

LUXURY CAR FIRMS WANT CUT IN TAXES



New Delhi, Jan. 17:

Luxury car makers Mercedes-Benz, Audi and Lamborghini expect the government to lower taxes on automobiles in the upcoming Budget, saying the premium segment of the auto industry has not been able to grow due to high taxation besides being hit hard by coronavirus.

Any hike in taxes on luxury cars will hit demand and prevent recovery from the disruptions witnessed last year, according to officials of the companies.

"Anything which is a deterrent to the demand in the sector we should stay away," Mercedes-Benz India MD & CEO Martin Schwenk said.

He was responding to a query on the company's expectations on the tax front from the government in the budget.

Seeking a reduction on taxes on the auto sector, Schwenk said, "Already the auto industry is highly taxed...from the import duties to GST and cess which is 22 per cent (on luxury cars). I think the target should actually be to support the growth of the sector and reduce tax."

Expressing similar sentiments, Audi India head Balbir Singh Dhillon said the challenges for the luxury car segment in 2021 are "more or less the constants from the past".

"One is, of course, the high taxation on luxury cars, including cess. That remains a challenge because what it has done is that it has not let luxury cars grow beyond 1 per cent (of the total automobile markets in India). It is just hovering around 1 per cent and in last year 2020 it could have dropped probably 0.7-0.8 per cent," he added. —PTI