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Norway: Company incentives to deploy electric vehicles

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Norway

Phase:

Anticipation

Type:

Company incentives to deploy electric vehicles

Last modified: 10 December, 2021

Native name:

Stortingsvedtak om særavgifter for budsjettåret 2021, Lov om merverdiavgift, Lov om skatt av formue og inntekt (skattelven)

English name:

Parliament decision on excise taxes for the budget year 2021, Value added tax act, Tax act

Article

Section 7 of 'A. Vehicle Import Duty' in Chapter of 'Taxes on motor vehicles etc.' of Parliament decision on excise taxes for the budget year 2021; Section 6-7 of Value added tax act; Section 5-13 of Tax act

Description

Electrical vehicles are exempted from the general rule of an import duty that applies to all motor vehicles. A one-off registration tax is calculated based on the vehicle's tax group, kerb weight, CO2 emissions, NOx emissions and cylinder capacity. For a vehicle of 1600 kg and CO2 emission of 160 g/km, the tax would be around NOK 150,000 (€ 15,000). As import duties tend to be relatively high in Norway compared to EU countries, this exemption is meant to be a push factor for companies and individuals to choose electrical vehicles to vehicles with an internal-combustion engine.

Electrical vehicles are also exempted from the value added tax act when it comes to sale and leasing agreements running for at least 30 days.

According to the tax act, an employee using an electrical car that is owned or leased by the employer, shall pay tax for the benefit of using this car as a main rule. However, for electrical cars, the value of the car used for calculating the income tax is reduced by 60% (i.e. 60 % of the price for a new car of the same model).

Comments

The Norwegian parliament has decided on a national goal that all new cars sold by 2025 should be zero-emission (electric or hydrogen). By the end of 2020, there were more than 340,000 registered battery electric cars (BEVs) in Norway among a total of 2,800,000 cars in total. Battery electric vehicles held a 54 % market share in 2020. The speed of the transition is closely related to policy instruments and a wide range of incentives, including reduced taxes, VAT, reduced road toll, reduced fees on parking or free parking, and reduced ticket prices on ferries etc.

The government has decided to keep the incentives for zero-emission cars until the end of 2021. The government has announced that it will revise the incentives in the budget for 2022. The VAT exemption for zero-emission vehicles in Norway will be valid until the end of 2022, which has been approved by the EFTA Surveillance Authority (ESA).

The overall signal from the majority of political parties is that it should always be economically beneficial to choose zero and low emission cars over high emission cars. This is obtained with the 'polluter pays' principle in the car tax system. Introducing taxes on polluting cars can finance incentives for zero-emission cars while not hurting revenues.

Cost covered by

National government

Involved actors other than national government

Other






Involvement others

Parliament

Thresholds

No, applicable in all circumstances

Sources

-  [Climate policy database](#)
-  [Norwegian Electric Car Association](#)
-  [Parliament decision on excise taxes for the budget year 2021](#)
-  [Tax act](#)
-  [Value added tax act](#)

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