

Luxury Car Tax Letter of Advice

This advice is specific to the application of the Luxury Car Tax Legislation to vehicles with a completed TEEBRO Pty Ltd second stage manufacture and whilst this advice makes specific reference to particular Toyota vehicles, it is still applicable to other brands.

Executive Summary

The test for whether a vehicle is exempt from LCT requires that the vehicle be 'a commercial vehicle that is not designed for the principle purpose of carrying passengers'.¹ The relevant testing time for is at the point the customer first takes delivery of the vehicle. Whether the customer pays TEEBRO Pty Ltd directly or the dealer pays TEEBRO Pty Ltd is irrelevant.

However, if the car dealership supplies a vehicle subject to LCT to a customer who later separately organises for TEEBRO Pty Ltd to perform modifications, the modification will not change the earlier supply for LCT purposes.

It is expected that the second stage manufacture vehicles will be designed for the primary purpose of carrying goods. As presented in the below advertising material the TEEBRO COMMERCIAL 300 Series is evidently marketed as a sole purpose commercial vehicle. With the alternative TEEBRO TOURING variant distinctly aimed at the purchaser intending to complete the 4WD touring adventure.

TEEBRO 300 SERIES COMMERCIAL 4200 GVM

The Teebro 4200 Commercial option is a heavy duty service vehicle. Designed specifically for the primary purpose of carrying goods for commercial fleet use. In addition to the standard upgrade, the 4200 commercial variant is fitted with an engineered cargo barrier to utilise cargo space and load rated tie down points.

- DIFFERENTIAL UPGRADE** - Heavy Duty Upgrade
- CONSTANT LOAD** - Front & Rear Coils
- LOAD CARRY PLATFORM** - Rear Tie Down Points
- HEAVY DUTY** - Front Control Arms
- CARGO BARRIERS** - Coach Containment
- ALPHA SPOCKS** - Reduce wheel sagging

PAYLOAD UP TO 1700KG*
920KG INCREASE OVER FACTORY GVM

DECAL KIT

PH: 0499 382 321 | WWW.JMACX.COM.AU

TEEBRO 300 SERIES COMMERCIAL 4200 GVM

4200 Commercial Variant

The Teebro 4200 Commercial option is a heavy duty service vehicle. Designed specifically for the primary purpose of carrying goods for commercial and fleet use. As a five seat configuration the rear seats are removed to meet the NBT category requirements.

In addition to the standard upgrade, the 4200 Commercial variant is fitted with an engineered cargo barrier to utilise cargo space and a specialist load carrying platform with load rated tie down points.

Kit Inclusions:

- JMACX Differential Upgrade - Increases strength and longevity for heavy duty service type vehicles.
- Front & Rear Suspension Upgrade - Heavy duty Front & Rear upper control arms, Constant load springs - For Heavy duty service, Heavy duty Panhard
- ALPHA Shock absorbers - Reduce driver fatigue
- Cargo Barrier - Rear occupant protection
- Raised tie down - Rear upgrade - To secure load
- Load rated Wheels & Tyres.

PRICE
RSP: TBA
TRADE: TBA

AVAILABLE DATE:
Early Dec 2022

SUITS ALL MODELS

WARRANTY:
2 years
*Warranty applies to original purchase, non transferable.

INSTALLATION:
Allow up to 8 hours installation time. Instructions available on below scan code

TEEBRO 300 SERIES ULTIMATE TOURING GVM UPGRADE

2 & 3" LIFT HEIGHT OPTIONS UP TO 35" TYRES

PRE ORDER

PAYLOAD UP TO 1700KG*
920KG INCREASE OVER FACTORY GVM*
ON 4200 VARIANTS ONLY

PACK UPGRADE - FRONT & REAR CONTROL ARMS UPGRADE - CONSTANT LOAD SPRINGS - HEAVY DUTY PANHARD

PH: 0499 382 321 | WWW.JMACX.COM.AU

TEEBRO 300 SERIES TOURING GVM

3800 ULTIMATE Touring Variant
4200 ULTIMATE Touring Variant

Kit Inclusions:

- JMACX differential upgrade (4200 System only) - increases strength and longevity for heavy duty service type vehicles.
- Rear Suspension Upgrade (4200 System only) - Factory rear control arms are replaced with Heavy duty units. Load rated spring options are utilised and a heavy duty Panhard is fitted for improved alignment.
- Front Suspension Upgraded Arms - Heavy duty Front Upper control arms strengthen the driveline for a higher carrying capacity. With full finite element analysis testing these arms are crucial.

