modifications for people with a disability

Luxury car tax applies to a car purchased by a person with a disability, but doesn't apply to certain modifications.

**Last updated** 16 April 2024

While luxury car tax (LCT) applies to a car purchased by a person with a disability where its value exceeds the LCT threshold, LCT is not payable on modifications to a car that are solely for the purpose of:

- adapting it to be driven by a person with a disability
- adapting it for transporting a person with a disability, such as a wheelchair modification.

For more information see [Tax concessions – cars](#).

QC 39926

## Working out the LCT amount

Explains the method of calculating the amount of luxury car tax (LCT) you need to pay.

**Last updated** 8 January 2016

The method of calculating the amount of LCT you need to pay depends on whether you're selling or importing a luxury car and whether LCT has already been paid on it.

**Find out about:**

- [Working out the LCT on a sale](#)

- Working out the LCT on an import
- Cars on which LCT has already been paid

### Working out the LCT on a sale



Formula to work out the luxury car tax (LCT) you must pay if you sell a car.

### Working out the LCT on an import



Formula to work out the luxury car tax (LCT) you must pay when you import a luxury car.

### Cars on which LCT has already been paid



Check the conditions for where you may be subject to luxury car tax on resale of the vehicle.

QC 22105

## Working out the LCT on a sale

Formula to work out the luxury car tax (LCT) you must pay if you sell a car.

**Last updated** 26 May 2025

To work out the luxury car tax (LCT) amount you must pay if you sell a car, use the following formula:

$$(\text{LCT value} - \text{LCT threshold}) \times 10 \div 11 \times 33\%$$

Like other business taxes, you report and pay LCT on your business activity statement (BAS).

The LCT value is the retail price of the car, including:

- GST and any customs duty

- dealer delivery charges
- standard and statutory warranties
- additional items, such as accessories, modifications and treatments to the car before delivery or under an arrangement with the supplier or an associate of the supplier. These inclusions may be made at or before the time of delivery (unless made solely for the purpose of adapting it for driving by, or transporting, a person with a disability)
- fleet rebates, run-out model support incentive payments and any other motor vehicle incentive payments that are third-party consideration.

The LCT value **does not** include:

- LCT included in the sale
- other Australian taxes, fees or charges such as stamp duty, transfer fees and registration
- compulsory third-party insurance (CTPI)
- extended warranties
- costs associated with financing the purchase of the car
- service plans.

Work out your LCT rate and threshold.

If LCT has already been paid on the car, you can reduce the amount you pay by the amount of LCT already paid.

## Example: working out the LCT you must report and pay

Matty Bee Motors (MBM) sells a car (not qualifying as fuel efficient) worth \$88,000 including GST. The LCT value of the car is more than the LCT threshold (\$80,567 for the 2025–26 financial year) so MBM must pay LCT on the sale of the car.

To work out the amount of LCT:

$$(\text{LCT value} - \text{LCT threshold}) \times 10 \div 11 \times 33\%$$



$$(\$88,000 - \$80,567) \times 10 \div 11 \times 33\%$$

$$\$7,433 \times 10 \div 11 \times 33\%$$

$$= \$2,229$$

MBM charges the customer \$90,229 (\$88,000 including GST plus \$2,229 LCT) for the car, excluding stamp duty, CTPI, registration and other charges.

MBM reports and pays \$2,229 LCT on their next BAS.

For motor vehicle incentive payments, use the examples to help you work out GST.

QC 22107

## Working out the LCT on an import

Formula to work out the luxury car tax (LCT) you must pay when you import a luxury car.

**Last updated** 26 May 2025

To work out the luxury car tax (LCT) amount you must pay if you import a car, use the following formula:

$$(\text{LCT value} - \text{LCT threshold}) \times 10 \div 11 \times 33\%$$


Like other business taxes, you report and pay LCT on your business activity statement (BAS).

