

LUXURY CAR TAX CHANGES MAKE BAD TAX WORSE

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The peak body representing franchised new car Dealers is disappointed by the changes made to the Luxury Car Tax in today's MYEFO.

From the 2025-26 Financial Year, the definition of a fuel-efficient vehicle under the Luxury Car Tax will be halved from a maximum consumption of 7L per 100km, to just 3.5L per 100km.

"These changes to the Luxury Car Tax (LCT) have made a bad tax even worse," said AADA CEO Mr James Voortman.

"The LCT is an outdated tax meant for a time when Australia still manufactured cars - it should have been abolished years ago, but now it's being used to further tax fuel efficient cars," he said.

"The Australian Government should be encouraging the uptake of fuel-efficient vehicles not increasing the tax on them," said Mr Voortman.

"The best way the Government can use the LCT to achieve a 43 per cent reduction in greenhouse gas emissions by 2030 is by abolishing the tax altogether."

"This change will see the Government claw back an additional almost \$100 million a year from taxpayers by 2026-27. It is inflationary and will dissuade consumers from buying vehicles with the best safety and fuel-efficient technology," he said.

"So many independent reviews and inquiries have called for the LCT to be abolished, but instead it continues to raise over a billion dollars a year at the expense of motorists and local industry," he said.

"For years the automotive industry and motorists have been calling for a root and branch review of the automotive taxation regime, but instead we see damaging tinkering and absolutely no consultation with industry," said Mr Voortman.

ENDS.

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