



Norwegian Ministry
of Finance

Norwegian BEV policies

Øystein Bieltvedt Skeie, Norwegian Ministry of Finance



Global
dialogue
for better
transport

Workshop on International best practices to promote eco-friendly cars

25 January 2021

Outline

- Taxation of vehicles and fuels in Norway
- Tax incentives for BEV
- Non-tax incentives for BEV
- BEV incentives and market penetration
- Challenge 1 – Revenue loss
- Challenge 2 – No price on external effects
- Political challenges



Taxation of vehicles and fuels in Norway

- Value added tax of 25 pct.

- Registration tax

- CO₂-emissions
- NO_x-emissions
- Weight

Size	Weight (kg)	CO ₂ (g/km)	NO _x (mg/km)	Tax (EUR)
Small	1 200	130	20	5 800
Medium	1 500	160	30	12 800
Large	1 800	190	40	27 200

- Annual ownership tax (300 EUR)
- CO₂-tax on fossil fuels (60 EUR/tCO₂)
Petrol 0.15 EUR/l Diesel 0.16 EUR/l
- Road usage tax on fossil fuels and biofuels
Petrol 0.50 EUR/l Diesel 0.40 EUR/l



Tax incentives for BEV

- VAT
 - exempted
- Registration tax
 - exempted
- Annual ownership tax
 - reduced rate (EUR 210 vs. 300)
- CO₂-tax
 - Not encompassed
- Road usage tax
 - Not encompassed
- Total tax incentives for BEVs equivalent to:
 - 1000-1500 EUR/tCO₂
 - EU-ETS price 30 EUR/tCO₂



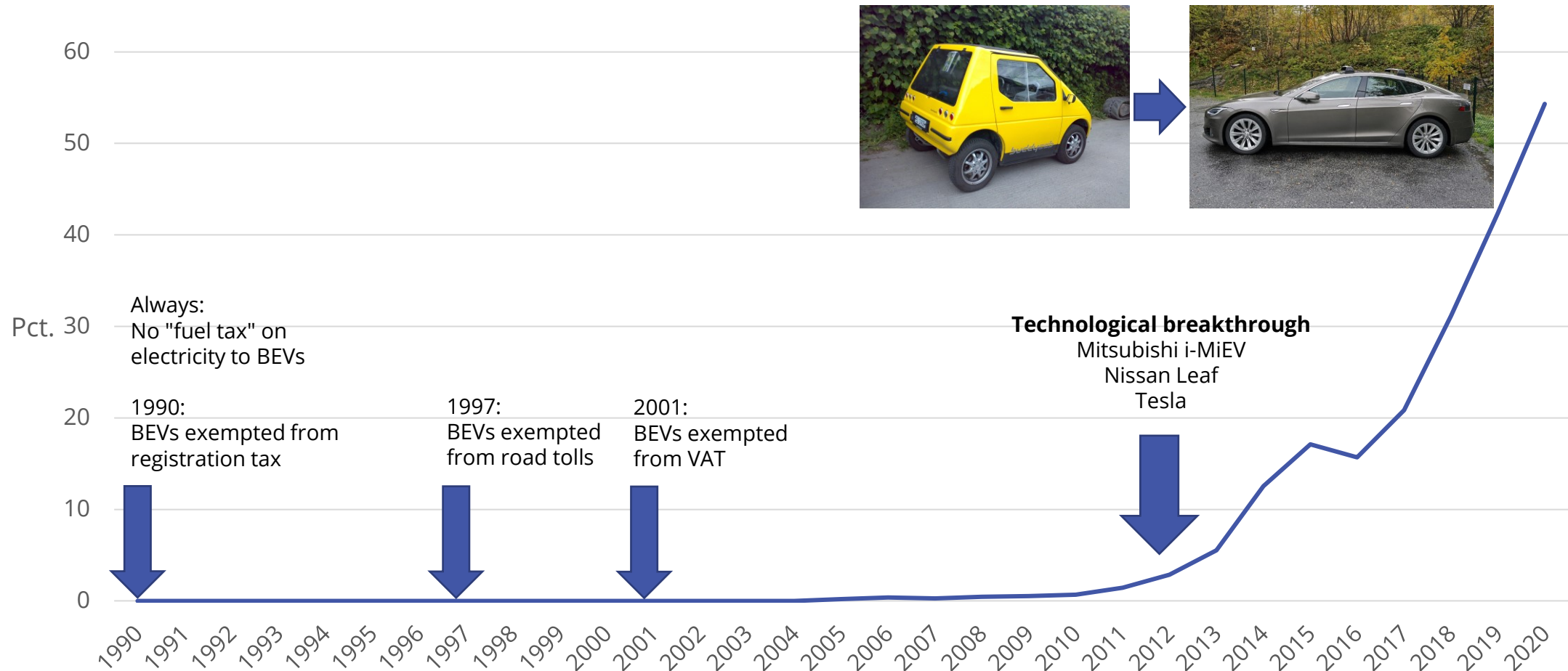
Non-tax incentives for BEV

- Road tolls
 - Exempted or reduced rates (max 50 pct. of ICE-rate) – decided locally
- Bus lanes and carpool (2+) lanes
 - Full, restricted or no access – decided locally
- Ferries
 - Exempted or reduced rates (max 50 pct. of ICE-rate) – decided locally
- Parking (municipal)
 - Exempted, reduced or full rate – decided locally

