

MEDIA RELEASE



**FEDERAL CHAMBER
OF AUTOMOTIVE
INDUSTRIES**

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LUXURY CAR TAX INCREASE WOULD BE ECONOMICALLY IRRESPONSIBLE

The peak body representing the automotive industry, the Federal Chamber of Automotive Industries (FCAI), has warned of the damaging consequences to the Australian economy if the Federal Government ignores the evidence put to the Senate Economics Committee and pushes ahead with plans to increase the luxury car tax.

“This proposed tax hike is economically irresponsible and will hurt the Australian car industry,” FCAI Chief Executive Andrew McKellar said.

The FCAI presented evidence to the Senate inquiry highlighting clear signs of the negative impact on demand and vehicle affordability that this tax increase would have, including the adverse consequences for local car makers.

“We are concerned is that this retrospective tax increase will compound the significant competitive challenges faced by local car makers and the broader automotive industry,” Mr McKellar said.

“Vehicle manufacturers are united in their opposition to this tax rise and have made representations to the Government expressing their concerns,” he said.

The proposed increase is a direct tax on the introduction of new safety features and environmentally-friendly technology to the Australian vehicle fleet.

“Vehicle manufacturers are working to introduce new technology to help lower greenhouse gas emissions and improve vehicle safety but this will be made increasingly difficult if taxes are raised on new cars,” Mr McKellar said.

We urge all senators to consider the evidence presented to the inquiry as they determine their response to the legislation.

The Senate Economics Committee received 18 written submissions and took evidence from 29 individual witnesses over three days.

“Not one of the submissions, nor any individual witness, provided any support for this retrospective and unfair tax increase,” Mr McKellar said.

This proposed tax increase has caused widespread concern and disruption to the automotive industry, with serious questions remaining over the proposed retrospective implementation of the tax rise.

“There appears to be some inconsistency in the Government’s handling of this proposed tax increase,” Mr McKellar said.

“It comes at a time when the Federal Government is still considering its response to the Bracks Review, moreover, it clearly cuts across the comprehensive review of Australia’s tax system being conducted by Treasury Secretary, Ken Henry,” he said.

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