

## The True Cost of Norway's Electric Car Success

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# Norway's Electric Car Success

## *How much does it really cost?*

**By** Martine Elisabeth Stø Johan..

### What are Norway doing differently?

Electric vehicles play an important part in tackling climate change. Even though the all-electric car market in Europe continue to expand, there is still one country that stands out: Norway. Why is Norway so far ahead in their transition to zero-emission cars? The short answer is the government incentives, removing sales tax and reducing other fees for EVs. The following pages will break down how this work, and how much Norway's success with electric vehicles cost.

*Please note that the following pages is talking about pure EV, as hybrid is not a part of "electric cars" by ..*




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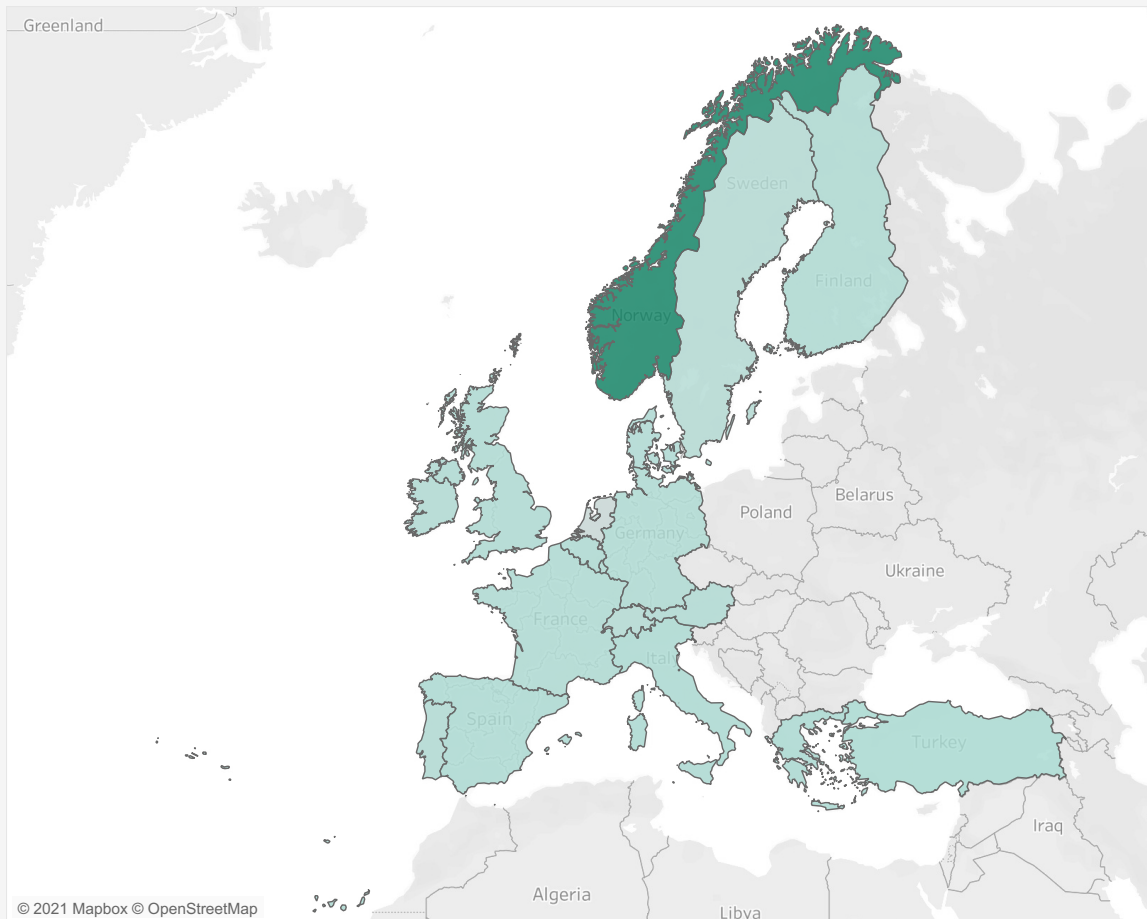
# Electric Car Share of New Sales In Europe

Battery Electric Share



0.0006 0.4238

**What Does This Map Tell us?**  
Norway's share of EV's compared to rest of Europe shows that they are doing something right.

