

MEDIA RELEASE



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**FEDERAL CHAMBER
OF AUTOMOTIVE
INDUSTRIES**

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CAR BUYERS MUST NOT BE HELD TO RANSOM

The car industry is concerned and deeply frustrated at the planned retrospective implementation of the Luxury Car Tax increase.

The Federal Chamber of Automotive Industries (FCAI) says advice from the Australian Taxation Office is complicated and fails to acknowledge the rights of car buyers.

“The situation is a complete mess and the so-called ‘clarification’ from the tax office has only deepened confusion within the industry on how the tax should be collected,” FCAI chief executive Andrew McKellar said.

The increase is scheduled to take effect on July 1, but the legislation has now been referred to a Senate Committee for inquiry, meaning there is no chance of it being passed before late August.

The Australian Taxation Office has advised the automotive industry that despite the uncertain status of the legislation, dealers must pay the additional 8 per cent.

“We have a history of not applying retrospective taxes in Australia and if the tax office insists on this, it will create an administrative nightmare for car dealers,” Mr McKellar said.

Another major concern is that the tax increase will be applied according to the delivery date of vehicles.

“There are people out there who have ordered and paid for their car six, nine or even 12 months ago, but if the vehicle is delivered after July 1, then they face the prospect of having to pay the additional tax,” he said.

“The tax office and the Treasurer must understand the logistics of buying a new car,” Mr McKellar said. “This current state of confusion underlines the lack of consultation with industry before the tax increase was announced”.

“Who is going to reorganise the finance, the loan repayments and the insurance just because a car is delivered a few days or weeks after the original invoice has been finalised,” he said.

“Car buyers, and the dealers who administer the sale, must not be held to ransom by the Federal Government and the tax office,” Mr McKellar said.

The tax increase must not take effect, if at all, until after the Senate inquiry has delivered its recommendations and the legislation is passed.

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