Pre-Budget 2026 Submission

Irish Electric Vehicle Association

1. Introduction

The transition to electric vehicles (EVs) represents a pivotal opportunity for Ireland to address its environmental goals, economic growth, and energy security. As the world moves towards sustainable transportation solutions, Ireland has aimed to position itself at the forefront of this transformation, but more action is required to reach this. This budget submission outlines the critical need for investment in incentives for adoption, to support this transition.

Ireland's commitment to reducing greenhouse gas emissions is underscored by its ambitious targets set forth in the Climate Action Plan. The transportation sector, being one of the largest contributors to carbon emissions, presents a significant area for impactful change. By accelerating the adoption of electric vehicles, Ireland can substantially reduce its carbon footprint, improve air quality, and enhance public health.

This budget submission provides background information of key areas, and proposes some key incentives to support the widespread adoption of electric vehicles in Ireland. By prioritising these areas, Ireland can achieve its environmental objectives, drive economic growth, and ensure a sustainable future for its citizens.

1.1 Registration Analysis

Significant year on year (YOY) growth has been achieved in the registration of new battery electric vehicles (BEVs) and plug-in hybrids (PHEVs) over much of the past decade. However, registrations of new BEVs declined by 23.6% in 2024 as compared to 2023.

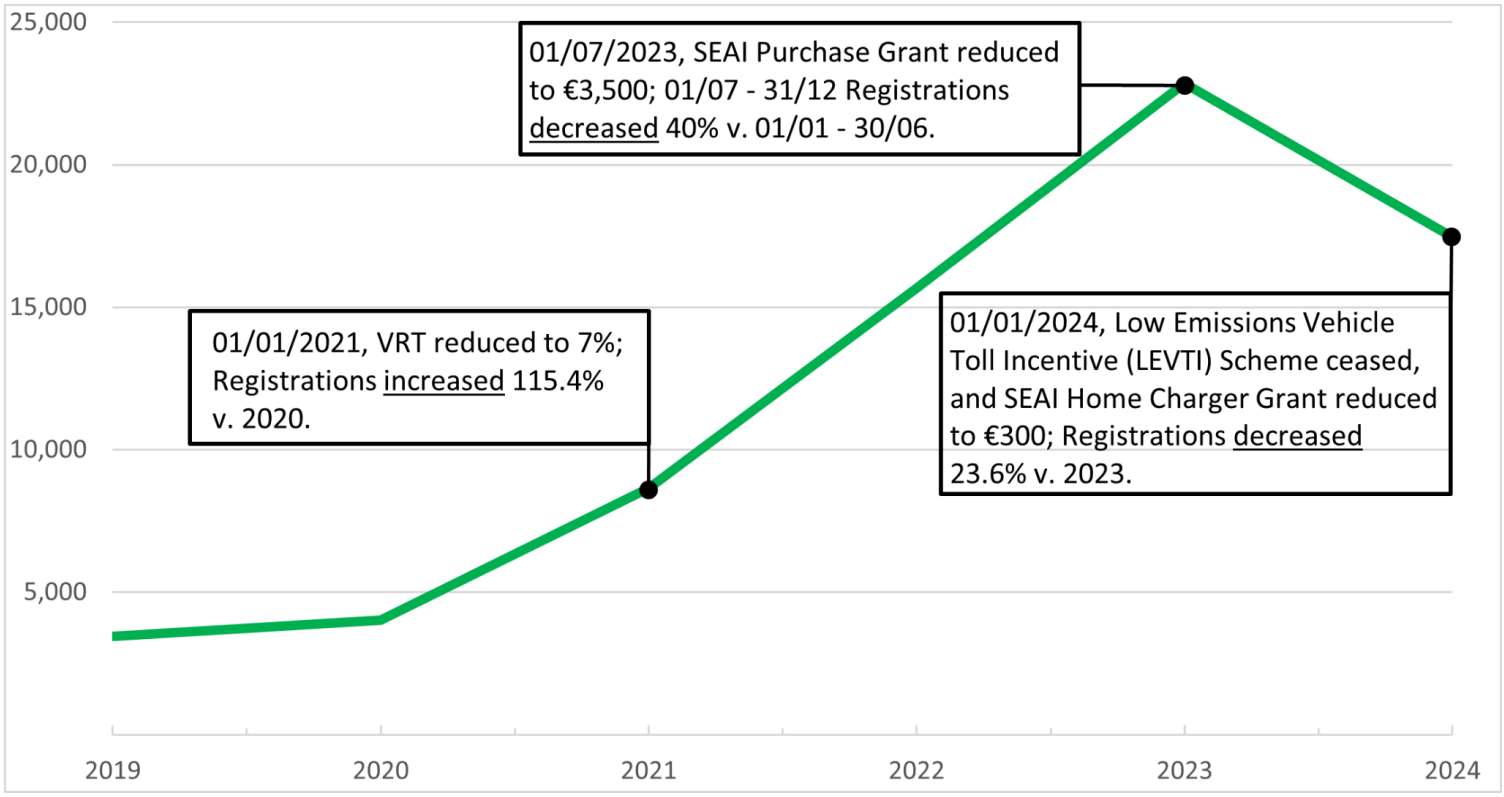
Table 1: New BEV and PHEV Registrations

Year	BEV	YOY Growth		PHEV	YOY Growth
2014	221			35	
2015	466	110.9%		117	234.3%
2016	392	-15.9%		298	154.7%
2017	622	58.7%		326	9.4%
2018	1,233	98.2%		739	126.7%
2019	3,444	179.3%		1,346	82.1%
2020	4,013	16.5%		2,492	85.1%