The LCT value of an imported car includes:

- the customs value (as worked out under the *Customs Act 1901*) of the car and any parts, accessories or attachments imported at the same time as the car and can reasonably be expected to be fitted to the car (add-ons)
- amounts not already included in the customs value for the international transport of the car and add-ons to Australia
- the amount not already included in the customs value for the insurance of the car and add-ons to be transported to Australia

- any customs duty payable on the importation of the car and add-ons
- any GST payable on the importation of the car and add-ons
- if the importation of the car is GST-free, an amount equal to the amount of GST that would otherwise have been payable.

Work out your LCT rate and threshold.

You'll need to pay the amount of LCT due on the car, along with any customs duty payable, to the [Department of Home Affairs](#)  as part of the customs clearance process.

## Example: working out the LCT you must report and pay

Jimmy imports a 1977 Ford Mustang in the 2025–26 income year. The customs value of the car is \$90,000 before GST. It costs him an additional \$2,500 (inclusive of GST) to have the vehicle imported into Australia.

GST is added to the customs value of the car at the time of import.


To work out the amount of LCT:

**Step 1:** work out the LCT value:

1. Customs value of the car is \$90,000
2. Add GST applied at import is \$9,000 (10% of \$90,000)
3. Add import costs (GST inclusive) of \$2,500
4. \$101,500 (LCT value).

**Step 2:** calculate the LCT (LCT value – LCT threshold)  $\times 10 \div 11 \times 33\%$ :

5.  $(\$101,500 - \$80,567) \times 10 \div 11 \times 33\%$
6.  $\$20,933 \times 10 \div 11 \times 33\%$
7. \$6,279 (LCT amount payable).

Jimmy needs to pay \$6,279 LCT to the [Department of Home Affairs](#) .

QC 22108

## Cars on which LCT has already been paid

Check the conditions for where you may be subject to luxury car tax on resale of the vehicle.

**Last updated** 8 January 2016

If you sell a car that is two years old or less and the car has already been subject to LCT, you may still have to pay LCT on the latest sale if the car has increased in value. The LCT payable on this latest sale is reduced by all the LCT paid (or due to be paid) on any previous sale or importation. In calculating this, you must take into account any previous LCT adjustments, except bad debts.

There is no entitlement to a LCT decreasing adjustment or credit when you resell a car that is two years old or less if the car has decreased in value.

You must have evidence that LCT was previously paid (or due to be paid) on the car, including:

- documents showing your supplier made a taxable sale of a luxury car because you didn't quote your Australian business number (ABN)
- invoices or documents relating to a previous taxable sale or importation
- a written statement from a previous owner or supplier stating the amount of LCT that was previously paid or due to be paid.

# Get your LCT right

Avoiding common errors and compliance issues with your luxury car tax (LCT) claim.

**Last updated** 28 November 2023

## On this page

When to quote your ABN

Keep records to support your claim

Reporting and claiming correctly

What attracts our attention

Case studies

We have identified some common errors and compliance issues with luxury car tax (LCT) claims. Use the tips below to avoid making these errors and get your obligations right.

## See also

- When LCT applies
- When LCT doesn't apply
- Adjustments

## When to quote your ABN

LCT can be deferred in some circumstances when you quote your Australian business number (ABN) to the dealer/wholesaler. This is called buying 'under quote' or 'quoting'.

If you're a **business**, you can quote when you have a valid ABN, are registered for goods and services tax (GST) and are:

- a luxury car dealer who is purchasing the car solely as trading stock


- an entity conducting research and development (R&D) on the car for the manufacturer, or
- intending to make a GST-free export.

If you're a **car dealer**, you are correctly supplying under quote if:

- the ABN quoted is valid and registered for GST
- a copy of the purchaser's motor dealer licence or other entitlement to trade in cars is retained.

If you are unsure if the car's purchaser is a legitimate motor vehicle dealer, then you should consider limiting your risk by not accepting the quote.

#### **See also**

- Quoting an ABN
- [ABN lookup](#) 

## **Keep records to support your claim**

It's important to keep accurate and current records to support your LCT claim and apply for adjustments on your business activity statement (BAS).

