The Good Tax Guide

What role does taxation play? How do systems of national car taxation compare?

14/05/2025

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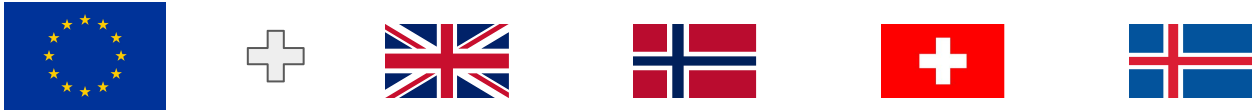
What is the Good Tax Guide?

What is the T&E Good Tax Guide about?

- The T&E Good Tax Guide is a yearly publication (3rd edition) where we analyse and compare national car taxation systems across Europe, with a focus on the level of **differentiation** between high emission and zero emission vehicles and thus the **fiscal incentivisation of electromobility**.



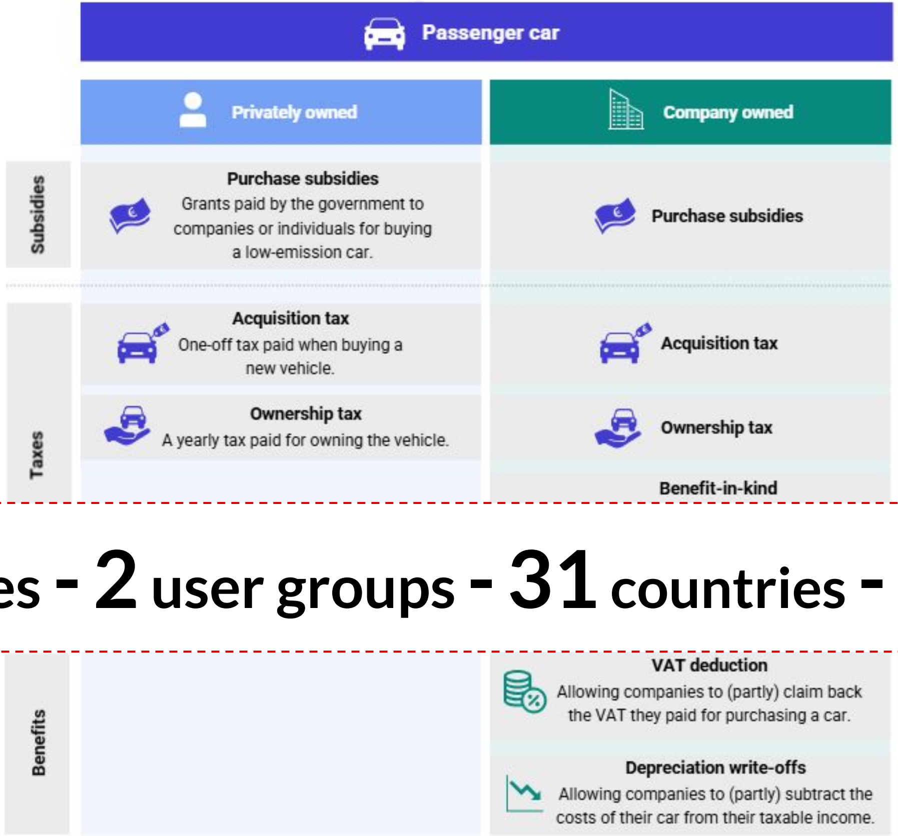
- We make a distinction between cars registered by **private individuals** (40% of new registrations in the EU) or by **companies** (60% of new registrations).

- This Guide contributes a **comparative**, **numerical** and an **evaluative** approach to car taxation. This analysis has been reviewed by an extensive team of **collaborators** from each country.

- By comparing car taxation across countries, we've noticed strong interest from finance ministries who can see the design of taxes that already exist and are **tried and tested** rather than dreamed up.

- The comparison is based on taxes in place as of **April 2025**.

What are the taxes analysed?



6 taxes - **2** user groups - **31** countries - **5** car models

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Different ways to compare national car taxation

Which countries are (not) incentivising drivers to go electric?