3800 PRICE
RSP: TBA
TRADE: TBA

4200 PRICE
RSP: TBA
TRADE: TBA

AVAILABLE DATE:
DEC 2022

SUITS MODELS:
GX, GXL, VX, SUPERAL, SHARARA ZX, GP SPORT

WARRANTY:
2 years
*Warranty applies to original purchase, non transferable.

920KG increase in GVM over factory
Payload up to +1300 - 1700KG
Up to 3" lift and 35" Tyres

INSTALLATION:
Allow up to 8 hours installation time. Instructions available on below scan code

This is based on the expected load carrying capacity of the second stage manufacture vehicle being notably higher than its original design and such that any load carrying capacity allocated to passengers would be significantly less than 50%.

The TEEBRO COMMERCIAL 300 Series Landcruiser is fitted with large decals on both sides of the vehicle to identify the TARE, RGVM & maximum rear axle weight. This is a clear identifier that this vehicle is for goods carrying purposes.

Based on the approved vehicle second stage manufacture, the load carrying capacity of the second stage manufacture vehicles would range from **3800kg GVM** 1170kg to 1305kg and **4200kg GVM** 1705kg to 1570kg as a Station Wagon. Based on the resulting 5 seat capacity, under the design rules, passenger weight allocations would be 340kg which is at worst 21.94% which is well less than the 50% threshold test (the table in the Relevant Facts below reflect the modified vehicle design capacities). This combined with the other physical and visual characteristics and specifications that the TEEBRO COMMERCIAL 300 Series vehicle has undergone, add to the classification of a Commercial vehicle.

¹ Section 25-1(2)(c) A New Tax System (Luxury Car Tax) Act 1999

Relevant Facts

TEEBRO Pty Ltd have Federal approval for the variations of the Toyota Land Cruiser 300 Series detailed as follows:

SSM 1 - 3800KG GVM - IPA: TBA

Vehicle Make: TEEBRO Toyota
Vehicle Model: Landcruiser 300 J30T 3800
Vehicle Category: NB1(Medium goods carrying vehicle)

Variants

1. TEEBRO 300 J30T GX
2. TEEBRO 300 J30T GXL
3. TEEBRO 300 J30T VX
4. TEEBRO 300 J30T SAHARA
5. TEEBRO 300 J30T SAHARA ZX
6. TEEBRO 300 J30T GR SPORT

SSM 2 - 4200KG GVM - IPA: TBA

Vehicle Make: TEEBRO Toyota
Vehicle Model: Landcruiser 300 J30T 4200
Vehicle Category: NB1(Medium goods carrying vehicle)

Variants

1. TEEBRO 300 J30T GX
2. TEEBRO 300 J30T GXL
3. TEEBRO 300 J30T VX
4. TEEBRO 300 J30T SAHARA
5. TEEBRO 300 J30T SAHARA ZX
6. TEEBRO 300 J30T GR SPORT

Note* IPA = Individual Approved Number
COM = Commercial variant supplied by Toyota

The ATO outlines several factors which are relevant in determining whether a commercial vehicle is designed for the principal purpose of carrying passengers.

These include:

- the appearance and presentation of the vehicle
- any relevant promotional literature
- the emphasis evident in marketing
- the vehicle's specifications
- the load carrying capacity; and
- the passenger carrying capacity

The table below reflects the second stage manufacture vehicle design capacities and clearly demonstrate all vehicles are primarily designed for goods.

SSM 1 - 3800kg GVM

VEHICLE MAKE: TEEBRO Toyota

VEHICLE MODEL: LANDCRUISER 300 J30T 3800

Model 300 Series	5 seats x 68kg	Unladen Mass (kg)	Laden Mass (kg)	Payload	Percentage Allocated for passengers
TEEBRO 300 J30T GX	340	2495	3800	1305	26%
TEEBRO 300 J30T GXL	340	2580	3800	1220	28%
TEEBRO 300 J30T VX	340	2630	3800	1170	29%
TEEBRO 300 J30T SAHARA	340	2630	3800	1170	29%
TEEBRO 300 J30T SAHARA VX	340	2610	3800	1190	28.5%
TEEBRO 300 J30T GR SPORT	340	2630	3800	1170	29%

SSM 2 - 4200kg GVM

VEHICLE MAKE: TEEBRO Toyota

VEHICLE MODEL: LANDCRUISER 300 J30T 4200

Model 300 Series	5 seats x 68kg	Unladen Mass (kg)	Laden Mass (kg)	Payload	Percentage Allocated for passengers
TEEBRO 300 J30T GX	340	2495	4200	1705	20%
TEEBRO 300 J30T GXL	340	2580	4200	1620	21%
TEEBRO 300 J30T VX	340	2630	4200	1570	21.7%
TEEBRO 300 J30T SAHARA	340	2630	4200	1570	21.7%
TEEBRO 300 J30T SAHARA VX	340	2610	4200	1590	21.6%
TEEBRO 300 J30T GR SPORT	340	2630	4200	1570	21.7%

Detailed Advice

Exempt Status of Vehicle

LCT will be payable on a vehicle if it is considered a 'luxury car' under section 25-1(1) of A New Tax System (Luxury Car Tax) Act 1999. That is, the price of the vehicle exceeds the LCT threshold 2 and it is not an exempt vehicle by definition or specifically exemptions.

