



GM Holden Ltd

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Committee Secretary
Senate Economics Committee
Department of the Senate
PO Box 6100
Parliament House
Canberra ACT 2600

Submitted via email to: economics.sen@aph.gov.au

Dear Committee Secretary

Inquiry into the Tax Laws Amendment (Luxury Car Tax) Bill 2008

GM Holden appreciates the opportunity to participate in the Senate Standing Committee on Economics' inquiry into proposed amendments to the Luxury Car Tax, plans for which were announced in the Federal Budget in May.

GM Holden has previously made known its position regarding the Federal Government's proposal to modify conditions of the Luxury Car Tax. This position was outlined in GM Holden's submission to the current Review of Australia's Automotive Industry 2008. In this submission, GM Holden noted the Government's decision and that the basis for the introduction of a LCT was to protect the market pricing of locally produced vehicles. GM Holden recognises the Government's rationale for recommending changes and agrees that the LCT should continue to be based purely on a price threshold. However, changes to the product features of vehicles, including regulatory, emissions, performance and safety enhancements, in addition to customer requirements, have resulted in a "luxury" vehicle being priced well above the current threshold and well below the contemporary notion of what a luxury vehicle might constitute in the Australian vehicle market. Reflecting this, the VFACTS national reports for vehicle sales class a luxury vehicle as those priced above \$70,000.

Consequently, GM Holden restates its earlier recommendation that if the tax is to be continued that the threshold be lifted to, or just above, \$70,000, to restore the application of the tax to its original intent.

We trust that this provides the Committee with an understanding of GM Holden's position on this matter.

Yours faithfully

Mark Bernhard
Executive Director - Finance
GM Holden Ltd

