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## GST and motor vehicles

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If you use a motor vehicle solely in carrying on your business and you're registered for GST, you're generally entitled to claim a credit for the GST included in the price of the vehicle, provided you have a tax invoice. There are rules concerning luxury car purchases, leased vehicles and purchasing second-hand.

You generally have to account for GST when you dispose of a motor vehicle if the disposal is a taxable sale. There are rules concerning luxury cars, trade-ins, disposal to an associate and disposal by a charity. You may be entitled to a 'decreasing adjustment' (reduced GST payment) for the business use element if the vehicle was used for both business and private purposes, and for vehicles used for making financial supplies. You may need to make an 'increasing adjustment' if you continue to hold a motor vehicle after your GST registration is cancelled.

### Find out about:

- [Purchasing a motor vehicle \(?anchor=Purchasingamotorvehicle#Purchasingamotorvehicle\)](#)
- [Disposing of a motor vehicle \(?anchor=Disposingofamotorvehicle#Disposingofamotorvehicle\)](#)
- [Motor vehicles held when your GST registration is cancelled \(?anchor=MotorvehiclesheldwhenyourGSTregistration#MotorvehiclesheldwhenyourGSTregistration\)](#)

### Definitions

For GST purposes, the term motor vehicle means a motor-powered road vehicle. It does not include a road vehicle where both of the following apply:

- The main function of the vehicle is not related to public road use.
- The vehicle's ability to travel on a public road is secondary to its main function.

Examples of such vehicles include road rollers, graders, tractors and earthmoving equipment.

For GST purposes, a car is a motor vehicle designed to carry a load of less than one tonne and less than nine passengers. The term car does not include a motorcycle or similar vehicle.

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Some of the information on this website applies to a specific financial year. This is clearly marked. Make sure you have the information for the right year before making decisions based on that information.

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