

From: John From Tac Adhesives [<mailto:john@tacadhesives.com.au>]
Sent: Wednesday, 24 May 2006 2:54 PM
To: Economics, Committee (SEN)
Subject: Fuel Tax Credits Submission

I would like to make a submission regarding the changes proposed from the current system of getting a remission certificate, to the proposed fuel tax credits.

We are an adhesive manufacturing company and buy a significant quantity of hydrocarbon solvents that would be applicable to the new system. We use the solvents to manufacture our adhesives as well as on-selling some as cleaners for the adhesives.

From my understanding we will have to pay the full fuel excise rate of 38.143 cents per litre on the hydrocarbon solvents. From the volume of solvent we buy it will increase our costs by ~ \$10,000.00 per month. We can then claim the tax credits on our BAS but as this occurs every three months we will have to find an extra \$30,000.00 plus each quarter before we receive the credits. This will place too large a burden on our cash flow.

Secondly it is not clear what would happen if one of our customers were to become bankrupt, and if we would still be able to get back the excise from them. For the above mentioned reasons we do not believe the new system will be fair.

Yours faithfully

John Patane
TAC Adhesives

1 - 3 Tarnard Drive
Braeside VIC 3195

Ph: 03 9580 2318
Fax: 03 9580 2575
Mobile: 0407 426 706

email: john@tacadhesives.com.au