2021	8,646	115.4%		7,891	216.7%
2022	15,678	81.3%		7,678	-2.7%
2023	22,852	45.8%		10,382	35.2%
2024	17,459	-23.6%		12,538	20.8%

Source: SIMI (2025)

Contrasting annual registration data with changes in incentives, grants, and reliefs in more recent years suggests a decrease in demand post-cessation and / or reduction, and vice versa.

Figure 1: Annual New BEV Registrations v. Changes in Incentives



Source: SIMI (2025)

Such incentive associated changes have been seen in other jurisdictions, notably Germany, which ceased purchase subsidies in December 2023 (Fondahn and Parodi, 2024), whereas the opposite was seen in Belgium which introduced them (Chini, 2024).

Initial data for 2025 points to a recovery, with new BEV registrations increasing 25.7% in Q1 2025 v. Q1 2024, and PHEV registrations increasing 61.1% for the same periods (SIMI, 2025).

1.2 Vehicle Registration Tax (VRT) Analysis

VRT data for 2021 - 2023 shows a significant increase in the number of new and used category A vehicles registered in the lowest emission category, band 1 (0 - 50gCO2/km), increasing from 9.9% in 2021 to 21.9% of registrations in 2023.

Table 2: Category A, VRT Registrations by Band (New and Used)

Band	2021	2022	2023
1	16,913	25,307	38,423
2	4,454	2,447	2,462
3	269	198	213
4	2,078	2,068	2,377
5	1,697	2,051	2,020
6	1,733	2,181	3,290
7	4,251	5,601	5,957
8	2,158	2,583	3,706
9	9,189	8,694	8,732
10	10,345	9,293	11,930
11	19,500	16,622	16,072
12	19,278	16,425	18,244
13	14,979	11,696	14,627
14	17,295	17,687	15,197
15	12,860	9,034	10,320
16	12,418	7,240	7,268
17	5,017	3,077	2,936
18	7,895	5,232	5,418
19	3,081	2,231	1,883
20	3,481	3,042	2,796
Fixed Charge	1,969	1,513	1,574
Total	170,860	154,222	175,445

Source: Revenue (2024c)

The growth in band 1 is overwhelmingly attributable to BEVs and PHEVs, accounting for 95%+ of the registrations each year.