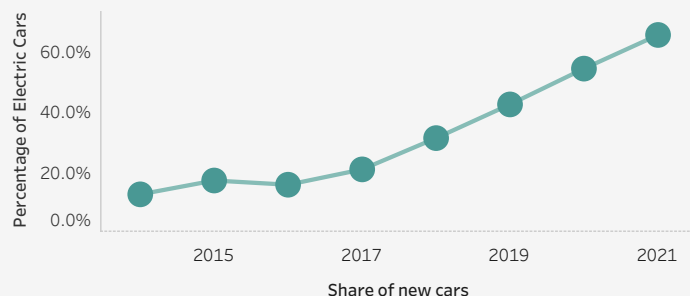


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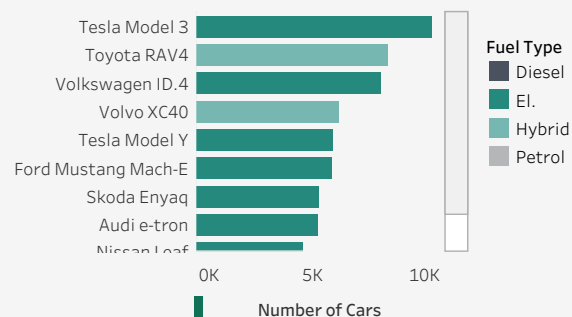
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## Norway's Car Market

Percentage of fully electric cars of all new car sales

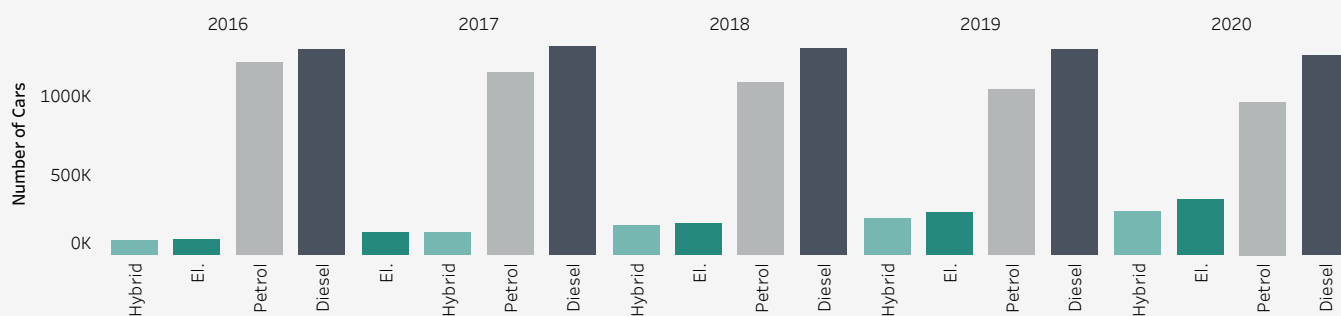


Top 10 most sold cars 2021



Note that 8 of them are fully electric and the 2 rest is hybrid.

