

VACC advice on lobbying for extension on Instant Asset Write-off delivery date

Members are advised that this morning VACC CEO, Geoff Gwilym, joined an important meeting of the Australian Automotive Dealer Association (AADA), the Truck Industry Council (TIC), The Federal Chamber of Automotive Industries (FCAI) and other state Motor Trades Associations (MTAs) to discuss with Federal Treasury some of the challenges with vehicles arriving after the Australian Government Temporary Full Expensing of Depreciating Assets program ends on 30 June 2023.

VACC had previously written to Treasurer Jim Chalmers in September 2022 and early March 2023 to seek an extension to the delivery date of 30 June 2023 for motor vehicles and machinery ordered by not yet available for delivery.

What issues were discussed?

Key issues raised at the meeting were the recent vehicle component shortages, manufacturing limits and supply chain constraints that in many cases would mean vehicles ordered while the expense offset were available would not be delivered until after 30 June which means the same vehicle would not be eligible for full expensing under the scheme. Senior Treasury staff at the meeting heard of potential problems across the different sectors of the industry where consumer and business expectations, of applying the scheme to their new vehicle, may not eventuate.

Key points raised at the meeting

It was made clear to Treasury that the industry was not looking for an extension to the scheme per se but more so some flexibilities in terms of vehicle being slowed through supply chain and biosecurity hold-ups still being eligible for full expensing, after 30 June, for a set period of time.

Summary of outcomes

- It has been advised that the meeting and the dialogue was very positive.
- Treasury made no commitments in terms of creating exceptions for certain vehicles arriving after 30 June, however they did undertake to take this matter up for further discussions in Treasury and would come back to industry with a position once these discussions had been held.

VACC advice to industry is to work on the basis that the full expensing program ends on 30 June this year and that if an exception rule was achieved this would be a much-needed bonus.