

# Clean Car questions and answers



## Clean Car Discount

### Why has the Clean Car Discount been introduced?

The Government is accelerating the response to climate change to achieve a carbon neutral target for New Zealand by 2050. It announced the proposed Clean Car Standard in January 2021. The introduction of the Clean Car Discount on 1 July 2021 aims to help bring down transport emissions by making the purchase of zero and low-CO<sub>2</sub> emission vehicles more affordable.

### What is the Clean Car Discount?

The Clean Car Discount encourages the purchase of electric or low-CO<sub>2</sub> emission light vehicles by reducing the cost of eligible new and used fuel-efficient vehicles coming into New Zealand and, subject to legislation being passed, will introduce a fee on high-polluting vehicles from 1 April 2022.

A discount, in the form of a rebate, is being offered for eligible imported zero and low-CO<sub>2</sub> emission vehicles from 1 July 2021 until 31 March 2022. From 1 April 2022, it is proposed, subject to legislation being passed, that fees and rebates will be applied according to the CO<sub>2</sub> emission of vehicles. The higher the CO<sub>2</sub> rating the greater the fee and the lower the CO<sub>2</sub> rating the greater the rebate.

### Does the Clean Car Discount apply to all fuel-efficient vehicles?

The Clean Car Discount is available to new and used light battery electric vehicles (BEVs) and plug-in hybrid electric vehicles (PHEVs). See [eligibility criteria](#) for other requirements.

Petrol hybrids are popular vehicles but are not charged from electricity and are not eligible for a rebate from 1 July 2021 to 31 March 2022. They may become eligible in April 2022, when it is proposed that a range of discounts and fees will be introduced based on the CO<sub>2</sub> rating.

### What is a light vehicle?

A light vehicle is car, SUV, ute, van or truck with a gross vehicle mass (GVM) of no more than 3.5 tonnes. The GVM is the weight of a vehicle plus the maximum weight it can carry. See [eligibility criteria](#) for details.

### What is the difference between the rebate available until 31 March 2022 and the proposed Clean Car Discount being implemented in April 2022?

Rebates are available for eligible light battery electric vehicles (BEVs) and light plug-in hybrid electric vehicles (PHEVs) registered between 1 July 2021 and 31 March 2022. If funding permits, applications will be accepted up until 31 May 2022 for vehicles registered between 1 July 2021 and 31 March 2022.

From 1 April 2022, subject to legislation being passed, it is proposed that the Clean Car Discount will provide a range of rebates for new and used imported low-emission and hybrid light vehicles and will charge a fee for high-polluting vehicles based on the CO<sub>2</sub> rating of the vehicle. All vehicles below a CO<sub>2</sub> rating zero band will be eligible for a rebate and those above the zero band will incur a fee.

## How do I apply for a rebate?

You can apply online once the vehicle has been registered and allocated a number plate. The rebate will only be paid into the registered person's bank account, with the exception of lessors, who may be eligible when they are not the registered person.

To apply, fill out the application form on the Waka Kotahi NZ Transport Agency website and upload the required supporting information – you will need the vehicle plate number, a copy of the vehicle sale agreement and your bank account details. Registered motor vehicle traders will also need to provide the required statutory declaration. Lessors will also need to provide the [Acknowledgment of lease agreement](#).

## How much is the 1 July 2021 to 31 March 2022 rebate?

There are four rebates available, based on electric vehicle type and whether it is a used or new vehicle:

1 July 2021 - 31 March 2022 Rebates available (GST included)	New vehicle	Used import
<b>Battery electric vehicle</b> (zero emission)	<b>\$8625</b>	<b>\$3450</b>
<b>Plug-in hybrid electric vehicle</b> (low emission)	<b>\$5750</b>	<b>\$2300</b>

GST is included in the rebate except for public authorities. GST-registered businesses receiving rebates for work vehicles will return the GST.

## Who gets the rebate for a leased vehicle?

Where a vehicle is registered to a lessee, the lessee is not eligible to receive a rebate.

Instead, the lessor may receive the rebate, if they meet the [eligibility criteria](#).

