Netherlands: Company incentives to deploy electric vehicles

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Netherlands

Phase: Anticipation

Type: Company incentives to deploy electric vehicles

Last modified: 10 December, 2021

Native name:	**Wet inkomstenbelasting 2001 (2021)**
English name:	**Income tax act 2001 (2021)**

Article

Article 3.20

Description

Two forms of tax benefits are available for the use of low- or zero-emissions vehicle (ZEV) as company cars or private vehicles.

1. Income tax rates

In the Netherlands, the use of company cars for private use is taxed. However, a more favourable rate of income tax is available for people who use low- or zero-emissions company cars for private use.

In 2021, the addition for an electric car will increase to 12% of the first €40,000 catalogue value. If the price of the car is higher than €40,000, the normal addition rate of 22% applies to the excessive part. In 2022, the addition will increase to 18% on the first €40,000. From 2023 and onwards, there will no longer be a difference between the addition for electric cars and cars that have to refuel with fossil fuel.

For a hydrogen car or an electric car with integrated solar panels, the lower addition rate applies to the entire list price, provided that the car meets the definition that applies in 2020 for the environmental investment deduction. For example, the battery pack shall not contain lead and the solar panels must have a capacity of at least 1 kilowatt peak.

2. Tax-deductible investments

Clean technology investments are partially deductible from corporate and income taxes. ZEVs and Plug-in Hybrid Vehicles (PHEVs) (excluding those with diesel engines) are on the list of tax-deductible investments, as are the accompanying charging points.

Comments

With the Climate agreement of June 2019, there was a further restriction of the lower tax addition for fully electric vehicles. The low addition rate increases gradually, until it is equal to the 'high' addition rate of 22% in 2026.

Despite the higher addition, the government wants more electric cars to be sold. The cabinet states that it will provide neccessary support to ensure that only electric cars will be in the showroom by 2030. It is not yet certain how such plans will continue in the period after 2025. The cabinet hopes to have a new system of car tax from 2026, based on a form of payment according to use. This will be researched in the coming years. Important preconditions are the government's aim to achieve 100% zero-emission new sales by 2030 and the possibility of lowering the total tax within the car sector.

Cost covered by

National government

Involved actors other than national government

Other

Involvement others

The Climate agreement of 2019 was an agreement between the Government and representatives of all kinds of sectors, who came together in five consultative bodies or 'climate tables', which then bundled their conclusions and plans into one major agreement. The five sector tables were electricity, mobility, industry, agriculture and building environment.

Thresholds

No, applicable in all circumstances

Sources

- Company tax benefits for zero-emissions vehicles
- Tax authority
- ANWB Klimaatakkoord (2021)
- Wet inkomstenbelasting 2001

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