



# Budget 2022–23

## Halving fuel excise

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### Impact on heavy vehicle users

To provide temporary and targeted cost of living relief the Government halved the fuel excise rate for six months.

For petrol and diesel, the rates are reduced from 44.2 cents to 22.1 cents per litre of fuel. The Australian Competition and Consumer Commission is taking steps to ensure the excise reduction is passed through to consumers and businesses.

### Impact on heavy vehicle users

Heavy vehicle operators are subject to road user charging (RUC) arrangements where they travel on public roads. The RUC is set in consultation with the states and territories, with revenues used to fund road infrastructure.

Prior to the Budget, the RUC was set at 26.4 cents per litre. This was comprised of the full excise rate of 44.2 cents per litre minus a fuel tax credit (FTC) of 17.8 cents per litre which heavy vehicle operators received when submitting their monthly or quarterly business activity statement.

This meant that heavy vehicle operators would pay the 'retail' price of fuel when filling up and later receive a 17.8 cent per litre refund through the tax system.

As a result of the halving of fuel excise on Budget night, heavy vehicle operators will effectively face a reduced RUC of 22.1 cents per litre of fuel (as opposed to 26.4 cents). This means heavy vehicle operators will receive a net benefit of 4.3 cents per litre once the halving of excise has been passed on.

Just as for other motorists, this benefit is delivered to heavy vehicle operators in the form of lower prices at the bowser, rather than in the form of an FTC – as was previously the case.

## Transition impacts

As the market transitions, there may be cases where wholesalers or distributors purchased fuel prior to the Budget at the old excise rate and which is still being sold at a higher price. In these cases, as heavy vehicle operators are no longer receiving a fuel tax credit and the price at the bowser does not reflect the lower excise rate, they will temporarily face a cashflow shortfall.

When the temporary halving of excise ends, the reverse will also be the case. There will be wholesalers or distributors who will have purchased fuel at the current halved excise rate and will sell the fuel after the excise rate increases at a lower price. In these cases, because the excise rate has returned to its normal level, heavy vehicle

operators will again receive a fuel tax credit and also benefit from paying a price at the bowser that reflects the lower excise rate, temporarily providing them with a cashflow gain.

Importantly, the ATO has recognised this issue and is allowing claimants of fuel tax credits experiencing cashflow problems to apply for deferral of tax payments (without penalty) for at least six months. They will be able to use the gains they earn when the excise rate reverts to its full rate to offset the deferred tax.

This request should ideally be made at the point of next business activity statement lodgement. Further information is available on the ATO's website: [www.ato.gov.au/Rates/Rates---business/](http://www.ato.gov.au/Rates/Rates---business/)