

# Update on plug-in vehicle grants following today's budget

Today's (11 March 2020) budget has announced that government is providing £532 million for consumer incentives for ultra-low emission vehicles. As part of that:

- government will provide £403 million for the plug-in car grant (PICG), extending it to 2022-23
- recognising that the market for other ultra-low emission vehicles is still at an early stage of development, the government will also provide £129.5 million to extend the plug-in grants for vans, taxis and motorcycles to 2022-23

This note confirms the implications of this new support for the plug in car, van, taxi and motorcycle grants.

## **Plug in car grant**

Starting Thursday 12 March (2020), those making the switch to electric cars will be eligible for a grant of up to £3,000. As the uptake of zero-emission cars increases, a small reduction to the grant, as well as excluding cars costing £50,000 or more will allow more drivers to benefit from making the switch for longer. These changes will come into effect on orders placed on the portal after 11:59pm on 11 March and the government will continue to keep the rate of the grant under review.

## **Plug in van, taxi and motorcycle grants**

Alongside this, the government will also continue to provide grants to support the purchase of zero emission vans, taxis and motorbikes at the same rate as before.

The rates of all of the plug-in vehicle grants are subject to review over time, depending on how the market develops.

## **Background notes**

- the plug-in car grant scheme has been in place since 2011 to support the uptake of ultra-low emission vehicles. The grant rate was originally set at £5,000 for all eligible ultra low emission cars. In 2018, the grant was changed to focus on zero-emission cars. The PICG has supported over 200,000 ULEVs of which over 100,000 are zero emission vehicles (ZEVs)
- to date, the plug-in car grant has provided over £800 million to support the early market for ultra-low emission vehicles, which now represent almost 6% of the new car market. Of this, over £450 million was spent on ZEVs, which now represent almost three percent of the new car market
- zero-emission cars priced below £50,000 will be eligible to receive a

grant of up to £3,000

- other vehicle grant schemes include support for vans (up to £8,000), large vans and trucks (up to £20,000), taxis (up to £7,500) and motorbikes (up to £1,500)
- the rates of all of the plug-in vehicle grants are subject to review over time, depending on how the market develops