You need to provide information that substantiates your claims, including records showing:

- that you're conducting an enterprise involving trade in luxury cars
- how you acquired, or imported, and paid for the cars
- how you've used the car while you held it
- how you've sold, exported or otherwise resupplied the car.

Other records may also be required to substantiate LCT claims.

#### **More information**

- Reporting and keeping records

## **Reporting and claiming correctly**

Some common errors when reporting or claiming LCT include:

- using an incorrect formula or the wrong LCT threshold
- dealers/resellers who deferred LCT, not reporting and paying LCT on their BAS immediately after they sell the car or starting to use it for a non-quotable purpose
- primary producers or tourism operators claiming a refund via the BAS and not via the **Application for luxury car tax refund – primary producers and tourism operators form**
- claiming a GST credit for the GST and LCT, when you cannot claim back the full GST or the LCT.

You need to report LCT on your BAS, using the same tax period as you do for GST reporting. Refer to the LCT rates to make sure you're using the right ones.

**See also:**

- [Luxury car tax rates and thresholds](#)
- [Working out the LCT on a sale](#)

## **What attracts our attention**

Our data and experience show most clients are trying to comply with their LCT obligations. We try to make it as easy as possible to meet these obligations.

However, we have observed small amounts of non-compliance, as well as tax avoidance schemes and sham arrangements directed at avoiding LCT. We have sophisticated systems in place to identify these behaviours and take firm action to ensure legislation is complied with, and enforce a level playing field for businesses.

We focus on issues and behaviours of those who actively try to avoid their LCT obligations. Some of the behaviours we are most concerned about include:

- resellers who undercut legitimate dealers on price by evading LCT and GST on luxury car sales – these reseller entities manipulate buyers and sellers for their own financial gain to the detriment of the broader community
- individuals who attempt to pass off private luxury car purchases as a trading enterprise to fraudulently access LCT and GST benefits

- dealers or resellers falsely asserting that luxury cars are being held solely as trading stock when the cars are being used frequently for 'extended' test drives, personal use or informally leased or sold
- organised criminal networks infiltrating the luxury car industry to launder money, hide assets and commit tax fraud, including LCT fraud – these networks contribute to the shadow economy and deprive legitimate business from competing fairly in the market.

You may be penalised or face criminal prosecution if you engage in or facilitate these types of behaviours.

### See also

- *Taxpayer Alert TA 2021/4 – Structured arrangements that facilitate the avoidance of luxury car tax – describes our concerns about arrangements that involve the sale of new or second-hand luxury cars designed to avoid LCT or improperly obtain refunds.*

## What you should do

You should consider whether our concerns apply to you. If you have entered into similar arrangements or you are aware of others that have, we encourage you to:

- ask for our view by applying for a **private ruling**
- seek independent advice regarding the legal and tax consequences of your arrangement
- make a **voluntary disclosure** to reduce penalties that may apply.

You can also contact us by:

- phone on **1800 060 062**

Penalties will be significantly reduced if you contact us and make a voluntary disclosure. Generally, the reduction is greater if you make the disclosure before we notify you of an examination of your tax affairs.

If you are a registered tax agent or adviser who has been involved in these arrangements, we encourage you to contact us, as you may be perceived to be complicit in or a 'promoter' of the scheme.

## What to do if you have information

To provide information regarding these types of behaviours and arrangements, or about a promoter of these:

- phone us on **1800 060 062**
- complete the ATO Tip-Off Form.

**See also**

- Shadow economy

## **Case studies**

### **Resellers of cars avoiding LCT**

Frank (a second hand car dealer) is approached by Malcolm (another car dealer) who advises he has a scheme to make some quick money with minimal effort.

