

**Australian Government Department of Home Affairs**

Australian Customs Notice 2002 45 Luxury Car Tax Reform

**The Government of Australia has announced the introduction of an additional**

section 44-1 which, when operative, increases the Luxury Car Tax Rate from $113 to $138 per tonne of motor vehicle. The new rate includes $134 to be refunded in the amount of excise-equivalent duty due under the fuel efficient car legislation.

Excise is currently levied at the "old" rate of $114.65 per litre. This rate will remain at the same level as in force until 1 January 2003, as outlined in the new legislation. Accordingly, the Luxury Car Tax Act 2002 (the Act) will commence on 8 February 2003 and will be operative from 1 January 2003.

Further information about the Luxury Car Tax can be obtained from:

* Chief Executive Officer
* Cargo Legislation Australian Customs Service 5 Constitution Avenue
* CANBERRA ACT 2601[1](#_bookmark0)

By 25 February 2003 Customs Tariff Concessions are to be introduced in connection with the expiry of the Excise rate on 3 February 2003 (see Tariff Concession Notice No. 1). [www.ato.gov.au/AusGST.](https://www.ato.gov.au/business/international-tax-for-business/gst-on-low-value-imported-goods/registration/)

The changes were implemented on 1 March 2003.

* Commencement of Schedule 3 Goods and Services Tax GST Legislation
* The new Schedule 3 applies to:
* tissues, goods imported as spare parts for cars and trucks;
* entities and equipment and parts and fittings required or intended to be part or wholly associated with the manufacture, repair, modification and replacement of cars and trucks; and

artificial life forms. <https://www.homeaffairs.gov.au/busi/comp/cargo-reporting-import-declaration-requirements>

***Schedule 3 ‘Subheading on 5K3 Item 2 (Luxury Car Tax Reform’) in Schedule 3***

Subheading 5K3 Item 2 (Luxury Car Tax Reform’) in Schedule 3 of the Customs Tariff Act 1995 (the Customs Tariff) has been added to the Excise Regulations 2017 (the Excise Tariff), on 25 May 2017. This item indicates the rate of duty on ‘luxury car tax goods’. The rate on the new subheadings is the old rate of 20% or 1.044 times the general rate of duty, whichever is greater, whichever is the lesser.

To assist with the conversion of the concessional fuel efficient car rate to a low tax rate, Excise Tariff Working Pages are issued by the Australian Taxation Office (ATO) on 1 August and 1 September each year.[ExternalRelease Notes 17.04.02](https://www.homeaffairs.gov.au/Cargosupport/Documents/external-release-notes-17402.pdf)

# Luxury Car Tax Reform

Schedule 3 is directed to assist consumers in reducing their luxury car car tax liability.

Effective from 1 January 2004, this subheading will cease to exist on the manufacture, repair, modification and replacement of an automobile or parts and fittings with a total weight of ‘15,000 kilograms or more’, with the exception of accessories, parts and accessories, equipment and parts which are included in a luxury car.

# Luxury Car Tax Reform

The Customs Tariff is consistent with the recommendations made in the Luxury Car Tax Review Report.

The review recommended that the preferential fuel efficient car rate be preserved and that excise duty rates be indexed on the weight of goods subject to excise. It also recommended that the Government provide further flexibility in the determination of what is considered to be a luxury car. The current concessional fuel efficient car rate was changed to ‘Free’ on 1 January 2004 from ‘Normal rate’.

# Luxury Car Tax Reform

Prior to 1 January 2004, the concessional luxury car rate (‘Free’) was given preferential importation under Schedule 3. It was replaced in the Excise Regulations 2004 (the Excise Tariff) by Schedule 3. This operation replaces the previous preferential rate (‘Normal rate’) which commenced on 1 January 1997.

The new concessional rates can only be quoted for a period of two years commencing on and from the date the Excise Tariff Amendment Act (No. 1) 2005 becomes law. The new concessional rates and the general duty rates are calculated by the calculation of the average fuel consumption, after deducting any rebate, concession or quota. It is estimated that a small number of vehicles may be affected by these changes, including those imported prior to 1 January 2004.

Importers will be able to quote the preferential rates electronically using a ‘Quota’ statement. [www.homeaffairs.gov.au.](https://www.homeaffairs.gov.au/busi/cargo-support-trade-and-goods/importing-goods/duty-rates-and-taxes/low-)

Enquiries

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