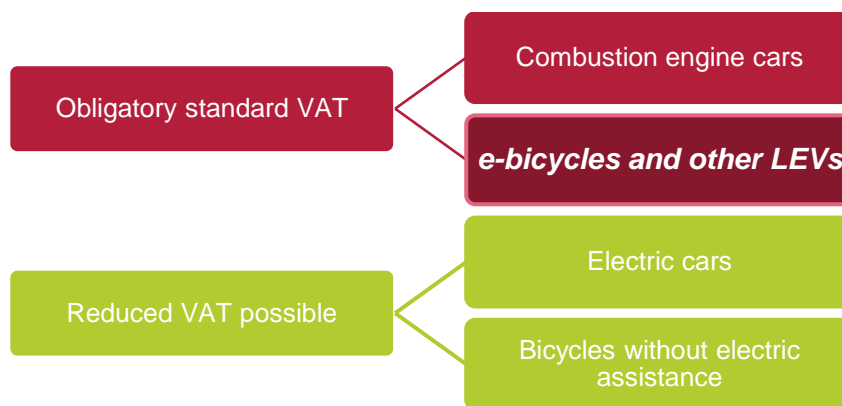


## EU VAT reform: setting consistent rules for electric bicycles and other LEVs

### The situation

As part of a wider [reform of rules for value-added tax \(VAT\)](#) in the EU, the European Commission [proposed](#) in early 2018 that Member States could in the future set reduced or zero VAT rates in many more cases than currently. Amongst others, conventional bicycles and electric cars could benefit from reduced or zero VAT, which the Platform welcomes. However, electric bicycles (Electrically Power Assisted Cycles, EPACs) and other light electric vehicles (LEVs) could not benefit as they have been categorised alongside transport powered by fossil fuels as goods whose sale would be subject to the standard VAT rate of at least 15%. This is an inconsistency that the Platform believes must be corrected.

### VAT treatment according to the Commission proposal – let's correct an inconsistency:



### Our concerns

Excluding electric bicycles and other LEVs from VAT rate flexibility could substantially impede their uptake and use. This is a cause for concern because these vehicles present numerous social and environmental benefits. As sustainable modes of transport without tailpipe emissions, they stand to greatly contribute to achieving the EU's environmental and transport policy targets.

Electric bicycles and other LEVs also offer a realistic alternative to travelling by car. For example, when France introduced a national purchase incentive scheme for electric bicycles in 2017, 61% of beneficiaries stated in a [survey](#) that they used electric bicycles to replace car journeys, compared to 21% replacing trips by conventional bicycle.

### Our proposal

For the ongoing negotiations within the Council of the European Union, the Platform recommends removing electric bicycles and other LEVs from the list of goods for which reduced or zero VAT rates could not be applied instead of the standard rate. Technically, this could be achieved in [Annex IIIa](#) to the [Commission proposal](#) by adding to row (7), columns C and D, the CPA<sup>1</sup> code 30.91.13, which is called "Motorcycles n.e.c.; side-cars" and includes all motor-powered two-wheelers without combustion engine, such as e-bicycles, e-motorbikes and e-scooters. For the future, the Platform also recommends to create a specific CPA code for electric bicycles (Electrically Power Assisted Cycles, EPACs).

<sup>1</sup> CPA = Classification of Products by Activity, a system of product codes used e.g. by Eurostat