Dashboard 1: Countries supporting EVs | Dashboard 2: Taxes on car ownership | Dashboard 3: EV incentives per tax | Dashboard 4: How car taxes are calculated

Tax incentivisation to go electric

Select Private car or Company car

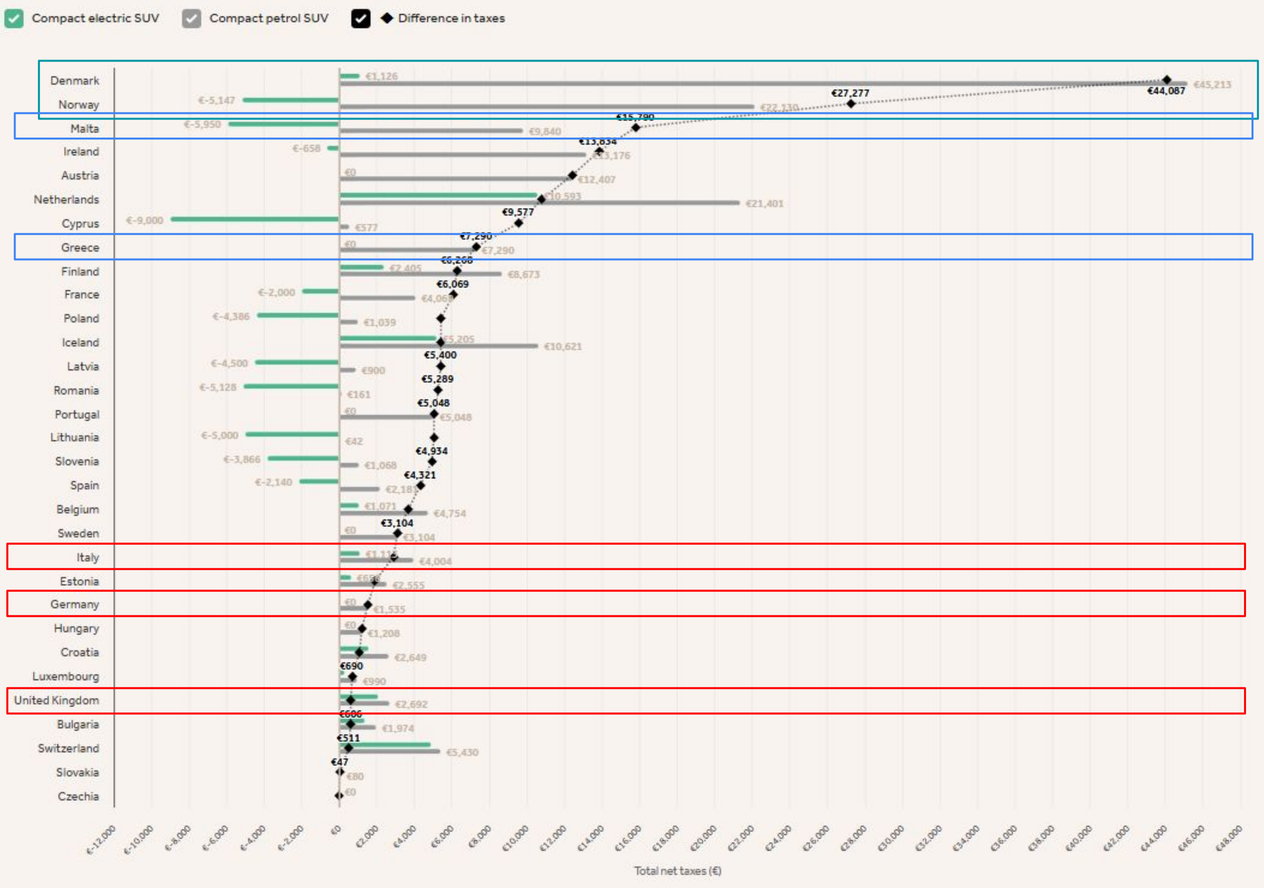
Private car

Select the cars you want to compare

Compact electric SUV vs compact petrol SUV

Select countries

Select...



Total net taxes include all taxes paid and benefits received by companies and private owners related to car ownership. Results are based on a typical ownership period of four years for companies and 10 years for private individuals. Taxes include acquisition tax, ownership tax, and benefit-in-kind taxes (companies only); benefits include purchase subsidies, VAT deductions, and depreciation write-offs (last two applicable only to companies).