Car park distribution



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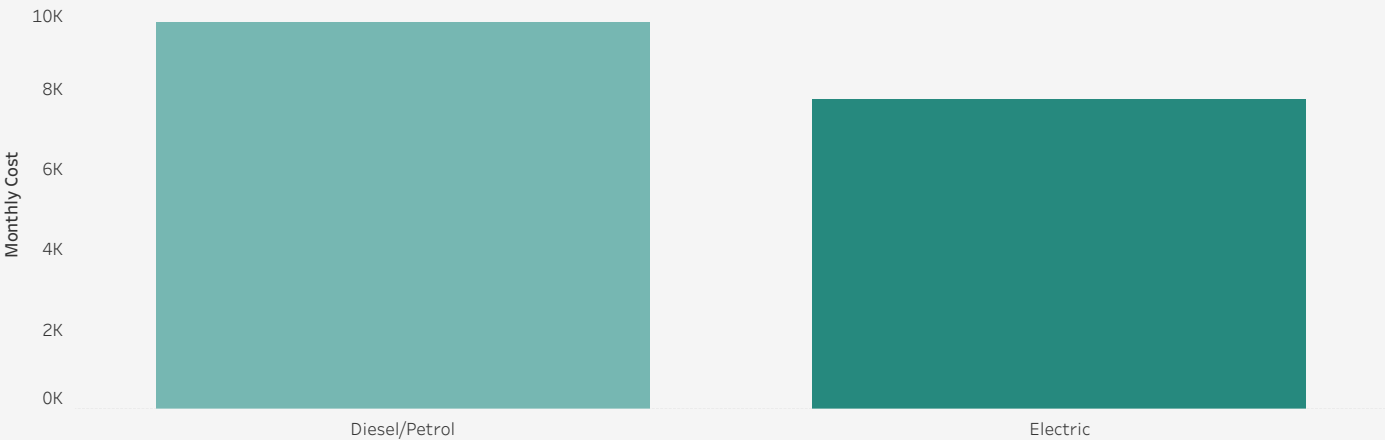
# The Reason Behind The Success

## Benefits with an electric car

- 1 You do not have to pay a 25% sales tax
- 2 You do not have to pay a one-time fee as for other cars
- 3 You get a reduction on tolls
- 4 You can drive in most public transport lanes
- 5 You can park for free in several municipal street parking spaces
- 6 You can bring your car for free on some ferries
- 7 You get reduced costs associated with service and maintenance
- 8 Petrol and Diesel is heavily taxed while electricity is relatively low cost  
(but also heavily taxed)



Average monthly cost of owning a diesel/petrol v.s. electric car

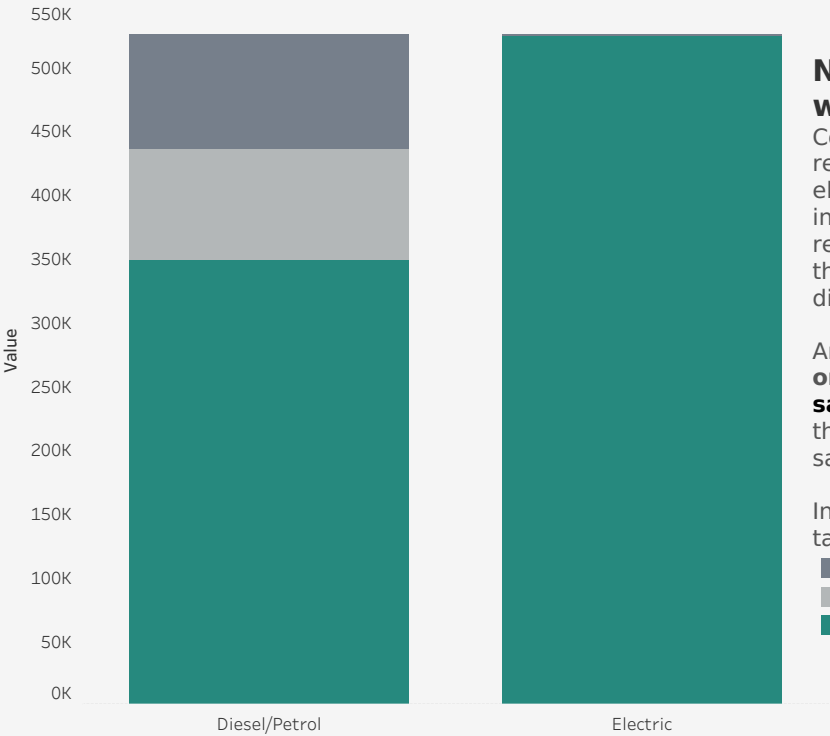


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## Purchasing Price Split

Purchasing price split diesel/petrol v.s. electric



### Norwegians get more value when choosing electric

Contrary to popular belief Norway's main reason for electric car success is not subsidizing electric car purchases, it merely gives incentives by removing the sales tax, and reducing other fees. The main reason behind the success is the high tax and fee disincentives towards diesel/petrol cars.

