France: Company incentives to deploy electric vehicles

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France

Phase: Anticipation

Type: Company incentives to deploy electric vehicles

Last modified: 22 March, 2023

Native name:	**Code Général des Impôts**
English name:	**Tax Code**

Article

Article 1010 Tax Code

Description

Any profit-making company with a registered office or establishment in France, and which uses or owns certain vehicles in the country, must pay the company car tax (TVS, Taxe sur les Véhicules de Société).

The company car tax (TVS, Taxe sur les véhicules de société) is applicable to company passenger cars. It is comprised of two components:

- The first is based on carbon dioxide (CO_2) emissions (or horse power for older vehicles), and calculated using a staggered approach : the more a company favours less polluting vehicles the less it pays taxes.
- The second is based on environmental impact by type of vehicle engine (petrol or diesel) and is also staggered. It is much higher for (older) diesel vehicles. For example, the annual amount due under the tariff for diesel vehicles put into circulation from 2006 to 2010 is €300, while the amount due for petrol vehicles is €45.

Clculation based on those two components is detailed by article 1010 of the Tax Code, and is appplied to each company car.

With respect to electric vehicles, these are fully exempt from the company car tax. This exemption only applies to vehicles emitting less than 60g/km of CO_2.

Since January 2018, hybrid vehicles using both gasoline and natural gas fuel or liquefied petroleum gas are permanently exempt (if CO_2 emission is less than or equal to 60g/km) or temporarily exempt (if CO_2 emission is between 60 and 100 g/km) from the first component of the TVS rate. If temporarily exempt, the exemption covers a period of twelve quarters (three years), counted from the first day of the first quarter in progress on the date the vehicle was first put into circulation.

Comments

The staggered approach was aimed at encouraging companies to renew their fleet in favour of less polluting vehicles. According to the 2021 "barometer of (company) fleets and mobility 2021" published by the ARVAL Mobility Observatory (based on interviews with 312 companies in France), there is a clear increase in the use of alternative vehicles by companies: 57% of fleet managers say they use at least one alternative technology, compared to 30% in 2020., and 80% plan to use at least one alternative energy within 3 years. The Barometer also points out that,by energy type:

- Hybrids and plug-in hybrids each have the potential to be used by 7 out of 10 companies within 3 years, compared to 4 out of 10 a year ago (2020).
- The 100% electric vehicle should also move forward, since in 2023, it could be used by two-thirds of companies (compared to one third in 2020) and could represent nearly one in two fleet vehicles.

In this survey, tax incentives related to environmental issues appear to be one of the different reasons for fleets renewal.

The tax exemption was originally valid for a period of 24 months after registration.

Cost covered by

National government

Involved actors other than national government

Other

Involvement others

The State as this measure is a tax measure Companies / employer as they are the targets of the tax incentive

Thresholds

No, applicable in all circumstances

Sources

- Company car tax benefits for electric and hybrid vehicles
- Taxe sur les véhicules des sociétés (Company car tax)
- Tax Code - article 1010
- Bulletin Officiel des Finances Publiques -Taxe sur les Véhicules de Société
- Arval Mobility Observatory (2021), Baromètre des Flottes et de la Mobiité 2021

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