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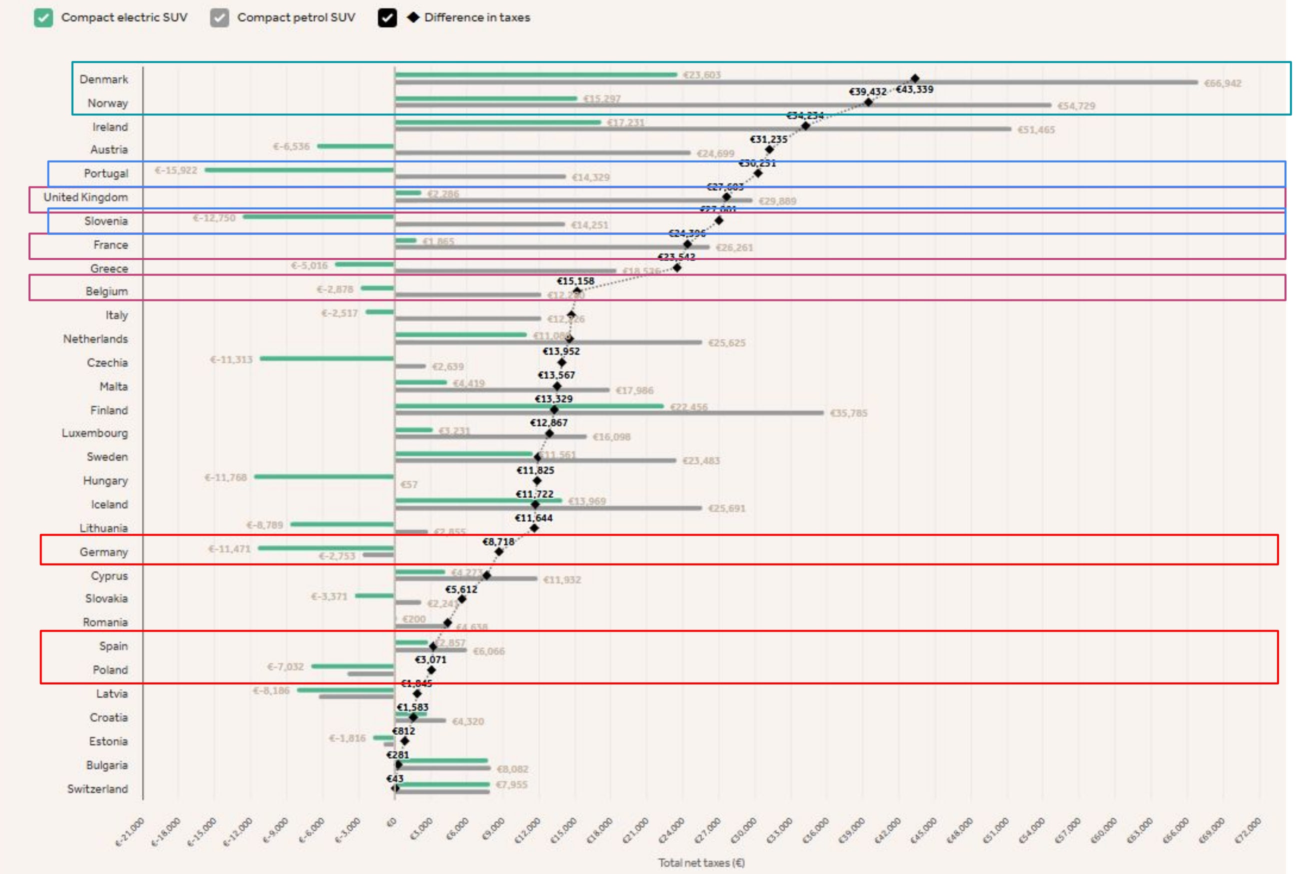

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Which countries penalise polluting cars the most?