Malcolm explains the scheme as follows:

- Frank will buy cars from a luxury car dealership for their full price, inclusive of LCT. Malcolm will give Frank the money to cover the cost of each car, minus the LCT component.
- Frank will claim a refund for the LCT from the ATO, on the basis that he is a car dealer holding the cars as trading stock.
- Within a couple of days, Frank will sell the cars under quote to Malcolm, who then on-sells the cars to his customers.
- Malcolm will sell the cars to his customers inclusive of LCT, but instead of remitting the LCT to the ATO, Malcolm will split the LCT component of the sale with Frank.

As we stop and review all LCT refund claims, we determine the sale of cars from Frank to Malcolm is a sham, because each sale forms part of an arrangement intended to avoid LCT rather than a genuine car sale. Frank is therefore not entitled to a refund of LCT.

Frank then approaches Malcolm for the money he was promised, but Malcolm has disappeared and no longer responds to his calls. In addition to being out of pocket for a considerable sum of money, Frank may also face criminal prosecution as a result of his actions.

### **Change of use of car**



Jason runs a car dealership and buys a new luxury car from an importer in January 2018. Jason defers payment of the \$40,000 LCT at the time of importation, because he buys the car under quote on the basis it will be used as trading stock and for no other purpose. Jason later decides to use the new car as an executive car in the dealership, which is not a quotable purpose, with the intention to later sell it second hand.

Thirteen months later Jason sells the car for less than the original purchase price, and remits \$20,000 of LCT to the ATO on the next BAS.

As part of a review of Jason's records, we advise Jason that because the car was used for a non-quotable purpose, he should have **adjusted** the LCT payable on the BAS in that earlier period.

Since Jason has already sold the car, he is unable to adjust the price on it to collect the additional LCT and the business needs to pay the adjusted amount of LCT (being \$40,000) and is also required to pay a tax shortfall penalty and interest charges.

## **Quoting – insufficient evidence that the purchaser is a motor vehicle dealer**

Ting works as a salesperson for a luxury car dealership. Francis visits the dealership and tells Ting that he has a motor dealer's licence and wants to buy a car under quote. Francis provides copies of the motor dealer's licence and Ting confirms he is registered for GST and LCT. Francis tells Ting that he is planning on using the car for personal use. This is not a quotable purpose, but Francis doesn't want to pay LCT.

Ting knows that Francis is not entitled to quote under these circumstances, but wants to make the sale. Ting accepts the quote and sells the car under quote excluding LCT from the price.

The dealership manager, Sonya, reviews the weekly sales. It concerns her that Ting accepted the quote as part of the sale.

Sonya calls us and we advise her that since Ting knew Francis was not entitled to quote, the quote is not effective. Sonya's dealership would now be liable for the LCT.

## **Improperly quoting to avoid LCT**

Tim was a restaurateur and purchased a luxury car under quote. By using the ABN for his restaurant business, he presented himself as a motor dealer to the car dealer, and signed documents declaring that he intended to hold the car as trading stock.

When we audited Tim's restaurant, a number of irregularities with the records were discovered, including evidence that Tim had used the car for private purposes and intended to retain it while keeping up the appearance of trying to sell it.

Purchasing a luxury car, in circumstances where you are not entitled to quote, or by falsely quoting an ABN, is a criminal offence.

Tim was charged under the s135.1 of the Criminal Code (intention of dishonestly causing a loss to a Commonwealth entity) before pleading guilty.

He received a custodial sentence of 18 months and was required to serve a minimum of 4 months. He also received a two year good behaviour bond with a \$4,000 assurance, and was required to pay a reparation order of \$150,000 for the unpaid LCT amount.

QC 61637

## Reporting and keeping records

You need to report and pay luxury car tax (LCT) on time to avoid interest and penalties.

**Last updated** 28 June 2016

You report and pay LCT on your activity statement the same way that you do other business taxes.

You account for LCT using the same tax period as you do for GST. Depending on your circumstances, you pay LCT on a monthly, quarterly or annual basis.

If you report and pay GST using a pre-printed instalment amount (option 3 on the activity statement), don't complete the LCT section of your activity statement. We have included your LCT in this amount.