An average diesel/petrol car in Norway has a **one-time fee of NOK 90 000**, and a **25% sales tax** that electric cars don't have - still, the average total price for EV's is about the same.

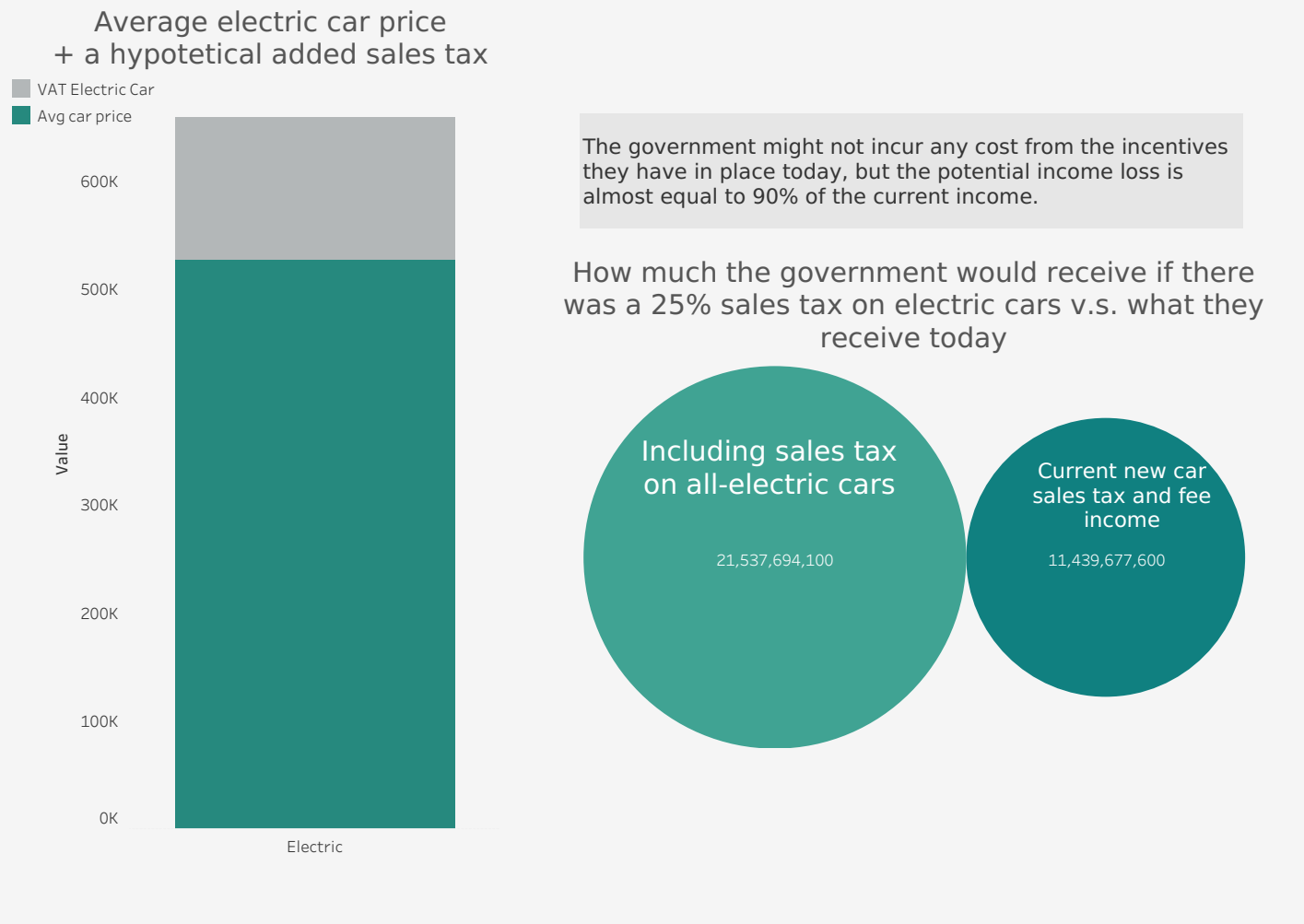
In the future, there will most likely be a small tax for electric cars as well. However, the one-