Combining all taxes together

Dashboard 1: Countries supporting EVs | Dashboard 2: Taxes on car ownership | Dashboard 3: EV incentives per tax | Dashboard 4: How car taxes are calculated

Total taxes per car model

Select Private car or Company car

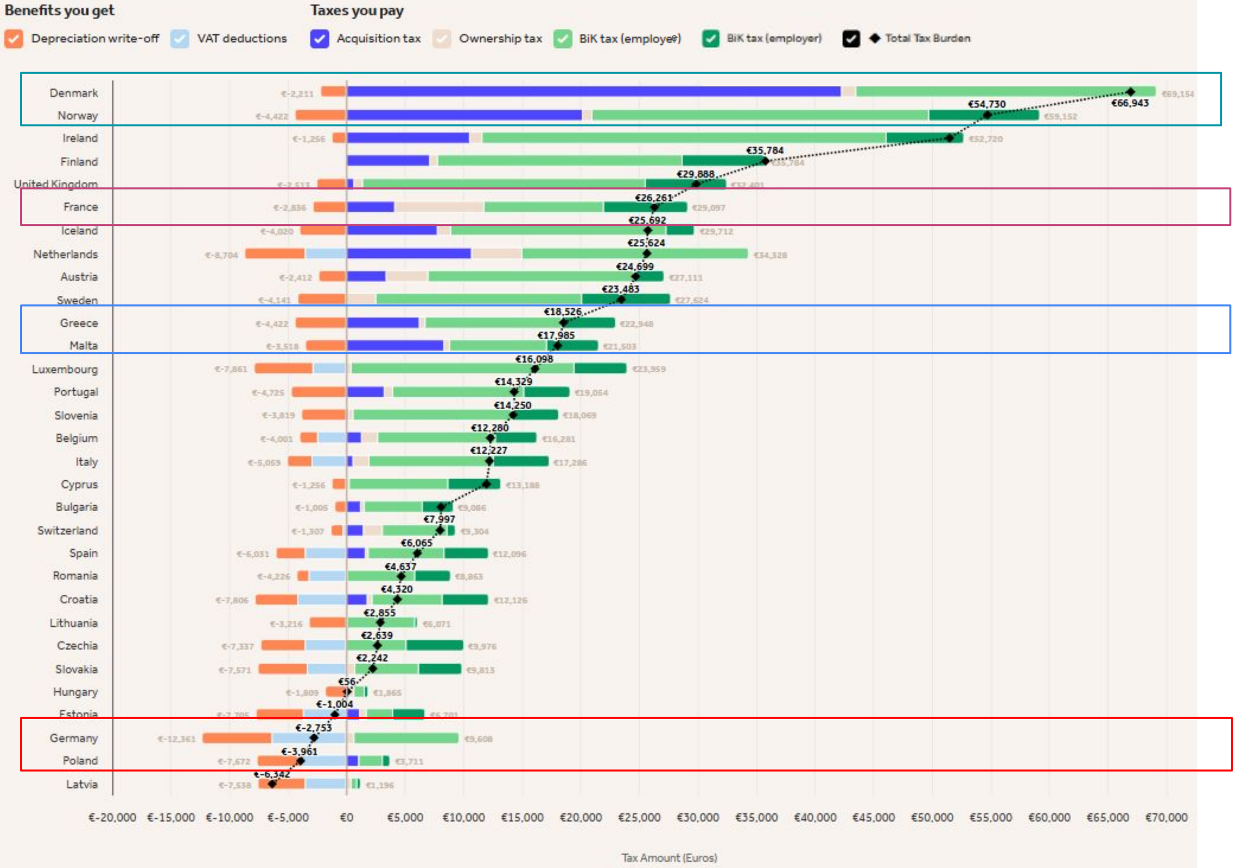
Company car

Select the car

Compact petrol SUV

Select countries

Select...



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What taxes do countries use to incentivise electric vehicles?