You need to report and pay LCT on time to avoid interest and penalties.

**See also:**

- Annual GST return

## **Keeping accurate LCT records**

You need to record your sales and import transactions so you can report your liabilities accurately and substantiate any adjustments, credits or refunds.

You must keep these records for five years.

### **If you are reviewed**


If you are reviewed by us, you'll need to produce records to show how you have complied with your LCT obligations. These include:

- records showing that you're conducting an enterprise involving trading in luxury cars, such as
  - motor dealer's licence and other legal documents required by law to offer cars for sale in your state/territory, such as road safety certificates
  - evidence of having suitable premises to store and display cars of the type you're trading in
  - approval to conduct a business involving motor trading at your place of business
  - transaction records as required by your motor dealer's licence
  - a business plan or other records showing how you're intending to operate the business
- records to show how you acquired, imported, purchased and paid for the cars, such as
  - orders and any purchase documentation such as consignment agreements and contracts
  - bailment agreement, including the contract and schedule showing when cars were placed into and removed from bailment, with the value assigned to the car

- records showing the details of the importation, including the date
  - bank or other financial records showing payments to the supplier
  - full finance contracts and applications for finance, showing that the car is available to be resold or traded
  - tax invoices and other purchase records showing the LCT payable on the supply
  - quotes you've issued for the purchase
  - the fuel efficiency rating, if the LCT amount is based on the fuel efficient threshold
  - registration details of the cars you're trading in
  - invoices and contracts showing when, where and how any additional supplies or modifications were made
  - invoices for consumables and services relating to the car, such as fuel, repairs, servicing, transportation and modifications
- records showing how you've used a car while you held it, such as
    - the odometer readings on the dates you acquired it and sold or otherwise resupplied it
    - record of use, such as a log book showing dates, times, distances and reasons why the car was driven
    - verifiable details of all drivers of the car, including why they drove it
    - insurance details, including insurance applications made and full policy documents that show that the car can be used for motor trading purposes
    - advertising and marketing records, including details of all sales leads and follow-ups, including potential purchasers with their contact details
- records showing how you've sold, exported or otherwise resupplied the car, such as
    - tax invoices and sales contracts

- quotes received for the supply of the cars
- export records
- details of any motor vehicle incentive payment received for the car
- records of how you calculated the LCT payable, including any previously payable amounts
- records of how you determined the GST-inclusive market value of the car if the car was supplied to an associate or by way of hire or lease.

If the purchaser has quoted their ABN for the purpose of deferring the LCT, we expect that you'll have:

- the ABN quotation supplied by the recipient of the supply, received at or before the time of the supply
- a copy of the purchaser's motor dealer's licence or other entitlement to trade in cars
- checked that the ABN quoted is valid and is registered for GST – you can use the [ABN Lookup](#)  tool.

**See also:**

- Motor vehicle incentive payments
- Quoting an ABN

QC 38568

## Adjustments, credits and refunds

What to do if you've overpaid or underpaid luxury car tax (LCT).

**Last updated** 10 March 2017

If you've overpaid or underpaid LCT you can:

- if registered for GST and LCT, make an **adjustment** on your BAS

- if not registered for GST and LCT, claim an **LCT credit**.

In some circumstances primary producers and tourism operators are eligible for a **refund** of part of the LCT they have paid on a luxury car. Public institutions (museums, galleries and libraries) that are registered for GST and endorsed as a deductible gift recipient are entitled to make an **adjustment** on their BAS at label **1F** for the LCT they have paid on a luxury car.

## Adjustments



Find out how to make adjustments on your BAS if a change of circumstances occurs when calculating luxury car tax.

## Credits and refunds



Credits for luxury car tax can only be claimed if you're not registered for goods and services tax.

QC 47721

# Adjustments

Find out how to make adjustments on your BAS if a change of circumstances occurs when calculating luxury car tax.