## Can registered motor vehicle traders (dealers) get a rebate?

Dealers are eligible for a rebate for a vehicle they own and use as a company car, courtesy car or demonstration vehicle. The registered motor vehicle trader must not sell, or offer to sell, that vehicle within 3 months of first registration. All other eligibility criteria will also need to be met.

## What happens if the registered motor vehicle trader (dealer) registers the vehicle in their name first, before transferring the registration to a buyer?

The buyer will not be eligible for a rebate because they will not be the first registered person to the vehicle.

This is because rebates are only payable to the first registered person (with the exception of lessors).

Why are there different rebates for new and used BEVs and PHEVs? From a CO<sub>2</sub> perspective, they are both zero.

The average used imported vehicle is 7 years old when it arrives in New Zealand. A new EV will on average spend seven more years reducing CO<sub>2</sub> emissions and therefore is considered more valuable.

## Why are vehicles with a purchase price of over \$80,000 excluded from discounts?

To avoid luxury vehicles receiving unnecessary subsidies.

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## **What is the difference between a hybrid vehicle and a plug-in hybrid electric vehicle (PHEV)?**

A hybrid vehicle gets its energy simultaneously from an internal combustion engine (ICE) and an electric motor. The ICE and the electric motor work together to power the car, which reduces petrol consumption and CO<sub>2</sub> emissions. The ICE uses petrol to recharge the vehicle's battery, which powers the electric motor.

A plug-in hybrid electric vehicle (PHEV) also uses an internal combustion engine (ICE) and an electric motor, but it has a larger battery and electric motor than a hybrid. The battery can be plugged in and charged, and usually gives the vehicle a short electric-only range – up to 50km at lower speeds. When vehicle speeds or power demands are higher, or the battery is running low the ICE provides most of the power to the vehicle. The battery is recharged both from a plug-in charger and the ICE. Once the battery is mostly depleted the vehicle operates like a conventional hybrid until plugged in and charged again.

In both a hybrid and a PHEV the battery is also charged as the vehicle slows down by using regenerative braking. This further reduces fuel usage and emissions.

## **If my rebate application has been declined can I reapply?**

Yes. If the application was declined due to an error, this can be corrected and the application resubmitted. If it was declined due to ineligibility, the application won't be successful if resubmitted.

## **Do many imported electric vehicles have low star safety ratings?**

No. The most common electric vehicles dating back to 2012 are generally above 3 stars in the star safety ratings. With all vehicles, there are always less safe models and we recommend buyers use the Rightcar website to help choose the safest vehicle affordable [www.rightcar.govt.nz](http://www.rightcar.govt.nz)

## **Will the rebate fund run out?**

If, due to demand, rebate funds are exhausted, no rebate will be paid. Once the scheme restarts, only vehicles registered from the restart date will qualify for a rebate

## **How many light EVs have to be sold annually if New Zealand is to reach its CO<sub>2</sub> target?**

By later this decade more than 50% of monthly vehicle sales in New Zealand need to be electric. This target requires a jump from about 6000 electric vehicles (bought in 2020) to annual sales of 150,000 electric vehicles. Later this decade more than 50% of monthly vehicle sales in New Zealand need to be electric. This target requires a jump from about 6000 electric vehicles (bought in 2020) to annual sales of 150,000 electric vehicles.

## **How many light EVs are on New Zealand roads?**

In June 2021, there were over 27,000 light EVs, which was 0.6% of the light vehicle fleet.

## **What percentage of light vehicle registrations in New Zealand are electric?**

About 2% of monthly registrations of all light vehicles over the past three years have been for electric vehicles. That is below the world average (4% in 2020), the average in Europe (10% in 2020), and well behind nations with strong transport emissions policy. In June 2021, there were over 27,000 light EVs, which was 0.6% of the light vehicle fleet.

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## **Are electric vehicles generally more expensive than similar non-electric vehicles?**

Yes, they tend to be. That's why the Government is introducing the Clean Cars Discount – to help make clean cars more affordable.

## **Why isn't the full Clean Car Discount starting until 2022?**

New legislation needs to be passed to govern the operation and enforcement of the scheme and a new IT system and administration operations set up to ensure its smooth and efficient operation.

## **How much will the Clean Car Discount scheme cost?**

In Budget 2021, \$301.8 million was provided for the Clean Car Discount.