- One-time fee
- Sales tax
- Avg car price

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## Norway's Loss of Income from Incentives



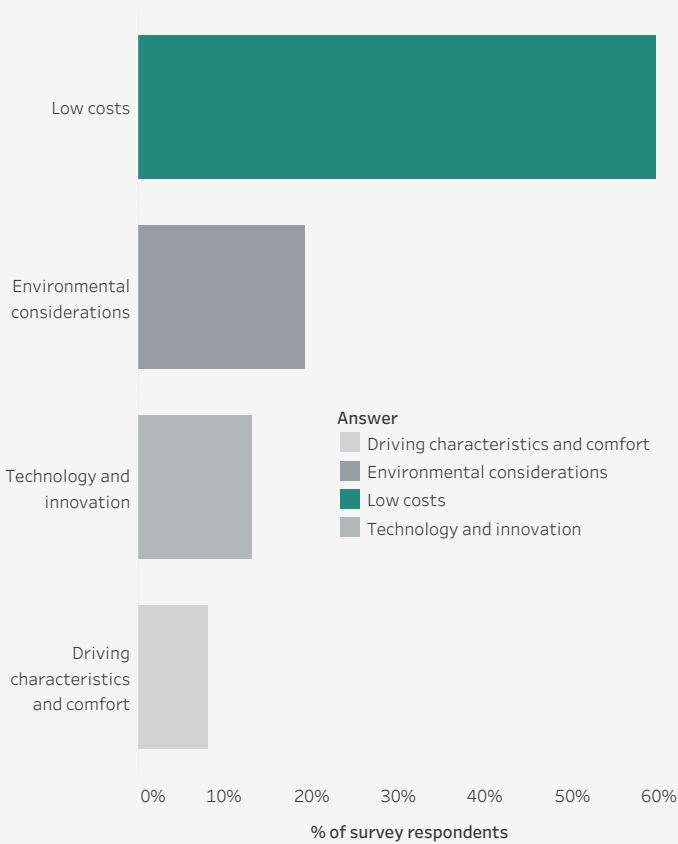
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## Why do Norwegian choose electric?

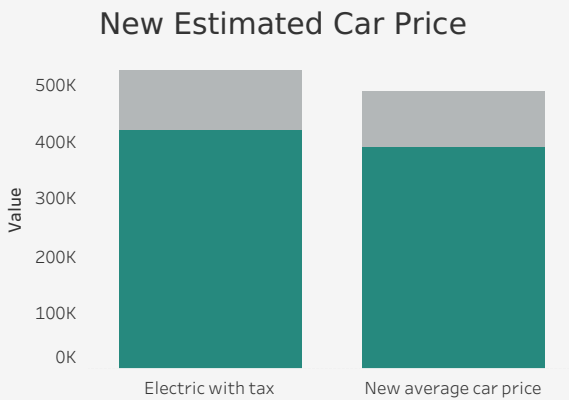
**Survey question:** *Why did you choose electric?*

**Survey answers:**



Most Norwegians do not buy electric cars because they care about the environment, but rather the relatively low cost compared to buying and owning a petrol- or diesel-powered car.

This has also led to people buying more expensive cars, as car ownership is estimated in monthly cost. This low estimate is based on half of people using half of their monthly savings from buying an electric car compared to a petrol powered car.