**Last updated** 10 March 2017

## On this page

An adjustment event

Change of use adjustments

Bad debt adjustments

If a change in circumstances after you sell or import a luxury car alters the amount of LCT you needed to pay in an earlier tax period, you must

make an adjustment on your next BAS.

If you are an endorsed public institution (museum, gallery or library that is registered for GST and endorsed as a deductible gift recipient) and you purchased a luxury car locally that is a work of art or collectors piece for the sole purpose of public display, you are entitled to a 'change of use' adjustment on your next BAS.

An adjustment will increase or decrease the net amount of tax you're liable to pay. Adjustments can be made by the supplier, a registered recipient or a registered importer.

You must make an adjustment within four years of the relevant supply or importation.

Note that if you've made a **mistake** in reporting on your LCT obligations – that is, if the amount you reported on your BAS was not correct at the time you lodged it – you can't correct it on your next BAS. Instead you need to revise the BAS covering the period in which the mistake was made.

## An adjustment event

An LCT adjustment event occurs when:

- a sale is cancelled – for example, where you paid LCT on the sale of a car, but you and the purchaser later decided not to go ahead with the sale
- there is an increase or decrease in the payment you received – for example, where the final agreed price of the car is less than the amount first negotiated and the LCT on the original price was accounted for in an earlier tax period, in which case you'll need to work out the LCT on the new price and make an adjustment
- the sale of a luxury car stops being a taxable sale

### See also:

- Completing the LCT labels

## Change of use adjustments

You'll need to make:

- an **increasing change of use adjustment** if you quoted your ABN to defer your LCT payment on a luxury car, but then used the car for a purpose that is not quotable
- an **increasing change of use adjustment** at label **1E** on your BAS if you are an endorsed public institution (museum, gallery or library that is registered for GST and endorsed as a deductible gift recipient) and you qualified for the LCT relief on the importation or purchase of a luxury car, but you either
  - used the car for a purpose other than for public display
  - sold the car to an entity other than an endorsed public institution
- a **decreasing adjustment** if you didn't quote your ABN to defer your LCT payment on a luxury car, but you should have because you plan to use – and have only used – the car for a quotable purpose
- a **decreasing adjustment** at label **1F** on your BAS if you are an endorsed public institution (museum, gallery or library that is registered for GST and endorsed as a deductible gift recipient) and you purchased a luxury car locally that is a work of art or collectors piece for the sole purpose of public display.

#### See also

- Quoting an ABN

## Bad debt adjustments

If you account for GST on a non-cash (accrual) basis, you can account for LCT on the sale of a luxury car before you receive any or all of the payment.

If you later write-off some or all of the payment due as a bad debt, or if a debt has been overdue for 12 months or more, you'll have a decreasing LCT adjustment because you won't have received all the payment due on the sale.

If you later recover some or all of the debt, you must make an increasing LCT adjustment in the tax period in which you recovered some or all of the debt – this will increase the amount of LCT you must pay. The adjustment will be the amount of LCT payable on the amount you recovered.



## Credits and refunds

Credits for luxury car tax can only be claimed if you're not registered for goods and services tax.

**Last updated** 6 June 2024

### On this page

Credits

Refunds

Credits for luxury car tax (LCT) can only be claimed if you're not registered for goods and services tax (GST). A refund may be available if you're a primary producer or tourism operator who buys luxury vehicles.

## Credits

If you're not registered for GST, you can't make an LCT adjustment on a business activity statement (BAS).

You may be entitled to a credit for LCT paid if:

- you overpaid LCT on a sale to you – that is, the supplier paid an amount of LCT that was not legally payable and you've paid the overpaid LCT
- you've paid LCT on a sale, or paid LCT on an importation, where you could have quoted but were unable to quote because you were unregistered at the time of supply or importation
- you've exported a luxury car (on which LCT has been paid) that is a GST-free export.

You're entitled to a credit only if no-one else has made a valid claim for a credit in relation to the credit entitlement.

You must claim a credit within four years of becoming entitled to the credit.

