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**Submission from the Tax Justice Network Australia to the inquiry
into the *Treasury Laws Amendment (Tax Incentives and Integrity)
Bill 2024*
9 January 2025**

The Tax Justice Network Australia (TJN-Aus) welcomes the opportunity to make a submission to the inquiry into the *Treasury Laws Amendment (Tax Incentives and Integrity) Bill 2024*. The TJN-Aus supports the Bill and urges its passage through the Parliament.

The Luxury Car Tax in Schedule 1 is a progressive tax that collects more revenue from people on higher incomes who purchase higher-value cars, and the amendment will encourage people to buy fuel-efficient vehicles.

In support of the measure as an encouragement to purchase electric and hybrid vehicles, the Department of Infrastructure, Transport, Regional Development, Communications and the Arts has advised that:¹

The Bureau of Infrastructure and Transport Research Economics estimates that when comparing a new electric vehicle with a new petrol or diesel vehicle, the additional carbon emissions impact of manufacturing a new electric vehicle is offset by the reduced in-service emissions compared to an internal combustion engine vehicle after one year if the vehicle is charged entirely from renewably-sourced electricity (e.g. home solar) and two years if charged from the grid (using the current mix of electricity generation resources).

However, we would encourage the Australian Government to require testing of vehicles in 'real world' conditions, given the findings of research that it has funded that found that emissions of vehicles in actual use can differ significantly from laboratory testing.²

According to the business Statista, the luxury car market in Australia will have a revenue of \$265 million in 2025.³ They predict the weighted average price of a luxury car purchased in

¹ <https://www.infrastructure.gov.au/infrastructure-transport-vehicles/vehicles/new-vehicle-efficiency-standard/australias-new-vehicle-efficiency-standard-frequently-asked-questions#environment>

² <https://www.aaa.asn.au/2024/05/vehicle-tests-reveal-surprising-real-world-fuel-and-emissions-results/>

³ <https://www.statista.com/outlook/mmo/passenger-cars/luxury-cars/australia>

Australia will be over \$165,000 in 2025. That is more than the entire pre-tax salary of the highest 10% of Australian employees.⁴

The TJN-Aus supports Schedule 2 to end the ability of taxpayers to claim general interest charges and shortfall interest charge penalties as tax deductions. The ATO uses these penalties for taxpayers who have not paid their taxes on time or where a tax liability has been incorrectly self-assessed, resulting in a shortfall of tax paid. As a general rule, the TJN-Aus does not believe that penalties for illegal activities of non-compliance with the law should not be able to be claimed as tax deductions. Penalties imposed through the law have been passed by Parliaments to act as specific and general deterrence to those who would intentionally or recklessly breach their legal obligations. Allowing such financial penalties to be claimed as tax deductions reduces their intended deterrent impact.

We are reassured that the Commissioner will retain the discretion to remit the interest charges where it is fair and reasonable to do so, considering the circumstances that led to the delayed payment of tax liabilities or the tax shortfall. Such discretion, properly used, acts to prevent unintended unjust outcomes.

We support the additional time the ATO would have to investigate BAS refund claims that the ATO suspects may be fraudulent to prevent loss of government revenue in having to make such payments due to the current limited period to conduct such an investigation.

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⁴ <https://www.abs.gov.au/statistics/labour/earnings-and-working-conditions/employee-earnings/latest-release>

Background on the Tax Justice Network and Tax Justice Network Australia

The Tax Justice Network (TJN) is an independent organisation launched in the British Houses of Parliament in March 2003. It is dedicated to high-level research, analysis and advocacy in the field of tax and regulation. TJN works to map, analyse and explain the role of taxation and the harmful impacts of tax evasion, tax avoidance, tax competition and tax havens. TJN's objective is to encourage reform at the global and national levels.

The Tax Justice Network believes our tax and financial systems are our most powerful tools for creating a just society that gives equal weight to the needs of everyone. But under pressure from corporate giants and the super-rich, our governments have programmed these systems to prioritise the wealthiest over everybody else, wiring financial secrecy and tax havens into the core of our global economy. This fuels inequality, fosters corruption and undermines democracy. We work to repair these injustices by inspiring and equipping people and governments to reprogram their tax and financial systems.

The Tax Justice Network Australia (TJN-Aus) is the Australian arm of TJN.

In Australia, the current members of TJN-Aus are:

- ActionAid Australia
- Aid/Watch
- Anglican Overseas Aid
- Australian Council for International Development (ACFID)
- Australian Council of Social Service (ACOSS)
- Australian Council of Trade Unions (ACTU)
- Australian Education Union (AEU)
- Australian Manufacturing Workers Union (AMWU)
- Australian Nursing & Midwifery Federation (ANMF)
- Australian Services Union (ASU)
- Australian Workers Union, Victorian Branch (AWU)
- Baptist World Aid
- Caritas Australia
- Centre for International Corporate Tax Accountability & Research (CICTAR)
- Community and Public Service Union (CPSU)
- Electrical Trades Union, Victorian Branch (ETU)
- Evatt Foundation
- Friends of the Earth (FoE)
- GetUp!
- Greenpeace Australia Pacific
- International Transport Workers Federation (ITF)
- Jubilee Australia
- Maritime Union of Australia (MUA)
- National Tertiary Education Union (NTEU)
- New South Wales Nurses and Midwives' Association (NSWMWA)
- Oaktree Foundation
- Oxfam Australia
- Publish What You Pay Australia
- Save Our Schools
- SEARCH Foundation
- SJ around the Bay
- TEAR Australia
- The Australia Institute
- Union Aid Abroad – APHEDA
- United Workers' Union (UWU)
- Uniting Church in Australia, Synod of Victoria and Tasmania
- UnitingWorld
- Victorian Trades Hall Council
- World Vision Australia