Dashboard 1: Countries supporting EVs | Dashboard 2: Taxes on car ownership | Dashboard 3: EV incentives per tax | Dashboard 4: How car taxes are calculated

Difference in taxes per car type

Select the tax / tax benefit

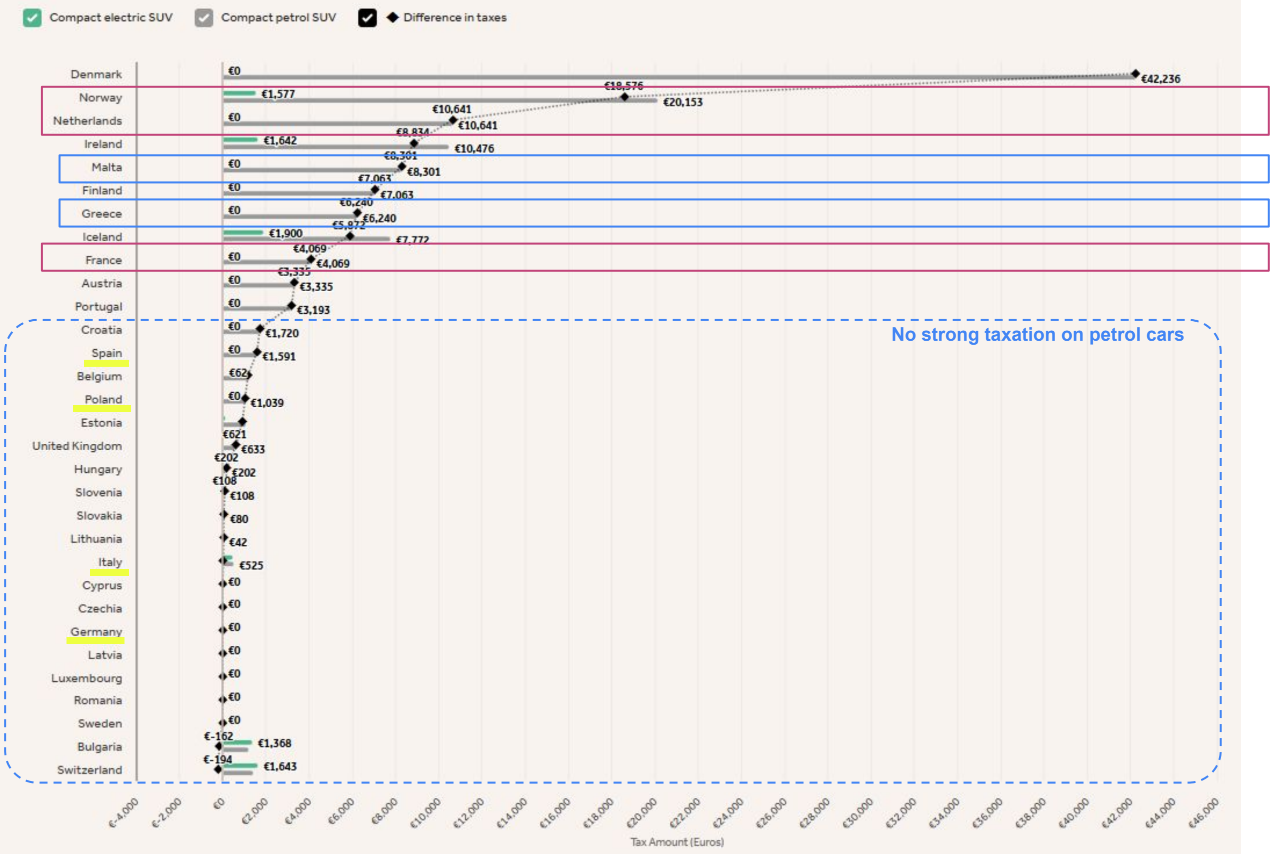
Acquisition tax

Select the cars you want to compare

Compact electric SUV vs compact petrol SUV

Select countries

Select...



All fiscal data refer to the period of a single year.

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What parameters do countries use in car taxes?

CO_2 emissions, kW, price?

Dashboard 1: Countries supporting EVs | Dashboard 2: Taxes on car ownership | Dashboard 3: EV incentives per tax | Dashboard 4: How car taxes are calculated

Parameters used for taxation

Select the tax / tax benefit

Acquisition tax

€42 acquisition tax (compact SUV)