## Claiming a credit for LCT

To claim a credit for overpayment of LCT on a:

- **sale** – you must use the approved **Application for luxury car tax credit – entities not registered for GST form**, and lodge it within 4 years of becoming entitled to the credit
- **GST-free export** – you must make a claim to the Australian supplier.

## Refunds

[Primary producers](#) and [tourism operators](#) can claim a refund of the LCT they have paid on eligible vehicles they have purchased in a financial year.

An eligible vehicle is a four-wheel drive, or all-wheel drive, and is either:

- a 'passenger car' with a ground clearance of at least 175mm
- an 'off-road passenger' vehicle.

You must be a GST-registered primary producer or tourism operator to be eligible for an LCT refund.

For more information on improper refunds that attract our attention, refer to *TA 2021/4 – Structured arrangements that facilitate the avoidance of luxury car tax*.

## Primary producers

For LCT purposes, a primary producer is an individual, partnership, trust or company carrying on a primary production business, including:

- plant or animal cultivation
- fishing or pearling
- tree farming or felling.

From 1 January 2020, primary producers undertaking these activities can claim a refund of LCT they have paid on **one eligible vehicle** per financial year, up to a maximum of \$10,000. The refund applies to vehicles delivered on or after 1 July 2019.

If an eligible vehicle was delivered to a primary producer on or before 30 June 2019, they can only claim a refund of 8/33 of the LCT they have paid, up to a maximum of \$3,000.

For more information on primary production, refer to TR 97/11 - *Income tax: am I carrying on a business of primary production?*

## Tourism operators

For LCT purposes, you are a tourism operator if **both** the following apply:

- you use the car solely for the purpose of carrying on a business
- the principal purpose of your business is carrying tourists for tourism activities.

Tourism activities must be both leisure activities and of a touring nature.

A leisure activity includes activities involving a visit by a tourist to a site that has one of the following:

- scenic beauty
- cultural interest
- environmental interest
- historical interest
- recreational interest.

Carrying tourists for tourism activities does not include transporting passengers by either:

- taxi or limousine for fares
- a hire-car service.

From 1 January 2020 tourism operators can claim a refund of LCT they have paid **for each eligible vehicle**, up to a maximum of \$10,000, delivered to them on or after 1 July 2019.

If an eligible vehicle was delivered to a tourism operator on or before 30 June 2019, they can only claim a refund of 8/33 of the LCT they have paid, up to a maximum of \$3,000.

## Claiming the refund

You can claim a refund using the **Application for luxury car tax refund – for primary producers and tourism operators** form.

This refund must be claimed within 4 years of becoming entitled to it.

If you've lodged a claim for an eligible vehicle delivered on or after 1 July 2019, you won't need to make another claim to receive the increased refund amount.

From 1 January 2020 when the law comes into effect, we'll adjust your refund based on the amount you have already received.

You can't claim these refunds on your BAS or from the Department of Home Affairs.

QC 39467

# Definitions – Luxury car tax

Definitions of frequently used terms relating to the luxury car tax (LCT).

**Last updated** 1 April 2025

## Luxury car tax (LCT) definitions

Term	Definition
<b>Car</b>	<p>A car, for luxury car tax purposes, is a motor-powered road vehicle designed to carry a load of less than 2 tonnes and fewer than 9 passengers.</p> <p>It doesn't include motorcycles or similar vehicles.</p>
<b>Commercial vehicle</b>	<p>Commercial vehicles are designed for the principal purpose of carrying goods used for business or trade.</p> <p>They are not subject to LCT.</p>

