Downloaded from Blogs on 19.11.2026 22:58h

By PwC Deutschland | 14. März 2017

Promoting electrical mobility: Further tax relief for private use of electric-powered cars

On November 17, 2016 a new law came into force providing for tax incentives (income tax / employee withholding tax) in the area of electrical mobility, namely for electric-powered cars and hybrid vehicles. The Federal Finance Ministry has issued a decree dealing with Details of the new regulation.

Downloaded from Blogs on 19.11.2026 22:58h

The Income Tax Act was amended to the effect that additional benefits granted by the employer for the electric charging of such cars at a fixed business (plant) location of the employer or at a place of a related company are tax exempt. The same applies to the private use of energy charging devices (power-grid) provided by the employer (note: recharging at any other places is not tax exempt). A decree issued by the tax administration in December 2016 provides clarification of the relevant tax issues in connection with electric cars. The tax incentives also cover registered electric bikes and so called pedelecs (pedal electric cycles) with a maximum speed above 25 km/h. Tax exemption is granted not only for private cars but also for business cars. Furthermore, any taxable benefit resulting from a transfer of a charging device by an employer (done free of charge or at a reduced price) or any subsidies to that effect both of which are granted in addition to the salary paid may be subject to a lump sum taxation of 25 % (plus any surcharge taxes thereon). The new rules came into effect on 1 January 2017 and are for a limited period of time (i. e. until the end of 2020). It should be noted, though, that – at the present stage of events - there is no VAT exemption for such benefits.

In summary, both hybrid and electric cars play a key role in shaping sustainable mobility. Their energy-efficient drives offer a significant advantage over vehicles with conventional combustion engines. The new rules set in force effectively complete the need to reduce greenhouse gas emissions.

Schlagwörter

electric bike, electric car, electric mobility