

# Should travel by electric cars be taxed?

Let me begin by stating clearly I am not advocating any new taxes and certainly not lobbying for any. There are, however, many worried that if electric cars take off and significant numbers of petrol and diesel cars are pensioned off there will be a collapse in fuel duty and Vehicle Excise Duty revenues that will need replacing. They think it is a good idea to ask how this hole in public revenues might be filled. Before buying an electric car some people want to know what the future tax regime might be for them.

Some think the electric car user should have to pay a tax just as the diesel and petrol car owners do today to keep the revenues up. Electricity for charging car batteries could be taxed at a higher rate than domestic electricity, with the charger point incorporating suitable smart meter identification of use. After all electric cars use the roads as much as the ICE cars they replace, will add to the wear and tear and will need road maintenance and improvement programmes.

It is true that the tax raised on the motorist greatly exceeds the costs of providing and servicing the roads. There has been cross party agreement to a permanent transfer of income from car users to public services and benefit programmes. There is no reason some argue why this choice should change, or why electric vehicles should be exempt if that transfer remains multi party government policy.

Others think the advent of more electric vehicles should be used for a more comprehensive change in travel and vehicle taxation. Why not, they say, introduce road pricing? The state could sweep away fuel duty and VED and replace it by a comprehensive system of charging cars who use roads. Some would want to charge electric vehicles less per mile than petrol or diesel as a further incentive to adoption. Some want to just charge for congested roads, flexing the charge by time and traffic conditions. Some think just charge for the trunk roads and motorways which account for so much of the miles travelled and which tend to be more used by business and people on better incomes. That way people using cars to get children to school or themselves to nearby work would not be taxed.

Road pricing has been looked at before and so far always rejected. Many motorists/taxpayers fear it would become an extra tax. They fear the government would extort too much out of their monopoly control of the roads. Many MPs think of it as a poll tax on wheels and would not wish to support it. So I ask you all in a genuine spirit of enquiry how should the government handle revenue loss from electric cars? I do not have a good answer to offer.