## **Who will administer the scheme?**

Waka Kotahi will administer the scheme.

## **Why are the rebates available this year different from the Clean Car Discount proposed from 2022?**

To save people money on the purchase of an imported new or used light BEV or PHEV as soon as possible, a flat rate rebate is available until 31 March 2022. The rebate supports those people choosing to buy an eligible low-emission vehicle this year while the full Clean Car Discount programme is being established.

## **How will fees and discounts be set from 1 April 2022?**

Subject to legislation being passed, it is proposed that fees and discounts will be set according to CO<sub>2</sub> emission ratings based on international testing protocols. Ratings are intended to be calculated using the World Harmonised Light-duty Vehicles Test Procedure (WLTP). It is intended that vehicles supplied with other testing protocols will be converted to WLTP. Rebates and fees will be reviewed regularly.

## **How will I know what the fee or Clean Car Discount is?**

Subject to legislation being passed, it is intended that dealers will be required to display the CO<sub>2</sub> emissions fee or discount on the windscreen of the vehicle for sale and in online advertising from 2022. This is in addition to the star rating and fuel economy information that is currently required to be displayed on a Vehicle Fuel Economy Label (VFEL).

Waka Kotahi will work with Energy Efficiency and Conservation Authority New Zealand (EECA) and the Ministry of Business, Innovation and Employment Hīkina Whakatutuki (MBIE) to ensure dealers comply with any labelling regulations that come into force.

## **How will the fee be paid/collected from 1 April 2022?**

It is proposed that the fee will be paid to Waka Kotahi at the time of registration, and a vehicle will not be registered until payment has been made.

## **Are there any other financial incentives for people to buy electric light EVs?**

EVs are cheap to drive. On average, electricity from a home or business overnight is equivalent to fuel costing 40c per litre.

## **What are the tax implications of the Clean Car Discount?**

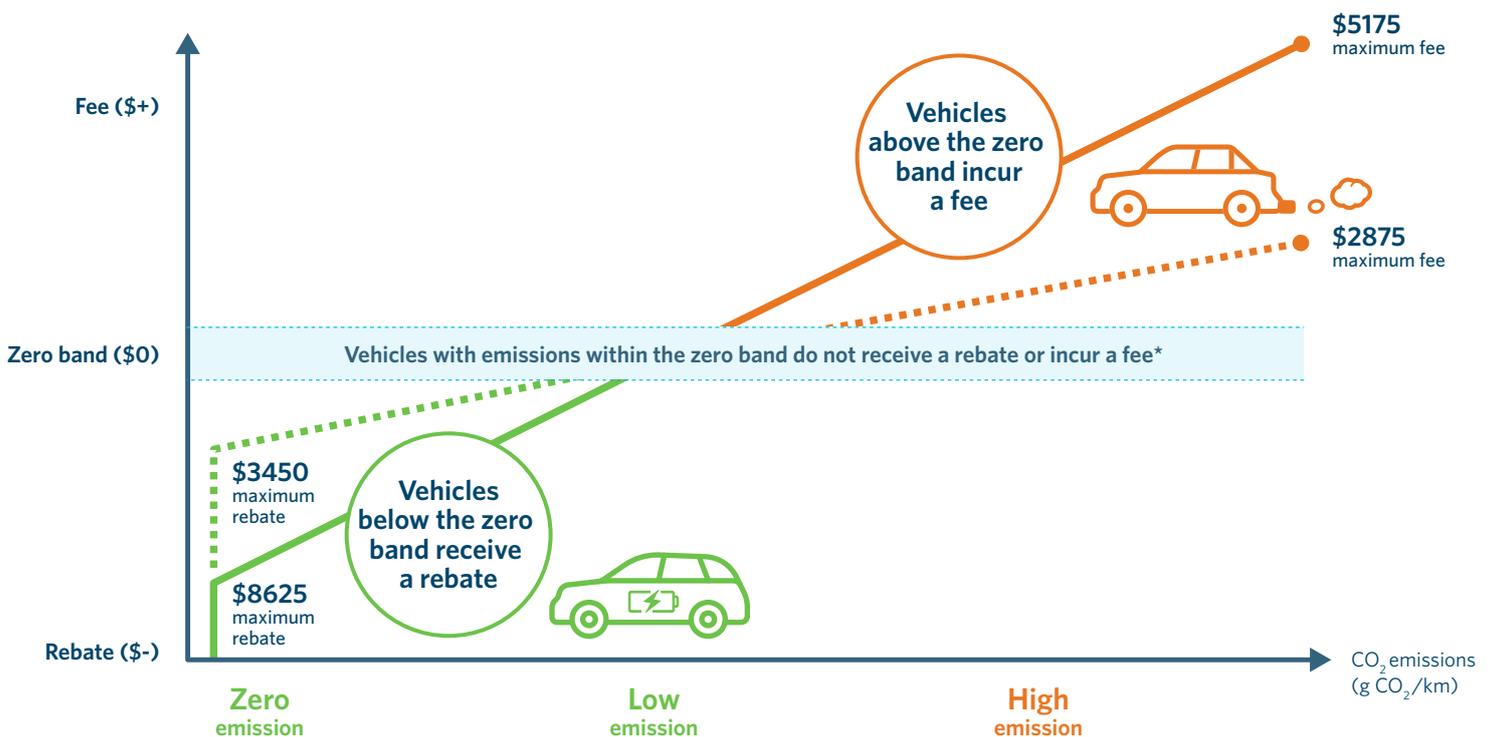
Applicants should contact Inland Revenue Te Tari Taake (IRD) or their tax adviser for guidance on any tax implications associated with receipt of the Clean Car Discount, including in relation to fringe benefit tax, income tax and depreciation treatment.