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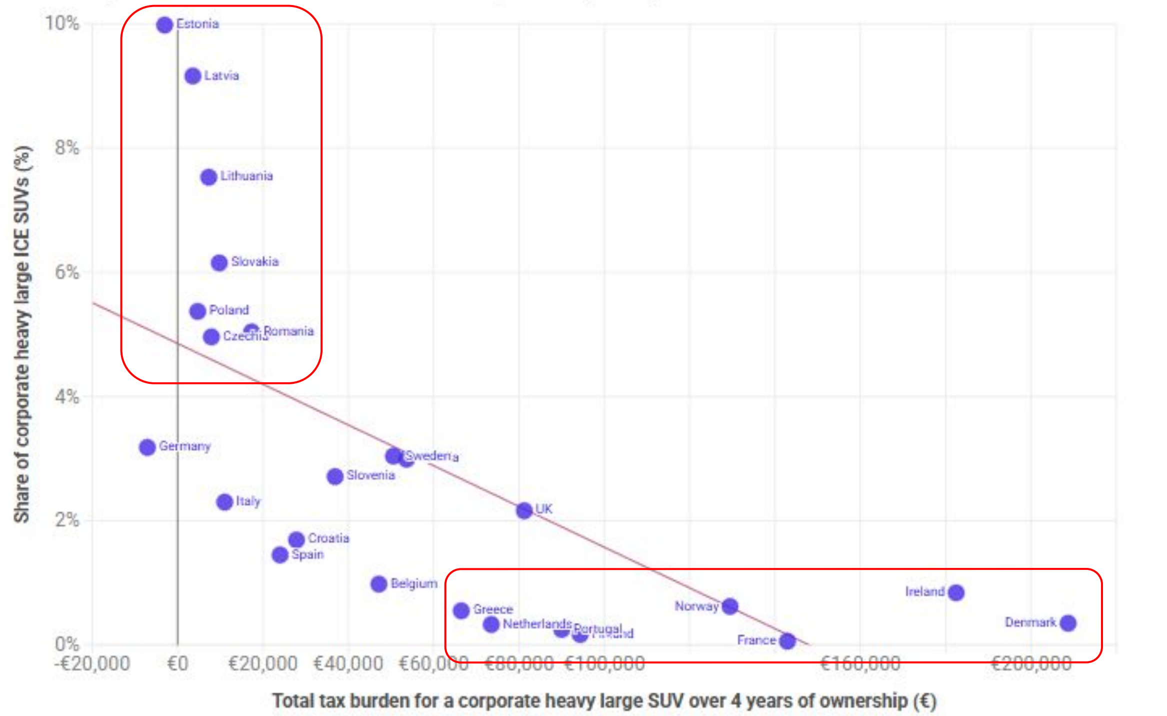
Some interesting findings

Is tax linked to SUV share?



Source: T&E analysis based on national fiscal sources as of April 2025.
Note: Heavy SUVs refers to SUVs of segment E, F, G

Some interesting findings

- **Removal of purchase grants for EVs** (HR, GR, NL, IT) or a **lowering of the grant amount** (LU, MT, PT). *(13 countries)*
- But **purchase subsidies are the main contributor to the differential** in some countries (MT, CY, RO)
- **Countries are jumping ship on PHEV subsidies** (only 3 countries left: ES, LV, RO). *But still have tax deductions*
- **You don't need to be rich to implement a good tax policy***:* **Estonia** is one of the only countries where there is a **new acquisition tax and a new ownership tax** that both contain a CO_2 and a weight component.
- Despite some media interest in policies like **Belgium's depreciation write-offs**, **no country introduced a major reform of Depreciation allowances or VAT deductions** for corporate cars or even changed the existing tax rates.
- There were very **few major tax reforms, most countries recorded changes in their tax rates**. In a few cases the **new tax rates reduce EV tax exemptions** and discounts (*e.g. ownership tax in NL and SI; BiK taxation in SK and IS*).
- Some countries are **focusing on corporate car tax to incentivise BEV uptake** (*depreciation in BE; VAT deduction in SI, AT; benefit-in-kind in UK and IE, ownership tax in FR*).
- **Few countries tax based on weight** to tackle SUVisation (FR, NL, NO, EE, FI, CH) and **only one country has a tax based on car size** (length in MT; no countries use width, height, volume, or wheelbase).
- Some countries use **small tax design elements to increase tax burden and incentivisation**, e.g. the order in which taxes are applied (VAT on top of acquisition tax) or an announced schedule of annual increases.

Thank you

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