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Portugal: Company incentives to deploy electric vehicles

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Portugal

Phase:

Anticipation

Type:

Company incentives to deploy electric vehicles

Last modified: 10 December, 2021

Native name:

Lei da Fiscalidade Verde (Lei 82-D/2014 de 31 de Dezembro); Despacho 2535/2021 of 5 March

English name:

Green Tax Law (Law 82-D/2014 of 31 December): Order 2535/2021 of 5 March

Article

Law 82-D/2014 of 31 December reforms environmental taxation, changing a large set of regulations Order 2535/2021 of 5 March - whole document

Description

This law is part of environmental taxation reform in Portugal and establishing a set of green fiscal rules in the sectors of energy and emissions, transport, water, waste, land use, forests and biodiversity. This law provides a set of tax reductions for sectors including low emissions vehicles.

In 2021, the Portuguese Government's Environmental Fund has allocated €4,000,000 to incentive Electric Vehicles (Order 2535/2021 of 5 March). For the companies the incentives are:

- €6,000 for the purchase of an electric van or light goods vehicle (in 2020 the amount was €2,000), limited to 2 vehicles per candidate;
- 50% of the purchase value price (up to a maximum of 1000€) for the purchase of an electric freight bicycle, limited to 4 per candidate;
- 50% of the purchase value price (up to a maximum of 350€) for the purchase of a fully electric bicycle, moped or motorcycle, limited to 4 per candidate.

Companies that invest in green energy vehicles benefit from some of the following tax incentives:

- Corporate tax deduction for company fleets with EVs.
- BEVs are exempt from autonomous corporate income tax.
- Plug-in hybrid vehicles are eligible for reduced autonomous corporate income tax.

Comments

In Portugal, the market share of electric vehicles has been increasing exponentially, thanks to the so-called "green incentive", which translates into several financial advantages for companies. In 2020, Plug-in hybrids (with charging plug), conventional hybrids and electric hybrids vehicles had the best year ever. Together, they represented more than a fifth of sales (22.8%). Plug-in hybrids and conventional hybrids each had a market share of 8.1%. Electric cars already represent 5.4% of sales. After being with 49.2% of the market in 2019, the share of petrol cars has fallen to 44.2%. In diesel cars, after losing the leadership in 2019, the weight in sales decreased from 40% to 32.8%.

According to the Association of the Users of electric vehicles in Portugal (UVE - Associação de Utilizadores de Veículos Elétricos), the [sale of electric vehicles](#) increased by 55.3% between 2019 and 2020. On the contrary, vehicles powered by fossil fuels had a decline of 40.6% in the same period. In 2020, the sale of Electric Vehicles registered a growth of 135.7% in December (anticipating an exponential growth for 2021) and a market share of 13.6% for the whole year and 22.5% in December.

Cost covered by

Companies

National government

Involved actors other than national government







Employer organisation

Regional/local government

Thresholds

No, applicable in all circumstances

Sources

-  [Law No. 82 D/2014 establishing a set of green fiscal rules](#)
-  [Green taxation reform](#)
-  [Law No. 82 D/2014 \(in Portuguese\)](#)
-  [Diário de Notícias, 5 January 2021](#)
-  [Veículos Elétricos, Balanço das Vendas em 2020](#)
-  [Order 2535/2021 of 5 March](#)

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Contact us

Eurofound, Wyattville Road, Loughlinstown, Co. Dublin, D18 KP65, Ireland

Phone: (00) 353 1 2043100

E-Mail: information@eurofound.europa.eu

Press: media@eurofound.europa.eu



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