

December 2, 2022

***SUBMITTED ELECTRONICALLY***

*www.regulations.gov: Notice 2022-56 and Notice 2022-58*

**RE: Treasury Department Request for Comments Regarding Implementation of IRA Provisions Related to Qualified Commercial Clean Vehicles and Clean Hydrogen and Clean Fuel Production; Comments from the Korea International Trade Association ("KITA")**

KITA appreciates the opportunity to submit the following comments in response to the request for public comments regarding implementation of the Inflation Reduction Act("IRA") provisions related to Credits for Qualified Commercial Clean Vehicles (Notice 2022-56) and Credits for Clean Hydrogen and Clean Fuel Production (Notice 2022-58).

**I. Introduction and Background**

KITA is the largest business organization in Korea, representing over 75,000 Korean exporters and importers that have a wide range of business interests in the United States and in the global market. The member-driven association was founded in 1946 to bolster Korea's economic growth through global trade and investment.

The bilateral alliance between Korea and the United States – based on 140 years of diplomatic relations – has served as a linchpin for peace, prosperity and stability in the Indo-Pacific region over the past 70 years. Over these many years, the Korea-U.S. alliance has evolved into a future-oriented and comprehensive strategic alliance, broadening cooperation beyond security and economic issues to include climate change, advanced technologies, and socio-cultural connections.

Since the Korea-U.S. Free Trade Agreement ("KORUS FTA") came into force in March 2012, trade and investment between Korea and the United States have grown significantly. Korean companies have invested \$133.7 billion in the United States over the past ten years, creating good-paying jobs and contributing to U.S. economic growth.

Korea is active in a number of global initiatives, including as a leading member of the Indo-Pacific Economic Framework (IPEF) and Minerals Security Partnership (MSP), promoting greater global cooperation to establish stable supply chains with major countries including the United States.

On behalf of its membership, KITA is grateful for the valuable opportunity to present the following input on Credits for Qualified Commercial Clean Vehicles (Notice 2022-56) and Credits for Clean Hydrogen and Clean Fuel Production (Notice 2022-58).

## **II. Specific Requests Regarding IRC Provisions**

### **A. Broader definitions of Qualified Commercial Clean Vehicle**

As amended by the IRA, the Section 45W(c) under the Internal Revenue Code (“IRC”) requires qualified commercial clean vehicle to be defined as any vehicle that must be: (1) acquired for use or lease by the taxpayer and not for resale; (2) manufactured primarily for use on public streets, roads, and highways; and (3) a mobile machinery.

KITA respectfully requests that the IRC provisions expand the definitions of qualified commercial clean vehicle to ensure the tax credits act as an incentive and create a more business-friendly environment for the Korean companies doing business in the U.S. Specifically, the IRC should provide greater clarity related to the term ‘use’ in the Section 45W(c)(1) to include vehicles that ridesharing companies such as Uber and Lyft acquire for the ‘use’ purpose in their business activities. In addition, KITA requests the Treasury to clarify the term ‘lease’ in the Section 45W(c)(1) that refers to ‘the lessor’s act of leasing’ without regard to the lessee’s purpose of leased vehicle use. The broader definitions of qualified commercial clean vehicle under the IRC will not only promote the use of clean vehicles within the U.S but also bring benefits to the Korean companies in the U.S.

## **B. Tax Credits Eligible for the U.S.-produced Clean Hydrogen**

KITA is well aware that the tax credits introduced by the IRA will mark an ambitious step to foster clean hydrogen and clean fuel production in the U.S., and achieve a global goal of carbon neutrality. To align with the energy-transition trend, more Korean companies are entering the U.S. clean energy market and increasing their imports of the U.S.-produced clean hydrogen.

KITA respectfully requests the Treasury to ensure that through the clean tax benefits, Korean companies will be able to import a cost-competitive hydrogen produced in and exported from the U.S. Currently, the Section 45V does not provide clear provisions regarding whether clean hydrogen that is produced in and exported from the U.S. also qualify for the clean tax benefits.

## **C. A Clearer Procedure to Calculate CO<sub>2</sub> emissions**

The IRC requires the adoption of the Greenhouse Gases, Regulated Emissions, and Energy Use in Transportation (“GREET”) model as an effective tool to calculate the lifecycle greenhouse gas (“GHG”) emissions rate of no greater than 4 kilograms of carbon dioxide equivalent (CO<sub>2</sub>-e) per kilogram of hydrogen. But, the IRC provisions do not provide for sufficient information about what method or process the GREET model has employed to measure the greenhouse gas emissions, which makes it more challenging for Korean companies producing hydrogen in the U.S. to estimate their greenhouse gas emissions in advance.

In this context, KITA respectfully requests that the Treasury ensure the IRC provides for a concrete method or process that companies can utilize to measure their own GHG emissions in advance. In addition, there should be minimum procedural or administrative burden such as the reduction of required documents to ensure effective implementation of clean tax credits under the IRC. In doing so, the Korean companies that produce clean hydrogen in the U.S. will also be able to take advantage of the benefits of the IRC.

### III. Conclusion

The IRA is landmark legislation intended to provide significant benefits to consumers, as well as fight climate change through aggressive actions to restrain inflation and increase production and use of EVs along with building new clean energy infrastructure. Korea also shares the United States' commitment to strengthening economic and energy security and tackling climate change. In this regard, Korean companies are fully willing and equipped to help the United States achieve its shared goals.

KITA appreciates the opportunity to submit its comments regarding the IRA Credits for Qualified Commercial Clean Vehicles and Credits for Clean Hydrogen and Clean Fuel Production. The U.S. government's thoughtful and positive consideration would be highly valued.

Sincerely,



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**Christopher Koo**

Chairman

Korea International Trade Association