**MEMBER BULLETIN**

August 18, 2022

**New Luxury** **Vehicle Tax**

The *Subject Vehicles Under the Select Luxury Items Tax Act,* originally proposed in the 2021 budget, received Royal Assent on June 23, 2022. The tax will apply to new cars and aircraft with a retail sales price over **$100,000** and to vessels over **$250,000.** It will be calculated at the lesser of 20% of the value above a set threshold ($100,000 for cars and personal aircraft, and $250,000 for vessels) and 10% of the full value of the item subjected to tax.

Vehicles that could be subject to the luxury tax include sedans, coupes, hatchbacks, convertibles, sport utility vehicles and light-duty pickup trucks priced above $100,000.

Under subsection 2(1), **subject vehicle**means a motor vehicle that meets all of the following conditions:

* it is designed or adapted primarily to carry individuals on highways and streets
* it has a seating capacity of not more than 10 individuals
* it has a gross vehicle weight rating that is 3,856 kg or less
* it has a date of manufacture after 2018
* it is designed to travel with four or more wheels in contact with the ground

**Who Will Have to Pay?**

Under the new law, any organization buying luxury cars and aircraft exceeding $100,000 and boats costing more than $250,000 will have to pay a tax that's equal to 10% of the item's full value.

If you have any questions, please contact Steven Crombie (905-629-7766 or [steven.crombie@oswca.org](mailto:steven.crombie@oswca.org)).