



## LUXURY CAR TAX REFUNDS

In our Federal Budget roundup this year, we alerted you to the Government's intention to increase the luxury car tax from 25% to 33%.

After much negotiation, the Government has succeeded in getting this proposal through the Parliament and it is now law.

From 1 July 2008, the increased rate of luxury car tax of 33% applies to certain vehicles over the luxury car threshold (\$57,180 for the 2008-09 year).

However, a number of concessions were made to provide relief from the flow-on effects of the increase in the luxury car tax that may be of interest to you and your business.

### **Primary producers**

If you are an eligible primary producer, you could be entitled to claim a refund (up to a maximum of \$3,000) for **one eligible vehicle** in a financial year.

Whilst some of the implementation details for this concession have yet to be clarified in regulations, there are a couple of points you need to be aware of:

1. a "primary producer" is a company, trust, partnership or individual carrying on a primary production business including plant and animal cultivation, fishing and pearling, or tree farming and felling; and
2. vehicles eligible for the refund include cars that are 4 wheel drive – some "all wheel" drive cars will also be eligible (these will be specified in the regulations).

### **Tourism operators**

If you are an eligible tourism operator, you could be entitled to claim a refund (up to a maximum of \$3,000) **per eligible vehicle** in a financial year.

Whilst some of the implementation details for this concession have yet to be clarified in regulations, there are a couple of points you need to be aware of:

3. you are an eligible tourism operator if you use the vehicle solely for the purposes of carrying on your business, the principal purpose of which is carrying tourists for tourist activities; and
4. as with primary producers, vehicles eligible for the refund include cars that are 4 wheel drive – some "all wheel" drive cars will also be eligible (these will be specified in the regulations).

#### **TIP**

If you are entitled to a refund, you must claim it within four years of you becoming entitled to it.

Should you require any further information or would like contact information in this area please do not hesitate to contact Michelle Pearce, John Fara or Chris Rutter on (02) 9555 1309.

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