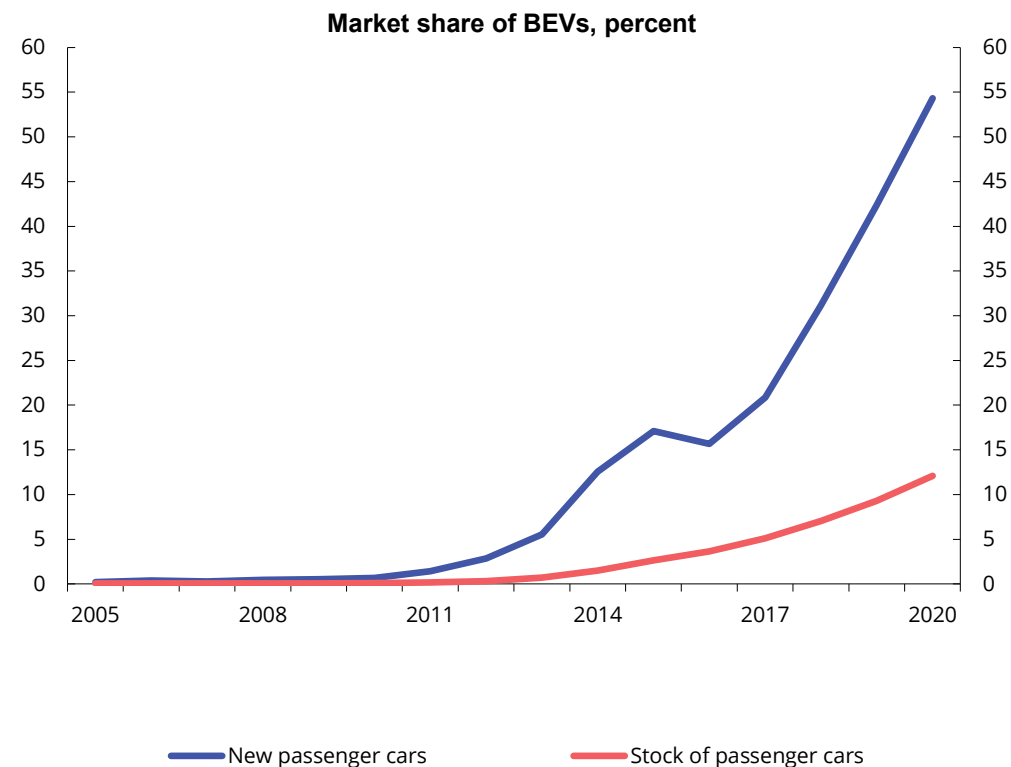
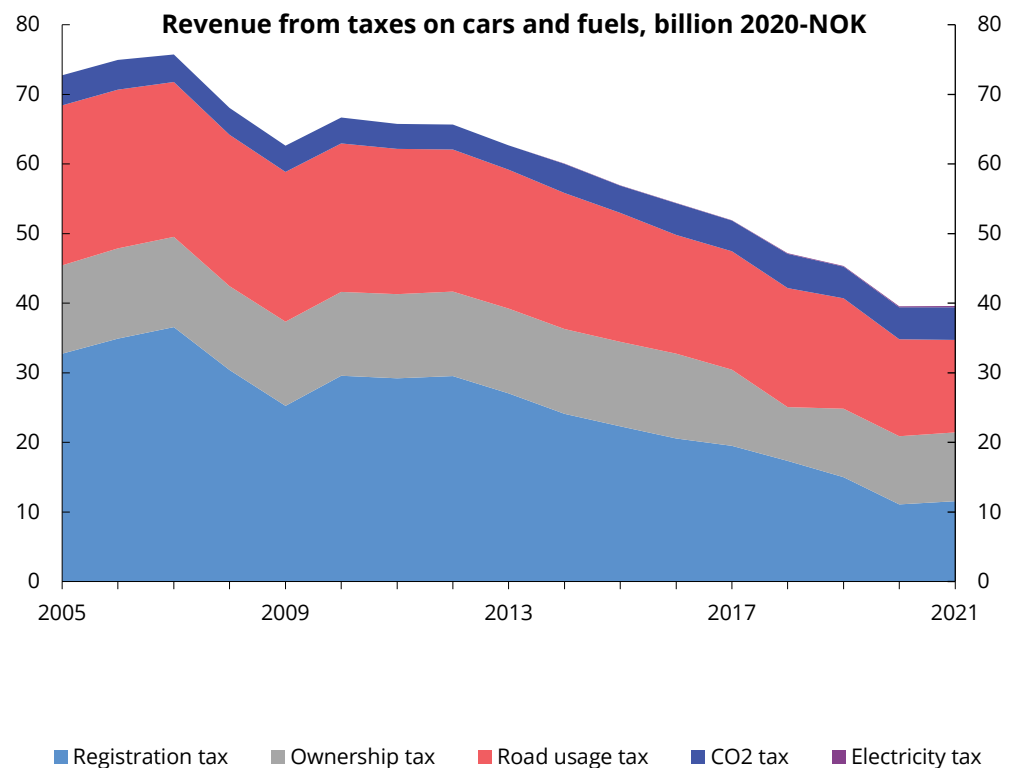