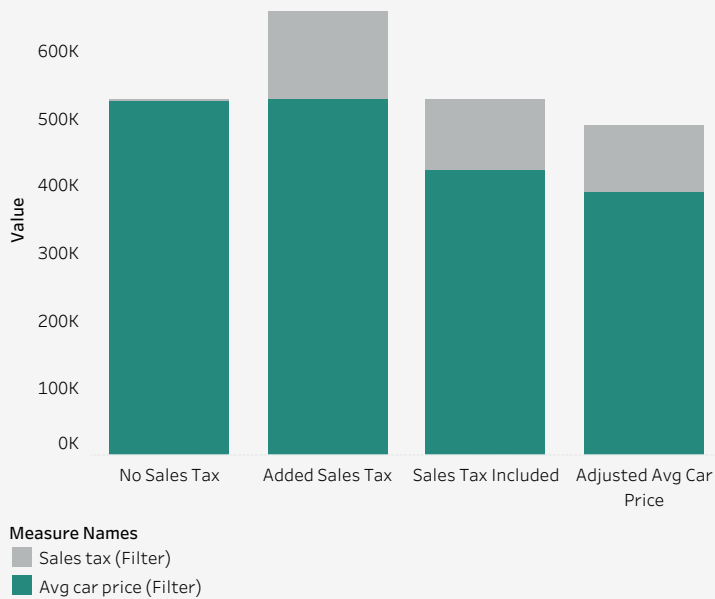
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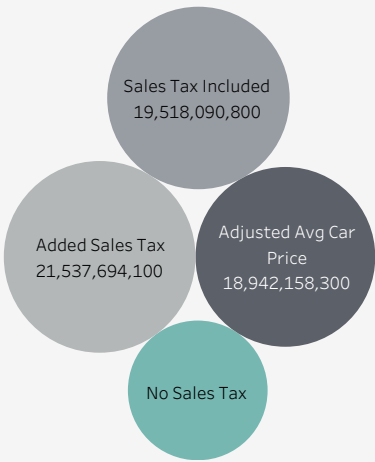
## Combined Estimates

Using the previous different estimates for expected average car presales tax value and sales tax, to estimate different government income.

Different car and tax estimats



New car government income alternatives  
Click and test to see the different pricing options belonging





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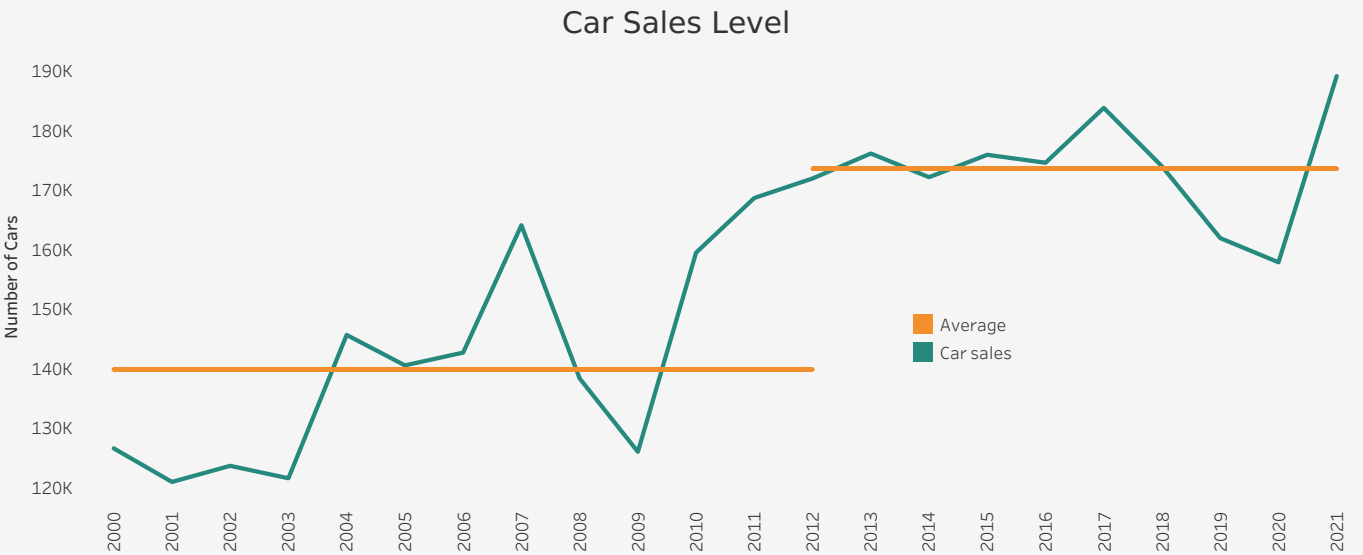
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## Also are people buying more cars now than previously?

