

Electric taxis exempt from higher tax rates as UK moves towards net zero

New incentives for taxi drivers and companies to buy zero-emission capable vehicles



- new legislation will exempt zero-emission capable taxis from higher vehicle excise duty, encouraging more drivers to purchase them
- increased use of environmentally friendly taxis will help improve air quality in busy city centres
- industry welcomes the move as government's Road to Zero strategy celebrates first anniversary on 9 July

More taxi drivers will be encouraged to buy environmentally friendly vehicles thanks to new legislation exempting them from the premium rate of vehicle excise duty, announced today (5 July 2019).

The move will push forward the government's ambition for net zero emissions by 2050 by reducing costs for taxi drivers and companies who purchase zero-emission capable taxis over conventional petrol or diesel models.

This premium vehicle tax exemption will help reduce greenhouse gas emissions and improve air quality in areas where people live, work and shop.

The announcement, which coincides with London Climate Action Week, was welcomed today by British electric taxi supplier Dynamo Motor Company, which is soon to launch its fully electric taxi in the autumn of this year. This follows the success of Coventry based LEVC, which has now manufactured almost 2,500 electric cabs in the UK.

Michael Ellis, Roads Minister, said:

The government's ambition is for the UK to be the best place in the world to build and own an electric vehicle, as the country moves at

pace towards net zero.

Taxis are an iconic feature of our streets and by introducing financial incentives for the most environmentally friendly taxis and improving air quality in city centres, we are proudly putting our money where our mouth is.

The legislation is just one of a number of measures introduced by government to encourage the uptake of zero-emission vehicles, including providing over £20 million to 27 local authorities to install over 900 dedicated electric taxi chargepoints. The government continues to offer up to £7,500 off the price of zero-emission capable taxis through a £50 million grant.

Brendan O'Toole, Managing Director of Dynamo Motor Company, said:

"We welcome government's decision to exempt electric taxis from higher vehicle excise duty. This move will make it easier and more beneficial for drivers and fleet owners to go green and drive electric vehicles. To support this, we will be launching the world's first fully electric, wheelchair accessible taxi in the autumn, which will not only be a greener choice for drivers, but a more cost-effective one too."

Joerg Hofmann, CEO of LEVC, said:

We are pleased to see government exempting electric taxis from higher vehicle excise duty and continuing to back the taxi trade. Urban transport is changing rapidly but we agree that mobility must not come at the expense of air quality. Our taxi has been designed to meet current and future low emissions targets. It is equipped with the latest technology to enable a total driving range of 380 miles, providing the perfect solution to the clean air challenge.

Our goal is to be the leading European electric commercial vehicle provider, and we have already sold several thousand electric taxis into London and across every major city in the UK. With plans to start production on our electric van in 2020, we will continue to support government on delivering its Road to Zero strategy and net zero targets.

The environmental and financial benefits that zero-emission capable taxis provide will help London become a zero carbon city by 2050. TfL wants to establish London's taxi fleet as the greenest in the world and has introduced stringent licensing requirements to help reduce emissions. The exemption of premium vehicle excise duty for eligible taxis will further incentivise drivers to make greener choices and benefit from cost savings.

Helen Chapman, TfL's Director of Licensing, Regulation and Charging, said:

We know that cleaning up the black cab fleet is key to improving

the capital's toxic air. From the start of last year we required all taxis licensed for the first time to be zero-emission capable, with close to 2000 of these new clean and modern taxis now driving around London's streets. We are also incentivising drivers to ditch their old dirty diesel vehicles with payments of up to £10,000.

We welcome this change in the legislation covering Vehicle Excise Duty, which will help to further accelerate the number of cabbies joining the electric revolution by significantly reducing their annual running costs.

The government is also announcing today that the first ultra-low emission heavy goods vehicles (HGVs) are now eligible for the Plug-in Van Grant, helping more businesses to go green. The British made Paneltex Z75 7.5 tonne truck and the BD Auto e-Ducato 4.25 tonne van are now eligible for the grant. The first 200 eligible HGVs will benefit from a higher grant rate of up to £20,000 per vehicle.

The government is confident these financial incentives will encourage the manufacture and sale of green taxis and HGVs and continue to cement the UK's reputation as a nation at the forefront of the design and manufacture of zero-emission vehicles, a key ambition outlined within the [Road to Zero strategy](#).

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