

MEDIA RELEASE



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BUSINESS TAX WORKING GROUP BACKS DOWN ON TRUCK TAX CHANGES

In a win for the Australian Trucking Association and its members, the Government's Business Tax Working Group has backed down on its proposal to change the depreciation arrangements for trucks and trailers, as well as its other proposed business tax savings.

In its draft final report, released yesterday, the working group concluded that it was not able to recommend a package of business tax savings to fund a company tax rate cut, as required by its terms of reference.

The working group had proposed a series of tax savings, including the removal of the statutory effective life caps on trucks and trailers. Trucking businesses would have been required to depreciate trucks and trailers over 15 years rather than 7½ years for trucks and 10 years for trailers, unless they self assessed their effective lives.

The Chief Executive of the ATA, Stuart St Clair, said the working group should now finish its work on company tax by lodging a final report with the Government in the same terms as the draft.

"The working group's draft report recognises the difficulty of achieving savings in the business tax system, and concedes that its proposals would have significantly affected some businesses," Mr St Clair said.

"In the trucking industry's case, the proposal to remove the statutory effective life caps would have imposed a cash flow burden on businesses amounting to \$4,163 per year for each typical prime mover.

"This cash flow gap would have reduced operators' ability to purchase new trucks and renew their fleets with safer and more environmentally friendly equipment.

"New trucks have more safety features than older ones, because safety standards like the requirement for front underrun protection only apply to new trucks, not retrospectively to all the vehicles in service. In addition to the mandatory safety standards, many new trucks have safety features that are found in only the most expensive cars, like adaptive cruise control and lane departure warning systems.

"New trucks are also more environmentally friendly. A new truck, bought today, puts out only 25 per cent of the nitrogen oxides and 8.3 per cent of the particulate matter emitted by a new truck bought in 1994.

"Removing the statutory caps on trucks and trailers would have slowed the rate these features became more common. The savings, \$205 million over four years, would have been a very small amount compared to the annual cost of road accidents in Australia, \$17.85 billion, and the annual cost of motor vehicle pollution, \$2.7 billion," he said.

The ATA's original submission to the Business Tax Working Group is available at www.truck.net.au/advocacy/submissions/business-tax-working-group-discussion-paper

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