



Inquiry into Treasury Laws Amendment (Electric Car Discount) Bill 2022

**Submission by
Hyundai Motor Company Australia**

August 2022

Hyundai Motor Company Australia (HMCA) is pleased to make this submission to the Senate Economics Legislation Committee's inquiry into the Treasury Laws Amendment (Electric Car Discount) Bill 2022 (the Bill).

Hyundai Motor Group, based in Seoul, South Korea, is the world's fifth largest automotive company by sales volume. In 2021, the group sold 6.69 million light vehicles globally. We are part of a broader family of companies that also produce heavy vehicles, ships, trains, aircraft and infrastructure.

HMCA is a wholly owned subsidiary of Hyundai Motor Group. We are headquartered in Sydney with a dealership network of 164 locations nationwide. In 2021, we sold 72,872 light vehicles making us the number three automotive brand in Australia by volume.

We are the only automotive company in Australia to offer all four EV technologies, that is fuel cell electric (FCEV), battery electric (BEV), plug-in hybrid (PHEV) and hybrid (HV) placing us at the forefront of the country's transition to low and zero emission vehicles.

We are seeing strong momentum behind the electrification of transport in Australia. This is evidenced by vehicle sales data with Australia's new EV market rising 200% in 2021 versus 2020. Despite this impressive growth, this market still only makes up just 2% of the total market share of new vehicle sales. HMCA is therefore supportive of measures that address this circumstance and facilitate greater EV adoption.

HMCA comments on the bill

HMCA understands the Bill will amend the Fringe Benefits Tax Assessment Act 1986 (the Act) to exempt from fringe benefits tax (FBT) cars that are zero or low emissions vehicles held by the provider and used by or made available for private use of employees. Zero or low emissions vehicles are defined as BEV, FCEV and PHEV.

Further, to be eligible for the exemption the value of the car at the first retail sale must be below the luxury car tax (LCT) threshold for fuel efficient cars (\$84,916 for 2022-23).

HMCA provides its support for the Bill and the FBT exemption for zero and low emissions vehicles. FBT represents a tax on environmentally friendly vehicles and therefore risks restricting emission reduction opportunities within the transport sector. We believe the removal of the FBT on low and zero emission vehicles could lead to greater uptake of these cars where held by an employer and used by or made available for private use of employees.

The Bill also proposes to amend section 53 of the Act which currently exempts car expenses associated with the provision of a car benefit. HMCA requests clarification if costs associated with electricity to charge an EV will be exempt as they are for fuel used by internal combustion engine vehicles. To ensure EVs are not disadvantaged, HMCA recommends electricity costs are similarly made exempt from FBT.

HMCA also seeks clarification in relation to the costs associated with installing charging stations at an employee's home or office and the FBT treatment of this. Based on the drafting of the Bill, this is currently unclear.

HMCA also supports the proposal to review the amendment after three years to consider its impact on EV uptake in Australia among vehicles provided by employers as a fringe benefit. As part of this review, should the removal of FBT on vehicles under the LCT threshold be determined to be effective, we would urge the removal of FBT on low and zero emission vehicles of any value to stimulate greater adoption of these technologies.

Other comments

While outside the scope of this inquiry, HMCA would like to take this opportunity to reiterate its support for the removal of all other federal taxes applied to low and zero emissions vehicles, namely import tariffs (which we understand the Australian Government has previously committed to) and the LCT.

The LCT is a punitive and inefficient tax that penalises Australian consumers with unnecessary additional taxes upon the vehicles they purchase.

While we support the removal of LCT on all vehicles, in the absence of this, we request the abolishment of the LCT on all low and zero emission vehicles given the important environmental benefits these technologies deliver.

Low and zero emission vehicles offer a wide range of long-term public benefits including reduced emissions, energy security, noise and air quality improvements, and the potential for lower operating costs. This technology also provides opportunities for innovation, employment creation, manufacturing and investment attraction, all benefitting the Australian economy at large.

While the Australian Government wishes to prioritise the transition to safer, more fuel efficient, technologically advanced vehicles, the LCT discourages consumers from purchasing cars with these characteristics and it should therefore be abolished.

HMCA thanks the Senate Economics Legislation Committee for the opportunity to make this submission and would be pleased to provide further input as required.