



## **AUSTRALIAN CUSTOMS NOTICE NO. 2008/51**

---

### **Amendments to Luxury Car Tax Legislation – Fuel Efficient Luxury Cars**

As notified in Australian Customs Notice 2008/50, from 1 July 2008 the rate of luxury car tax (LCT) increased from 25 per cent to 33 per cent for cars valued over the LCT threshold (\$57,180 for the 2008–09 year). The legislation to increase the rate of LCT also makes available some new concessions including an exemption from LCT for certain fuel efficient luxury cars. Fuel efficient luxury cars with a customs value under the fuel efficient car threshold (\$75,000 for the 2008–09 year) are exempt from LCT. The amendment regarding the LCT exemption for fuel efficient luxury cars commenced on 3 October 2008.

This notice is to outline arrangements for importers of fuel efficient luxury cars that are exempt from LCT at the time of importation on or after 3 October 2008.

#### **Fuel Efficient Luxury Cars**

For luxury car tax purposes, fuel efficient luxury cars are cars that have a fuel consumption of 7 litres per 100 kilometres or less. LCT does not apply to fuel efficient cars under \$75,000 for the 2008-09 financial year.

Further information regarding Fuel Efficient Luxury Cars is available on the ATO website [www.ato.gov.au](http://www.ato.gov.au) or by contacting the ATO on 13 28 66.

An exemption code “FEV” is available in the Customs Integrated Cargo System (ICS) to enable importers of fuel efficient luxury cars to claim the luxury car tax exemption when an import declaration is lodged.

#### **Import Declaration requirements**

All related information within the ICS is now updated to allow the use of the exemption from LCT for fuel efficient luxury cars below the fuel efficient luxury car threshold of \$75,000 for 2008-09 year.

Where the value of a car exceeds the LCT threshold, the following applies:

- each line on the declaration must have one motor car only; and
- each line on the declaration must be dealt with in one of the following ways:
  - ✓ by quoting the importer’s valid Australian Business Number (ABN) and setting the LCT quote indicator to “yes”; or
  - ✓ using a valid exemption code; or
  - ✓ paying the LCT.

The exemption code “FEV” may only be used if the customs value for that declaration line is below the fuel efficient luxury car threshold.

**Exclusions**

- Importers who have claimed and received an exemption from LCT are excluded from these provisions.
- Cars with a customs value that exceeds the fuel efficient car threshold are excluded from the use of the exemption.
- Where an ABN was quoted at line level the use of an exemption code has no effect.

**Amendments to import declarations**

Certain fuel efficient luxury cars with a customs value below the fuel efficient threshold imported and entered into home consumption on or after 3 October 2008 were entitled to an exemption from the LCT. Eligible importers of those cars may have paid LCT due to the delayed availability of an exemption code in the ICS.

If an exemption was not claimed at the time of importation, the affected import declaration/s should be amended accordingly. To make use of the exemption code "FEV", amend each eligible line on the import declaration. Once those amendments are made in the ICS, a refund of LCT paid will be processed. If the customs value on an import declaration equals or exceeds the fuel efficient car threshold in the ICS then the exemption will not apply and no refund will be made.

Customs will provide the ATO with details of affected importations and the amount of LCT refunded as necessary.

If an ABN was quoted at line level at the time of importation no amendments are necessary. Amendments are only required where LCT was paid at the time of entry to Customs.

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

Sarah Major  
National Manager  
Trade Policy and Regulation  
CANBERRA ACT  
October 2008