

Fringe Benefits Tax on Cars

On 16 July 2013 – with no consultation and without warning – the Labor Government announced it would try to impose a \$1.8 billion fringe benefits tax (FBT) hike for salary packaged or employer-provided cars.

Within three weeks, the Australian Automobile Dealers Association reported more than 60% of car dealers would need to consider staff number reductions if the changes were passed in Parliament.

(Source: AADA statement, 7/8/2013)

Within six weeks the Australian Salary Packaging Industry Association (ASPIA) reported sales of Australian-made cars had fallen by 13% the previous month (more than \$160 million of lost sales) while forward orders of Australian-made cars had dropped by 30%.

As ASPIA noted, this was a tax hit on everyday Australians, with the average salary of someone with a packaged car around \$70,000 – including large numbers of health and charity workers – and the average priced car being \$34,500.

(Source: ASPIA press release, 5/9/2014)

Fortunately, this was stopped with the election of the Abbott Government.

Estimates 550,000 people will be affected

Car fleets reel from fringe tax hit

The number of people hit by the Rudd government's shock overhaul of tax benefits for cars is more like 550,000 according to the car leasing industry, dwarfing by almost double the 320,000

NLC, the nation's third largest salary packaging company, let go of 74 of 145 staff on Thursday saying that business had stopped dead.

On Monday, industry minister



AFR, 23/7/2013