



Take full advantage

# PACK FACT

## Luxury Car Charge

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The Luxury Car Charge is a benefit paid directly to the Employer through a salary package. It compensates the Employer for the amount of depreciation above the Car Depreciation Limit (often referred to as the 'Luxury Limit') which is not tax deductible.

The Luxury Car Charge only applies to tax paying organisations.

### Car Depreciation Limit

The Car Depreciation Limit is indexed each year for inflation. The limit set by the ATO for the 2015/16 financial year is \$57,581.

The capital cost of the vehicle determines if a Luxury Car Charge is applicable and is calculated from the purchase price of the vehicle, including the Luxury Car Tax and stamp duty, less registration. A Luxury Car Charge is applicable for Novated Leases and Associate Leases only.

**Example:- Based on \$75,000 car, over 3 years, with 45% residual and 20% Statutory Rate.**

**The packaged cost of the motor vehicle includes Luxury Car Charges of \$1,118 in the first year, \$1,202 in the second year and \$1,372 in the third year**

#### DISCLAIMER

The information supplied on this page is provided as an information guide only. It contains Remunerator (Aust) Pty Ltd ACN 074 423 966 interpretation of the current Tax Legislation which is subject to change at any time without notice and should not be relied on as a substitute for legal or other professional advice.

Example uses income tax rates effective 1<sup>st</sup> July 2016.

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