BEV incentives and market penetration

New BEVs as share of all new passenger cars. Percent

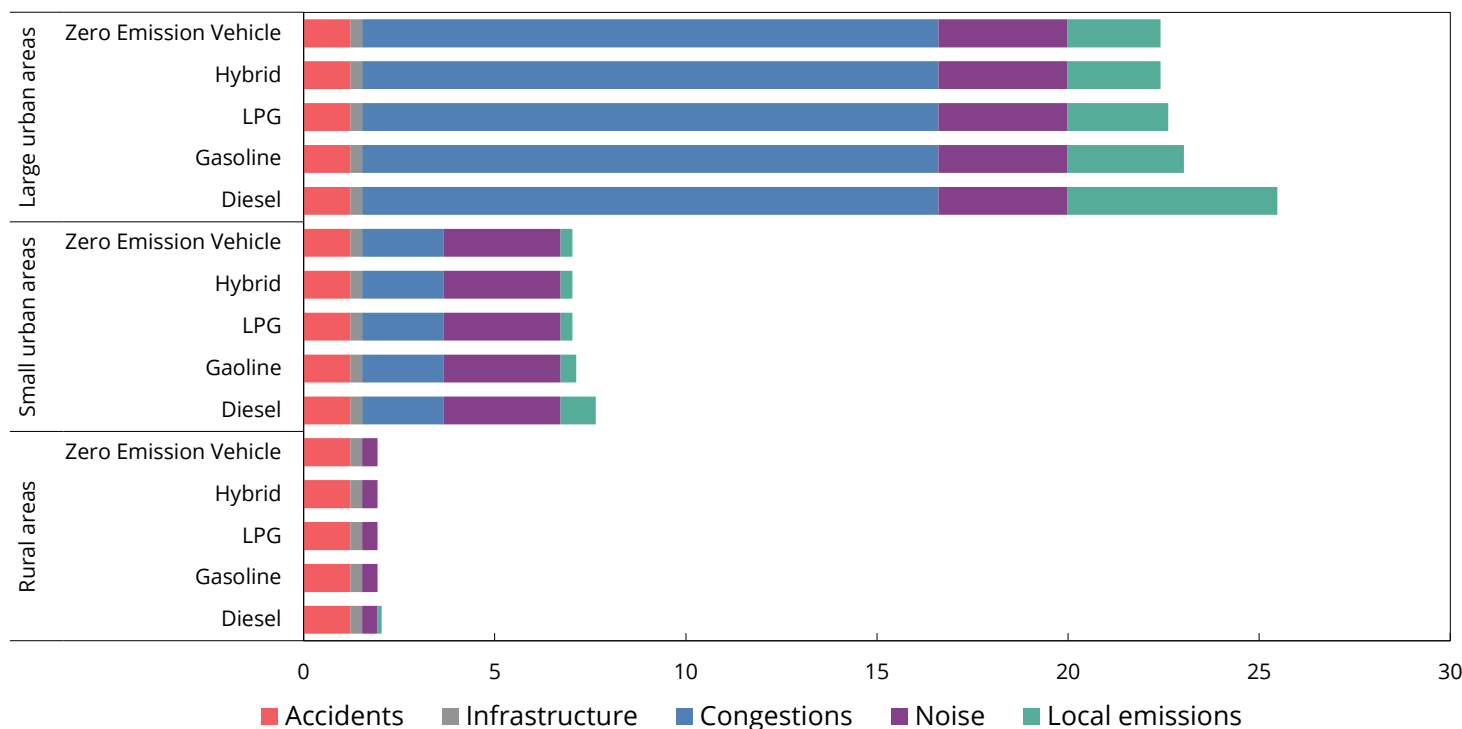


Challenge 1 - Revenue loss



Challenge 2 - No price on external costs of ZEVs

Marginal damage costs for passenger vehicles (Euro cent per km)



- ZEV and ICE-cars have approximately the same marginal damage cost (ex. CO₂)
- No pricing of external costs of ZEV.
- "Overuse" of ZEV
 - To little use of public transport, bicycles, etc.

Source: Institute of Transport Economics



Political challenges – Several (conflicting?) policy objectives

- Political BEV-target
 - All new passenger cars should be Zero Emission Vehicles by 2025
 - BEV-incentives still needed
- Revenue lost
 - How to make BEV-incentives more targeted (cost efficiency)
 - Increase other taxes or reduce expenditures?
- Distributional effects of BEV-policies
 - "Subsidies to rich people in urban areas." (BEV-subsidies)
 - "Tax poor people in rural areas" (Increased taxes on ICE-cars and fuels)
- No price on external effects
 - Too much use of cars





Norwegian Ministry
of Finance