The Electric car adventure in Norway started in 2011, with new legislation and the first mass-produced electric car models' surpassing 100-kilometer range.

People buy more cars now, as the average number of cars sold between 2000-2011 was 139,742, with an increase between 2012-2021 to 173,455.

It is interesting that the number one reason people buy electric cars is the low cost, not only at purchase but also for ownership. This is often used as an explanation for the increased car sales in Norway since the introduction of last incentives for electric cars, several of these incentives have been reduced over the last few years, but the high cost of petrol and diesel ( USD 2.05 per liter, US price is 0.975 per liter)



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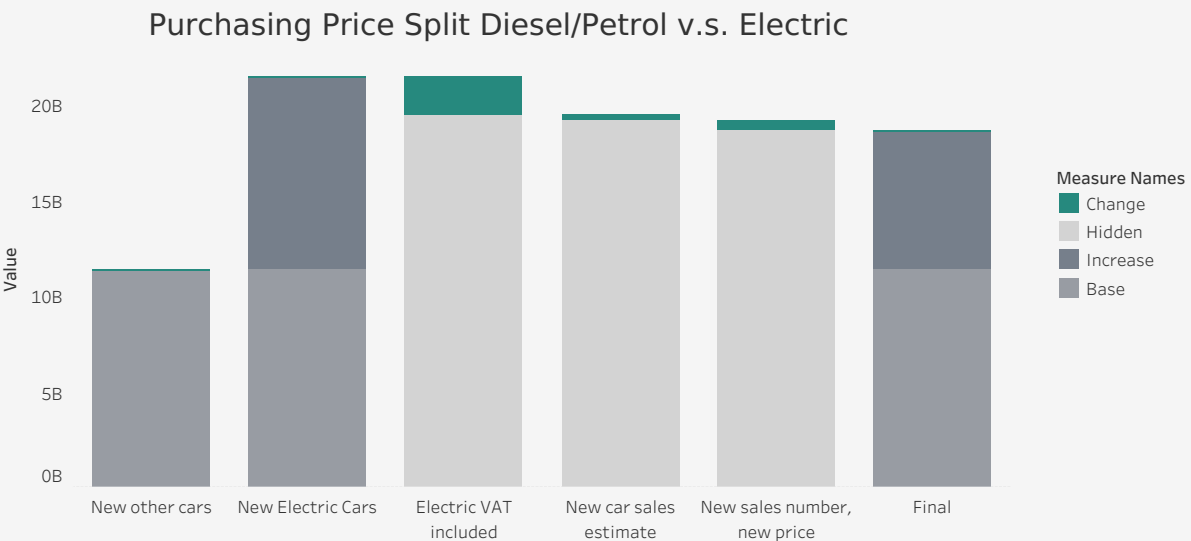
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## Actual Loss of Income for Government

While it is easy to say that the government of Norway should have received about NOK 10 billion in sales tax from electric car sales. This is not likely the actual loss of income.

- The loss should be estimated from the purchase price, as people look at after tax price when buying a car
- The incentives to electric car ownership have increased car sales
- People have been buying cars with a higher pretax value

This leads to a new estimated loss of income of around NOK 7 billion about USD 650 million - which is the true cost of Norways electric car success.



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