

**Question for written answer P-006258/2016
to the Commission**
Rule 130
Tibor Szanyi (S&D)

Subject: VAT exemption on electric and hybrid electric vehicles

Electric vehicles (EVs) are important tools for achieving CO₂ reduction targets, reducing air pollution in cities, and increasing energy security by decreasing fossil fuel dependence.

The full-scale commercialisation of electric and hybrid electric vehicles is still ahead of us, and owing to high costs will not happen any time soon without strong financial incentives. Many European governments and cities have realised this and have introduced measures to motivate consumers, such as providing special city-wide parking permits or offering tax breaks, which have increased the number of new EV registrations.

In 2014, the Hungarian Minister for National Economy also promised a zero % VAT rate on EVs and hybrid electric vehicles. However, two years after this announcement, the Ministry now claims that the promised VAT exemption cannot be put in place owing to existing EU rules. Specifically, the Ministry identifies Directive 2006/112/EC on the common system of value added tax as the main obstacle to reducing VAT or providing VAT exemption on electric and hybrid electric vehicles in Hungary.

Can the Commission confirm whether VAT reduction and/or VAT exemption on electric and hybrid electric vehicles are indeed in conflict with EU law (including Directive 2006/112/EC)?