



Submission to Senate Economics Legislation Committee  
Inquiry into Treasury Laws Amendment (Tax Incentives and Integrity) Bill 2024

23 December 2024

Thank you for the opportunity for the Australian Electric Vehicle Association to make a submission on this bill. Our comments relate only to Schedule 1.

**Schedule 1** of the bill re-defines a fuel-efficient vehicle as having a rated fuel consumption of 3.5 litres per 100 kilometres. While we support this change, we see a way to improve the legislation by making only zero emissions vehicles eligible for the higher luxury car tax threshold for the following reasons:

- This would make the legislation consistent with other Commonwealth tax legislation such as the FBT exemption, which is only available to zero emissions vehicles after April 1, 2025;
- Many plug-in hybrid vehicle (PHEV) models on the market will meet the 3.5L/100km rating criterion but will not achieve the expected emissions abatement in operation. Numerous studies in Europe, including a [2024 report by the European Environment Agency](#), found that the actual emissions from a large sample of PHEVs were, on average, 3.5 times higher than their type approval values; and
- The Climate Change Authority's Sector Pathways Review finds that Australia will likely need to fully decarbonise the passenger vehicle fleet by 2050 in order to meet the 2050 net zero target, owing to other hard to abate sectors. Given that many cars remain on the road for 20 years or more, it is important that incentives encourage the purchase today of zero emissions vehicles over hybrids. This will minimise the number of residual ICE vehicles in the fleet in 2050.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Chris Jones', is written over a light blue horizontal line.

Dr Chris Jones  
President, Australian Electric Vehicle Association