Table 3: Category A, VRT Registrations by Band (New and Used BEV and PHEV)

Band	2021	2022	2023
1	16,697	24,066	36,958

Source: Revenue (2022, 2023, 2024c)

New EU fleet-wide emissions targets come into effect from 2025, and for subsequent years, (European Commission, 2024), with targets of:

- 2025 - 2029: Cars 93.6gCO2/km, vans 153.9gCO2/km;
- 2030 - 2034: Cars 49.5gCO2/km, vans 90.6gCO2/km, and;
- 2035 and beyond: Cars and vans 0gCO2/km.

The aforestated VRT registration data thus clearly illustrates the critical role of BEVs and PHEVs in increasing the number of zero and low emission vehicles on Irish roads, and in the achievement of EU fleet-wide emissions targets.

2. Proposals

The Irish EV Association presents a number of budget proposals to increase the uptake of zero, and low, emissions BEVs and PHEVs. These measures we believe will make the choice of a BEV or PHEV more compelling than opting for one of the traditional fuelled alternatives.

2.1 Vehicle Registration Tax (VRT)

To incentivise purchase of BEVs and PHEVs we propose that:

1. Category A VRT tax bands and / or the percentage rates applicable within each band be amended to favour the purchase of zero, and low, emissions BEVs and PHEVs;
2. VRT Relief be maintained at the current level, with its expiry extended until 31 December 2029, and;
3. Any change introducing vehicle weight as an element of VRT should be based on, and give consideration to, the vehicle's underlying fuel source.

2.2 Capital Allowances

To incentivise commercial purchases and / or leasing of zero, and low, emissions BEVs and PHEVs we propose that the Emissions-based Limits on Capital Allowances and Expenses for Certain Road Vehicles be amended, specifically:

1. Lower the emissions bands under S.380K(2) TCA 1997 to favour the purchase and / or leasing of BEVs and PHEVs, and;
2. Increase the specified amount available under S.380K(4) TCA 1997.

We note that this scheme currently provides full benefit to vehicles whose emissions range from 0gCO2/km up to and including 140gCO2/km (categories A and B), with partial benefit available for vehicles over 140gCO2/km and up to and including 155gCO2/km. Budget 2025 lowers these bands from January 1 2027 (Government of Ireland, 2024), however we propose further reducing these thresholds to limit full benefit to vehicles below a 100gCO2/km level, reflective of the aforementioned EU fleet-wide emissions targets for 2025 - 2029, and 2030 - 2034.

2.3 Motor Tax

We propose amendments to the rates of motor tax applicable to private cars (Department of Transport, 2022), specifically:

- Retain existing rates for zero, and low, emissions bands. These bands should align with preferred emissions bands indicated in our prior proposals, and;
- Incremental increases in rates for other emissions bands, with larger increases in the higher emissions bands.

2.4 Battery Testing

To promote consumer confidence in the purchase of used BEVs and PHEVs, we propose that additional funding be made available to the Road Safety Authority to enable introduction of a battery testing component, to include assessment of state of health, to the National Car Test.

2.5 Benefit In Kind (BIK)
We propose that the BIK relief available for employer-provided electric vehicles, both cars and vans, be extended for a further two years, from 31 December 2027, to 31 December 2029.

2.6 Salary Sacrifice
We propose extending salary sacrifice arrangements to include BEVs. Availability of such arrangements in the UK has been credited with a significant level of uptake of BEVs (UK Parliament, 2024).

2.7 Purchase Grants
We propose that the SEAI Purchase Grant be retained at current levels until the majority of new vehicle purchases are BEVs.

We further propose the introduction of a complementary Scrappage Scheme, targeting old, high mileage non-plugin petrol and diesel vehicles - requirements similar to Electric Small Public Service Vehicle (eSPSV) Grant Scheme, further incentivising a transition to BEVs and decarbonisation of the national fleet.