## What discount and fees apply from 1 April 2022?

It is proposed that from 1 April 2022 the Clean Car Discount scheme will be based on CO<sub>2</sub> emission ratings. There is a zero band in the ratings at which there is no discount (rebate) and no fee is payable. A vehicle with a CO<sub>2</sub> rating above the zero band incurs a fee. The further above the zero band, the greater the fee up to a maximum value. Vehicles with CO<sub>2</sub> ratings below the zero band are eligible for a discount (rebate), up to a maximum.

It is intended that the Clean Car Discount rates from 1 April 2022 will be finalised later this year. The following rates are proposed (including GST):

## Clean Car Discount 2022



<b>Key</b>		GST included Figures are indicative and subject to legislation CO <sub>2</sub> emissions use the WLTP scale *Rebates end at 146 CO <sub>2</sub> and fees begin at 192 CO <sub>2</sub>
<span style="color: green;">—</span>	<b>New imports</b>	
<span style="color: green;">...</span>	<b>Used imports</b>	

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## Clean Car Standard

### What is the Clean Car Standard?

The proposed Clean Car Standard, which will require legislative changes to become law, is a government target that will regulate importers to reduce CO<sub>2</sub> emissions of vehicles entering New Zealand to specific standards.

### What is the purpose of the Clean Car Standard?

The Clean Car Standard would incentivise importers/distributors to supply cleaner cars to those living in New Zealand. If more vehicle buyers purchase electric vehicles because there are more low-emission options available, the vehicle carbon emissions in New Zealand will be reduced, helping achieve the Government's target of being carbon neutral by 2050, and its commitment to the Paris Agreement on climate change.

### How do we compare with overseas countries?

New Zealand is well behind some countries, including the United Kingdom and Japan, which have already achieved our 2025 target.

### What environment concerns have driven the introduction of the Clean Car Standard?

The goal is for New Zealand to be carbon neutral by 2050 and we have committed to reducing greenhouse gas emissions (primarily carbon dioxide CO<sub>2</sub>) to 50% below 2005 levels by 2030.

In New Zealand, approximately half of CO<sub>2</sub> emissions come from transport, of which two-thirds come from light vehicles. Transport emissions have been rising faster than other sectors, almost doubling between 1990 and 2020.

### What will the cumulative impact of the Clean Car Standard be from 2022 to 2050?

It will save the economy money rather than place costs on it, and help New Zealand achieve its emission targets.

### Was the public consulted on the Clean Car Standard?

Public consultation was carried out in 2019. There was strong support for the Clean Car Standard from 85% of the 967 submitters who responded to the discussion document question: "Is a Clean Car Standard appropriate for New Zealand?"