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## **AUSTRALIAN CUSTOMS NOTICE NO. 2008/50**

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### **Increase to the Luxury Car Tax Rate**

This notice is to advise of Customs' implementation of the Government's 2008–09 Budget increase to the Luxury Car Tax (LCT) rate as it applies to imported vehicles. This means that the luxury car tax rate will increase from 25 per cent to 33 per cent for certain vehicles valued over the luxury car tax threshold (\$57,180 for the 2008–09 year).

The increased rate will be applied retrospectively to importations from 1 July 2008.

Legislation to increase the LCT rate from 1 July 2008 came into force on 3 October 2008, and includes an exemption from LCT payment for certain fuel efficient cars under the fuel efficient car limit (\$75,000 for the 2008–09 year). While exemptions may be claimed immediately through the Customs Integrated Cargo System (ICS), Customs will issue a separate ACN regarding the arrangements for fuel efficient cars.

#### **Definition of Luxury Vehicle**

Any motor vehicle defined as a 'luxury car' in *A New Tax System (Luxury Car Tax) Act 1999* with a value above \$57,180 is subject to LCT on the portion of the value that exceeds the \$57,180 threshold.

Importers of motor vehicles that were subject to the increased LCT at the time of importation on or after 1 July 2008 will be required to pay the differential amount. Importers should make arrangements to pay additional LCT to the Australian Taxation Office (ATO).

Further information regarding payment of additional LCT is available on the ATO website [www.ato.gov.au](http://www.ato.gov.au) or by contacting the ATO on 13 28 66.

#### **Import Entry requirements**

All related information within the ICS has been updated to give effect to the increased LCT rate. Where the value of vehicle exceeds the LCT threshold, the following applies:

- each entry line must have one motor vehicle only; and
- each entry line must be dealt with in one of the following ways:
  - by quoting the importer's valid Australian Business Number (ABN); or
  - using a valid exemption code; or
  - paying the LCT.

#### **Deferred Payment Arrangements**

Importers who quote their ABN and defer payment of LCT at the time of importation will need to make arrangements with the ATO to report and/or pay any increased LCT liability incurred from 1 July 2008.

#### **Exemption**

Importers who have claimed and received an exemption from LCT are excluded from these provisions.

**Payment**

Importers who paid LCT to Customs at the time of importation will be required to pay any increased LCT liability directly to the ATO under an administrative arrangement with that agency. Customs will provide the ATO with details of affected importations and the amount of LCT already paid (at the 25% rate).

For queries concerning this ACN, please contact the Customs Information and Support Centre on 1300 363 263.

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