Mobility Blog

EV taxation: "Just the tip of the iceberg"

19 March 2021 / Theme(s): All articles





Thanks to its experience, ALD Automotive is able to offer its clients a mature approach to electrification. "We set up transition plans and are pro-active on regulation," says Benjamin Huvé, Senior Consultant at ALD Automotive. That also means looking beyond EV taxation: "That's just the tip of a huge iceberg which is headed our way," says Stéphane Renie, ALD Automotive's Head of CSR.

Fiscal incentives and other government measures are important drivers of electrification, in particular for corporate fleets. "There are clear correspondences between the level of that support and the degree of electrification per country," says Mr Huvé.

Three elements stand out, he says.

Positive impact

Firstly, the most successful measures have a **positive impact** not just on companies and their fleets, but **on their drivers too**. "Examples include the Netherlands, Germany and the UK, where benefit in kind (BiK) rules are beneficial for end users of EVs."

Secondly, says Mr Huvé, "this principle applies not only to the EVs themselves, but also to charging infrastructure, notably home charging. Appropriate **BiK rules can provide win-win situations** for companies and their drivers."

And thirdly, "The flipside of EV incentives are the disincentives applied to ICE vehicles. Such as the tax on vehicle weight in Norway, coming soon to France. This is particularly aimed at SUVs – EVs, with their heavy batteries, are exempt. And then there are the various CO2 taxes. You have to put the EV bonus together with the ICE malus to see the whole TCO picture."

TCO savings

Which is what ALD Automotive helps its clients do. "It is our role to deliver TCO savings, so we have a great role to play in electrification. We help our customers decide in which of their markets to electrify first, based on the level of local readiness and on their own needs. We provide transition plans, which take care to find the right powertrain for the right use case - whether BEVs, PHEVs, or other solutions."

That holistic approach also takes in the entire regulatory framework, fiscal and otherwise, present and future, explains Mr Renie.

"Taxation and regulations span a wide spectrum, only part of which is directly aimed at corporate fleets. Take for example the European Union's CO2 targets, aimed at OEMs. For now, they must reduce their overall emissions by 15% by 2025 and 37.5% by 2030. Those targets are likely to increase as part of the EU's impending Green Deal. The Euro 7 norm will inevitably raise the bar further for vehicle emissions. Other directives to be published in the near future may mandate EV charging points per country and create a 'right to plug' in large buildings with garages."

Single direction

"In all, a total of 82 Europe-wide actions, regulations and initiatives will come into force before 2023," says Mr. Renie. "They all have the same, single direction: to create the right environment for post-fossilfuel mobility across all transport modes. This will have a massive impact on corporate fleets. Certain vehicle types will become too expensive to produce or to operate, and effectively disappear as a viable choice. And beyond vehicles, an even more favourable environment for corporate fleet electrification will emerge on the charging side."

All of this will hasten the moment when we reach the tipping point, beyond which EVs will become cheaper to produce than ICEs. "We expect this for 2024-25. Fiscal incentives will then become pointless and too expensive – and will be abolished, we hope gradually and predictably. In any case, **ALD has the** maturity and experience to help its clients on this journey, to navigate not just the various pro-EV measures per country, but also the EU-wide regulations, which will add up to have an even bigger impact in the years to come."



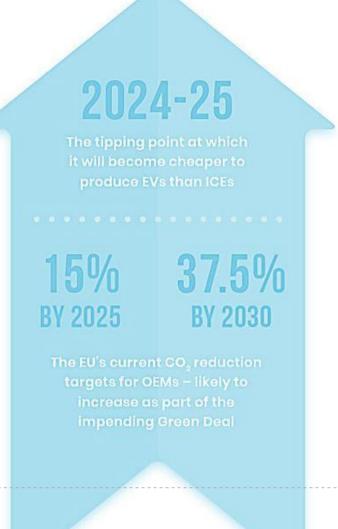


Benjamin Huvé Senior Consultant at ALD Automotive Head of CSR at ALD Automotive

Stéphane Renie

If you would like more info, please contact us:

consultancy@aldautomotive.com



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