

**Senate Finance and Public Administration Legislation Committee**  
**ANSWERS TO QUESTIONS ON NOTICE**  
**BUDGET ESTIMATES 2011-2012**

Prime Minister and Cabinet Portfolio

**Department/Agency: Department of the Prime Minister and Cabinet**  
**Outcome/Program: 2.1 – Arts and Cultural Development**  
**Topic: Luxury car tax**

**Senator: Humphries**

**Question reference number: 65**

**Type of question: Hansard, p 90, 24 May 2011**

**Date set by the committee for the return of answer: 8 July 2011**

**Number of pages: 2**

**Question:**

**Senator HUMPHRIES: I come back to the luxury car tax question that we ventilated before dinner. I understand that the tax is meant to ensure that when a collecting institution, such as a museum or art gallery, purchases a luxury car for exhibition purposes or for collecting purposes the luxury car tax for an imported vehicle does not apply to that institute. I understand that is not about general purpose use of luxury cars by the agencies. I also understand that the measure is meant to have a cost to the budget of about half a million dollars per year. Can you confirm whether that is the case?**

**Mr Eccles: No, I cannot confirm that. We would have to take that on notice or it might be better asked of the Treasury officials who are responsible for implementing it. I am not sure if we took the opportunity to speak to one of the museum curators to see whether or not they are across it, but I am certainly not across the details and I would rather take it on notice than guess.**

**Senator HUMPHRIES: This is really a question for the arts portfolio because, as I read the policy as it now stands, on average a half million dollars in dispensation from the payment of tax applies for the next few years. That would imply the purchase of several hundred cars each year by collecting agencies across Australia. I honestly cannot imagine the circumstances in which any museum or art gallery would need to make such a large number of purchases to warrant that kind of sum being in the budget. What I have outlined may well be the way that the tax has been conceived, but I assumed that this agency is the one that will be able to tell us why collecting agencies would see the need to import so many cars.**

**Mr Eccles: There are collecting agencies outside the Commonwealth government's purview. As I said, I would like to take it on notice. These are details we need to check with the Treasury. Alternatively the questions could be put to Treasury when they appear.**

**Senator HUMPHRIES: If you could take that on notice to the extent that you can answer it, I would be grateful. Could you also take on notice whether it includes state government agencies, such as the Art Gallery of New South Wales for example. Does it include private collectors acquiring cars for a private collection, such as a private**

**museum of some sort? I assume that in some way this department would have fielded some calls from the collecting institutions sector for such dispensation to be provided. If that is the case, could we have details of any calls that institutions have made on the government for there to be this kind of dispensation?**

**Answer:**

Arrangements for the luxury car tax are administered by the Treasury and the Australian Taxation Office (ATO).

The Treasury has advised that access to the luxury car tax exemption will be limited to public museums, public libraries or public art galleries that have been endorsed by the Commissioner of Taxation as deductible gift recipients and only in respect of cars that are consigned to their collections. A private museum, library or art gallery cannot access the concession.

Further details including the criteria by which the Commissioner of Taxation assesses whether an institution fits the description of a public museum, public library or public art gallery (Taxation Ruling TR2000/11) and a list of deductible gift recipients can be found on the ATO ([www.ato.gov.au](http://www.ato.gov.au)) and Australian Business Register ([www.abr.gov.au](http://www.abr.gov.au)) websites.

The cost to revenue over the forward estimate period appears on page 32 of Budget Paper No.2 2011-12.

The department has no record of having received calls on this matter.