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28 November 2022

Tax cut for electric vehicles passes Parliament

Joint media release with
The Hon Chris Bowen MP
Minister for Climate Change and Energy

The Albanese Government has delivered on our election commitment to make electric vehicles more affordable for more Australians.

The Electric Car Discount Bill, which passed Parliament today, will encourage greater take-up of electric vehicles and reduce transport emissions as part of the Government's broader climate action agenda.

This is a win for motorists, a win for businesses and a win for climate action.

This is a tax cut which will make EVs cheaper.

More Australians will be able to get behind the wheel of an electric car thanks to these changes which will reduce up-front and ongoing costs.

The legislation provides a fringe benefits tax (FBT) exemption for eligible cars made available for employees by employers.

For a model valued at about \$50,000, it means a \$9,000 benefit to an employer or a \$4,700 benefit to an employee using a salary sacrificing arrangement.

The Government will apply the exemption retrospectively to eligible cars first used on or after 1 July 2022.

Eligible plug-in hybrid electric vehicles will also be FBT exempt when provided under arrangements entered into before 1 April 2025.

The fringe benefits tax exemption is complemented by the removal of the five per cent import tariff that is already making eligible electric vehicles more affordable and accessible to Australian families.

We have enshrined in the law our commitment to review the measure after three years to ensure it remains effective.

The Electric Car Discount is one of the first new initiatives in the Government's plan to improve electric vehicle uptake, with further measures to be delivered as part of the National Electric Vehicle Strategy.

This includes a \$500 million investment to boost electric vehicle charging infrastructure right across Australia.

We are also committed to ensuring 75 per cent of new Commonwealth fleet purchases are electric by 2025.

We worked in good faith with the crossbench for this result, and we thank the Australian Greens and Senator Pocock for their support in delivering this outcome.

It's disappointing but not surprising that the Opposition has chosen to vote against lower taxes for Australians and lower emissions.





Treasurer

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