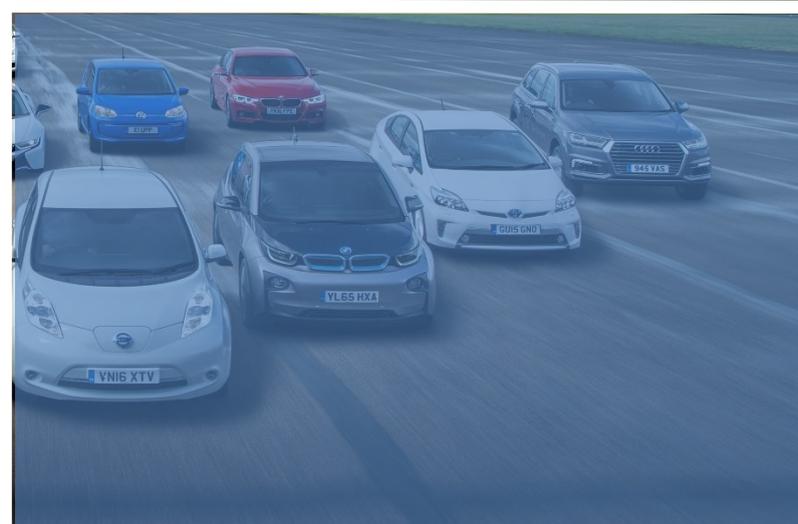


VACC Submission

Luxury car tax – increased refunds for eligible primary producers and tourism operators

14 August 2019



About VACC

The Victorian Automobile Chamber of Commerce (VACC) is Victoria's peak automotive industry association, representing the interests of more than 5,300 members in over 20 retail automotive sectors that employ over 50,000 Victorians.

VACC members range from new and used vehicle dealers (passenger, truck, commercial, motorcycles, recreational and farm machinery), repairers (mechanical, electrical, body and repair specialists, i.e. radiators and engines), vehicle servicing (service stations, vehicle washing, rental, windscreens), parts and component wholesale/retail and distribution and aftermarket manufacture (i.e. specialist vehicle, parts or component modification and/or manufacture), and automotive dismantlers and recyclers.

The VACC is also an active member of the Motor Trades Association of Australia (MTAA) and contributes significantly to the national policy debate through Australia's peak national automotive association.

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The Victorian Automobile Chamber of Commerce (VACC) welcomes the opportunity to comment on the exposure draft legislation and explanatory material relating to the amendment of the luxury car tax arrangements.

VACC supports the amendments to the luxury car tax (LCT) arrangements as announced in the 2019-20 Budget and as released in the exposure draft legislation by the Government. This support extends to both the increase in the proportion and the maximum LCT refund amount that eligible primary producers and tourism operators are eligible to be paid as outlined in the Bill.

VACC also supports the retrospective application of the amendments, enabling affected entities with an entitlement to claim an increased refund on or after 1 July 2019 and prior to the commencement of the Bill.

Whilst VACC welcomes these legislative amendments that provide LCT relief for primary producers and tourism operators, VACC believes that the Federal Government must address the broader issue of removing the LCT altogether. The fact is that the LCT remains an unfair and discriminatory tax that penalises both motor car dealers and consumers. This discrimination has been compounded even further through additional luxury car taxes imposed by Victoria and Queensland that set a dangerous precedent for the rest of the country. The LCT also directly undermines Australia's free trade agreements that have been negotiated for the importation of motor vehicles.

In an era where new motor vehicle sales have been in decline by eight per cent for the past 15 months and dealer margins have been squeezed to just 1.5 per cent, there is no justification for any luxury car tax, let alone the double luxury car tax impost served on a large section of the automotive industry. The discrimination against the automotive industry is further enforced by the fact that other goods traditionally deemed as 'luxury' items such as motorboats, yachts and jewellery, are not taxed as such.

Therefore, whilst VACC welcomes LCT relief for primary producers and tourism operators as identified in the LCT amendments in the exposure draft legislation, VACC believes that the broader issue of the removal of the LCT must be a key policy focus for the Federal Government.