The Toyota Land Cruiser 300 Series vehicles supplied would normally attract LCT. However, the vehicle second stage manufacture to station wagons allows the vehicles to become exempt from LCT.³ Given that Federal approval has been granted to the modification of the vehicle, the vehicle falls into the, by definition, exempt category of 'a commercial vehicle that is not designed for the principle purpose of carrying passengers'.⁴

The JMACX/TEEBRO COMMERCIAL 300 Series promotional literature as found below places a heavy emphasis on the fact that the vehicle has been designed with the intention of being used in a commercial manner, in particular for the purpose of carrying goods. Equipped with a specifically engineered cargo platform, tie down points, cargo barrier in conjunction with the heavy duty suspension system.

DIFFERENTIAL UPGRADE
High Axle load capacity

CONSTANT LOAD
Front & Rear Coils

LOAD CARRY PLATFORM
Rated Tie Down Points

HEAVY DUTY
Front control arms

ALPHA SHOCKS
Reduce driver fatigue

CARGO BARRIER
Goods Containment

PAYLOAD UP TO 1700KG
920KG INCREASE OVER FACTORY GVM

DECAL KIT

MADE IN AUSTRALIA

JMACX
Off Road Solutions

PH: 0490 382 321 WWW.JMACX.COM.AU

The Macquarie Dictionary (Australia) defines the term 'commercial vehicle' as 'a vehicle able to carry goods or passengers and designated for use by businesses'. If the vehicle qualifies as a commercial vehicle, then it must also be designed for the principle purpose of carrying goods. To determine whether, after second stage manufacture to station wagon, the vehicle is primarily designed to carry goods or passengers, rule 4.5.2. of the Vehicle Standard (Australian Design Rule -Definitions and Vehicle Categories) 2005 is used.

4.5. Goods Vehicles

4.5.2. A vehicle constructed for both the carriage of persons and the carriage of goods shall be considered to be primarily for the carriage of goods if the number of seating positions times 68kg is less than 50 percent of the difference between the Gross Vehicle Mass and the Unladen Mass. LCT rule 4.5.2 is not conclusive but is a factor that can be taken into consideration along with passenger and load carrying capacities.

By utilising this rule, the second stage manufacture vehicles would be classified as a goods vehicle. (NB1 Category) As the overall load carrying capacity (GVM less Unladen Mass) is between 1550kg to 3160kg, the passenger carrying capacity of 340kg (5 seats x 68kg) is significantly less than 50% (as per the table in Relevant Facts).

Physical appearance changes made to the vehicles as a result of the modifications, e.g.:

- Seats
- Cargo barrier
- Load carry platform
- Tyres
- Stickers

These modifications to the TEEBRO COMMERCIAL 300 SERIES create a different look to the vehicle, both via the externally apparent lift to the body, increased clearance and increased wheel and tyre size, and the visible internal cargo barrier and hard floor rear storage area (where the Toyota seats have been removed).

The additional cosmetic alterations including decal stickers which show the various TARE, GVM etc load specifications and commercial styled reflective safety stripes also provide a more commercial appearance to the vehicle

Timing of Modification

Under the LCT Legislation, modifications to make the vehicle exempt must occur before the supply of the vehicle to the customer.⁵

If a customer or car dealership organises with second stage manufacture to be completed before the customer receives the car, no LCT will be payable on the supply if the modifications classify the car as exempt. However, if a customer acquires a vehicle subject to LCT from a car dealership, and later organises for second stage manufacture to be completed, the second stage manufacture will not exempt LCT from being payable on the original purchase from the car dealership. After first registration the vehicle is no longer a second stage manufacture and therefore can not have the LCT removed. Second stage manufacture must be completed prior to first registration.

It is recommended that the seller may wish to seek their own independent professional tax advice or ATO confirmation.

² For non-fuel efficient vehicles, the 2022-23 financial year, the LCT threshold is \$71,849.

³ Section 25-1(2)(c) A New Tax System (Luxury Car Tax) Act 1999.

⁴ Section 25-1(2)(c) A New Tax System (Luxury Car Tax) Act 1999.

⁵ Section 5-20(3) A New Tax System (Luxury Car Tax) Act 1999.