2.8 Charger Installation Support
Grant requirements necessitate installation of a smart charger (SEAI, 2024), which continues to attract premium pricing, and which may act as a disincentive to their installation. We therefore propose that the SEAI Home Charger Grant be restored to its prior level, €600.

We further propose that amendment be sought to Annex III (List of Supplies of Goods and Services to which the Reduced Rates and the Exemption with Deductibility of VAT referred to in Article 98 may be applied) of Directive 2006/112/EC (European Union, 2025a) to include the supply and installation of electric vehicle charging stations. This change would enable a subsequent reduction in the VAT rates applied to such supplies and installations to be enacted, a change which has occurred with solar panel installations, driving down their costs (Revenue, 2024b), and could further encourage commercial installations.

2.9 Travel and Subsistence
We propose that the Civil Service Motor Rates applicable to BEVs be changed to "*Engine capacity 1501cc and over*", with consideration given to a distinct category for BEVs in any future revision of the Civil Service Motor Travel Rates (Department of Public Expenditure and Reform, 2022).

2.10 Carbon Tax
We do not propose any changes to, or deferrals from, the introduction of any previously announced increases to carbon taxes.

2.11 Car-share and Vehicle Hire

Currently in Ireland, car-share services and vehicle rental companies offer very little, to no, BEVs within their fleets. With the success of the eSPSV Grant Scheme, we propose that similar measures be implemented for these groups. We would look at this in a two-fold action, remove or reduce any tax relief as found only through ICE vehicles, and to incentivise BEV adoption through full relief for BEV-only, and possible addition of grants for their uptake. These vehicles are sold to private individuals post their time in operation, and thus would also help to contribute to the second-hand market for both passenger vehicles, as well as commercial vehicles.

2.12 Other Schemes and Grants

We recommend continued support for, and expansion of, other schemes and grants, which currently include:

- Shared Island Sports Club EV Charging Scheme;
- EU Just Transition Fund (JTF) Community Facilities EV Charging Scheme;
- Apartment Charging Grant Scheme;
- Electric Small Public Service Vehicle (eSPSV) Grant Scheme;
- Zero-Emission Heavy Duty Vehicle (ZEHDV) Purchase Grant Scheme;
- Zero-Emission Heavy Duty Vehicle – Recharging Infrastructure Grant Scheme, and;
- Electric Vehicle Charging Infrastructure Light Duty Vehicle Enroute Grant Scheme (ZEVI, 2024).

In particular, we highlight the need for infrastructure development in rural and other underserved areas, transitioning high mileage and light and heavy duty vehicles to zero, and low, emission BEVs and PHEVs, and other electromobility schemes. We would suggest that the introduction of ‘Right-to-charge’ legislation would be applicable to help with this rollout, expanding upon Directive (EU) 2024/1275 (European Union, 2025b). In France there is a minimum number of charge points to be installed in all car parking locations, and right-to-charge further helps with understanding where additional demands are required beyond this (Mobility Portal Europe, 2025).

2.13 Tax Deductibility of Diesel

We recommend a review of the entitlement to a deduction of VAT input costs in respect of certain business related expenses incurred with diesel vehicles, with a view to an incremental winding down of entitlement as commercial BEV use increases. We note that petrol vehicles are already typically excluded from entitlement to such treatment (Revenue, 2024a).

References

Chini, M. (2024) Belgians back electric cars: Tax incentives and buyer premiums drive demand, *The Brussels Times*, 28 July. Available at: https://www.brusselstimes.com/1153868/belgians-back-electric-cars-tax-incentives-and-buyer-premiums-drive-demand (Accessed: 20 August 2024).

Department of Public Expenditure and Reform (2022) *Circular 16/2022: Revised Motor Travel Rates*. Available at: https://www.gov.ie/pdf/?file=https://assets.gov.ie/230796/0bc6edba-f9f7-4eb4-980b-81eb4ed5c5fa.pdf (Accessed: 5 August 2024).

