

For immediate use

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Ditch the Luxury Car Tax if you're serious about new car affordability

VACC, the peak automotive industry body in Victoria, has sent a blunt message to the Federal Government as it considers the deregulation of new car imports.

The Government claims relaxing restrictions on new car imports and enabling individuals and parallel importers to purchase new cars, motorcycles and farm machinery from overseas, will reduce red tape, provide greater consumer competition and make vehicles more affordable.

VACC and the automotive industry oppose the proposed deregulation, and VACC has made its concerns clear to Infrastructure and Regional Development Assistant Minister, Jamie Briggs. Together with its national body, the Australian Motor Industry Federation (AMIF) and state and territory members, VACC is concerned the proposal lacks detail and questions the motive behind the initiative. VACC has informed the Government that opening private overseas purchases of new vehicles will inevitably impact negatively on consumers, business and industry.

VACC calls on Treasurer Joe Hockey to use tomorrow's Federal Budget as an opportunity to ditch the deregulation of new vehicle imports and instead, focus on a more viable and obvious solution.

"The answer is staring the Federal Government in the face, and yet it doesn't appear to see it," VACC Executive Director, Geoff Gwilym, said.

"By abolishing the Luxury Car Tax, the Treasurer and Minister Briggs can reduce the cost of purchasing locally available vehicles. This will improve affordability and widen choice. New vehicle dealers support this and motorists benefit – it's a win-win for all parties.

"The Luxury Car Tax is biased and prejudicial. It does not apply to other so-called luxury items such as yachts, jewellery, art and fine wine and many vehicles which fall into this bracket are not prestigious or luxurious playthings for the rich and famous, but necessary, practical, fit-for-purpose vehicles," Mr Gwilym said.

As stated on the ATO website, Luxury Car Tax is a tax of 33 per cent on luxury cars purchased where the value of a car exceeds the luxury car threshold. The current rate is \$61,884 and \$75,375 for fuel efficient vehicles. This would mean a Toyota LandCruiser 200 (Recommended Retail Price = \$73,990) automatic, turbo-diesel - an ideal workhorse for farms, agriculture and rural communities – is subject to the Luxury Car Tax of \$2,793 in addition to GST.

Rather than proposing risky personal new vehicle imports, the Government should reduce the tax burden on Australians by removing the unnecessary Luxury Car Tax.

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