<b>Consideration</b>	Any payment made in return for the supply of a luxury car.
<b>Eligible vehicle – primary producer &amp; tourism operator</b>	<p>An eligible vehicle is a four wheel drive, or all-wheel drive, and is either:</p> <ul style="list-style-type: none"> <li>• a 'passenger car' with a ground clearance of at least 175mm</li> <li>• an 'off road passenger vehicle'.</li> </ul>
<b>Emergency vehicles</b>	<p>The following vehicles are considered emergency vehicles:</p> <ul style="list-style-type: none"> <li>• a vehicle registered in a state or territory as an emergency vehicle</li> <li>• an ambulance</li> <li>• a mobile intensive care ambulance (MICA) or similar vehicle that is <ul style="list-style-type: none"> <li>– fitted with a siren and flashing warning lights</li> <li>– used to transport paramedics and equipment to the site of an accident</li> </ul> </li> <li>• a fire-fighting vehicle <ul style="list-style-type: none"> <li>– designed, permanently fitted out and equipped for fighting and preventing fires</li> <li>– with external markings identifying it as a fire-fighting vehicle</li> </ul> </li> <li>• a police vehicle equipped with a siren and flashing warning lights</li> <li>• an emergency-response or search-and-rescue vehicle <ul style="list-style-type: none"> <li>– designed and permanently fitted out for emergency-response or search-and-rescue operations</li> <li>– with external markings identifying it as a vehicle of that kind</li> </ul> </li> </ul>

	<ul style="list-style-type: none"> <li>• a vehicle <ul style="list-style-type: none"> <li>– designed and permanently fitted out for responding to and dealing with an environmental emergency</li> <li>– with external markings that identify it as a vehicle of that kind</li> </ul> </li> <li>• a vehicle purchased for immediate modification or conversion into a vehicle mentioned in one of the items above before its first use</li> <li>• an ambulance or similar vehicle specially equipped for carrying sick or wounded animals.</li> </ul>
<b>Fuel-efficient cars</b>	<p>From 1 July 2025, a fuel-efficient car is defined as a vehicle that has a fuel consumption that does not exceed 3.5 litres per 100 kilometres as a combined rating under the vehicle standards in force under section 12 of the <i>Road Vehicle Standards Act 2018</i>.</p> <p>Prior to 1 July 2025, a fuel-efficient car was defined as a vehicle with a fuel consumption that doesn't exceed 7 litres per 100 kilometres.</p> <p>However, the pre-1 July 2025 definition will apply to a car, <b>if</b>, before 1 July 2025:</p> <ul style="list-style-type: none"> <li>• an entity made a supply or importation of the car, <b>and</b></li> <li>• the car was used in Australia for a purpose other than a purpose mentioned in subsection 9-5(1) of the LCT Act.</li> </ul>
<b>Luxury car tax value</b>	<p>The price of a vehicle excluding any luxury car tax (LCT) and any other Australian tax or Australian fee or charge <b>other than</b> GST and customs duty.</p>

	If you supply a car to an associate or by hire/lease, the LCT value is the full GST market value of the car (excluding any LCT and any other Australian tax or Australian fee or charge <b>other than</b> GST and customs duty).
<b>Net amount</b>	<p>Your 'net amount' is increased by the amount of LCT attributable to that tax period.</p> <p>It doesn't include the amount of LCT payable for a taxable importation.</p>
<b>Price</b>	<p>The term 'price' for LCT purposes is generally the amount of money paid for the car.</p> <p>To the extent the payment for the supply is not in money, the price means the GST inclusive market value of the consideration supplied.</p>

For more information see:

- *LCTD 2023/1 Luxury car tax: how to determine the principal purpose of a vehicle*
- **A New Tax System (Luxury Car Tax) Regulations 2019 Section 27-1.01 - Meaning of a refund eligible car**

QC 39921

## Our commitment to you

We are committed to providing you with accurate, consistent and clear information to help you understand your rights and entitlements and meet your obligations.

If you follow our information and it turns out to be incorrect, or it is misleading and you make a mistake as a result, we will take that into account when determining what action, if any, we should take.

Some of the information on this website applies to a specific financial year. This is clearly marked. Make sure you have the information for the right year before making decisions based on that information.

If you feel that our information does not fully cover your circumstances, or you are unsure how it applies to you, contact us or seek professional advice.

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