Department of Transport (2022) *Motor Taxation*. Available at: https://www.gov.ie/pdf/?file=https://assets.gov.ie/90909/c1c067a4-052b-406a-86dd-33a6830f90ad.pdf (Accessed: 20 August 2024).

European Commission (2024) *CO_2 emission performance standards for cars and vans*. Available at: https://climate.ec.europa.eu/eu-action/transport/road-transport-reducing-co2-emissions-vehicles/co2-emission-performance-standards-cars-and-vans_en (Accessed: 20 August 2024).

European Union (2025a) *Consolidated text: Council Directive 2006/112/EC of 28 November 2006 on the common system of value added tax*. Available at: https://eur-lex.europa.eu/eli/dir/2006/112/2025-01-01 (Accessed: 29 April 2025).

European Union (2025b) *Directive (EU) 2024/1275 of the European Parliament and of the Council of 24 April 2024 on the energy performance of buildings (recast) (Text with EEA relevance)*. Available at: https://eur-lex.europa.eu/eli/dir/2024/1275/oj (Accessed: 29 April 2025).

Fondahn, G. R., and Parodi, A. (2024) EU electric car sales drop in May as German demand slumps, industry says, *Reuters*, 20 June. Available at: https://www.reuters.com/business/autos-transportation/eu-electric-car-sales-drop-may-german-demand-slumps-industry-says-2024-06-20 (Accessed: 20 August 2024).

Government of Ireland (2024) *Budget 2025 Tax Policy Changes*. Available at: https://assets.gov.ie/static/documents/budget-2025-tax-policy-changes.pdf (Accessed: 29 April 2025).

Mobility Portal Europe (2025) *French eMobility law mandates non-residential buildings to include charging stations - Mobility Portal*. Available at: https://mobilityportal.eu/french-emobility-law-charging-stations (Accessed: 29 April 2025).

Revenue (2022) *Vehicle Registration Tax (VRT) 2021*. Available at: https://www.revenue.ie/en/corporate/documents/research/vrt-report-2021.pdf (Accessed: 1 August 2024).

Revenue (2023) *Vehicle Registration Tax (VRT) 2022*. Available at: https://www.revenue.ie/en/corporate/documents/research/vrt-report-2022.pdf (Accessed: 1 August 2024).

Revenue (2024a) *Recovery of VAT on Motor Vehicles*. Available at: https://www.revenue.ie/en/tax-professionals/tdm/value-added-tax/part03-taxable-transactions-goods-ica-services/Goods/recovery-of-vat-on-motor-vehicles.pdf (Accessed: 29 April 2025).

Revenue (2024b) *Supply and installation of solar panels*. Available at: https://www.revenue.ie/en/tax-professionals/tdm/value-added-tax/part03-taxable-transactions-goods-ica-services/Services/solar-panels.pdf (Accessed: 29 Apil 2025).

Revenue (2024c) *Vehicle Registration Tax (VRT) 2023*. Available at: https://www.revenue.ie/en/corporate/documents/research/vrt-report-2023.pdf (Accessed: 1 August 2024).

SEAI (2024) *Electric Vehicle Home Charger Grant | SEAI*. Available at: https://www.seai.ie/grants/electric-vehicle-grants/electric-vehicle-home-charger-grant (Accessed 10 August 2024).

SIMI (2024) *SIMI Motorstats - the complete online vehicle index for Ireland | Stats*. Available at: https://stats.beepbeep.ie (Accessed 10 August 2024).

UK Parliament (2024) *House of Lords - EV strategy: rapid recharge needed - Environment and Climate Change Committee*. Available at: https://publications.parliament.uk/pa/ld5804/ldselect/ldenvcl/51/5106.htm (Accessed: 25 March 2025).

ZEVI (2024) *gov - Zero Emission Vehicles Ireland*. Available at: https://www.gov.ie/en/campaigns/18b95-zero-emission-vehicles-ireland (Accessed: 1 August 2024).