

Impact assessment: taxi plates and taximeter

Identification and supervision of taxis, taxi plates

Economic impact

Corporate effects. Taxi plates would increase public costs, but the costs could be allocated to the customer prices of registration plates. The costs would be borne at least in part by the taxi industry, but some of the costs arising from the new type of plates might also be reflected in the prices of all registration plates. The Finnish Decree on transport-related services provided by the Transport and Communications Agency subject to a fee (1168/2023, the ‘Decree on Fees’) sets the prices for services related to the registration of vehicles, that is to say, determines the customer prices for registration plates. The price should comply with the cost price principle laid down in section 6 of the Act on Criteria for Charges Payable to the State (150/1992). The unit cost per plate has previously been tendered through competitive bidding conducted by the Finnish Transport and Communications Agency for plates, without distinguishing between different types of plates. With this tendering model, each specific feature of the plates (colour, size, etc.) increases the acquisition cost of a plate for the Finnish Transport and Communications Agency, meaning that the costs of individual features are not itemised separately. Taxi plates would require a completely new background colour, and the change would probably increase the acquisition cost of a plate in the next tendering process. It is therefore assumed that the increase in costs would affect all types of plates and, ultimately, the customer prices of all other plates. It is difficult to estimate the change in the price of registration plates in euros before the tendering of registration plates is carried out with the requirements of taxi plates taken into account. The conversion of ordinary number plates into taxi plates would require a change of registration. The owner or holder of the vehicle should have the plates changed at an inspection station authorised to conduct registrations, which would also charge the price for both the plates and the change of registration in accordance with the decree in force. The customer prices also include a service fee paid to the recipient of the registration (in this case, the inspection company) and the costs of the Finnish Transport and Communications Agency. Although the taxi plate requirement would result in new costs for the taxi industry, the Finnish Transport and Communications Agency estimates that the price of individual number plates should not increase significantly compared to the current prices, remaining at a price of a few tens of euros. In addition, applying for and installing plates would increase the administrative burden for taxi companies. The new plates would create an extra task for the contract partners that conduct registrations, which might require them to incur staff training costs before they begin issuing the plates but could also create new business opportunities.

Inspection companies would also have a new task related to inspections, as they would need to verify that any vehicle intended for taxi use is not subject to a prohibition of use. The inspection would largely follow a procedure similar to those used in other cases involving prohibitions of use in vehicle inspections. The prohibition status could be confirmed through the Finnish Transport and Communications Agency’s systems during the inspection. Inspection operators might need to develop their information systems due to the new taxi plates and the related prohibition checks. However, the costs are estimated to be moderate. The customer prices for inspections are determined in a competitive market, and it is not expected that the taxi plate checks would increase inspection prices by more than a negligible amount.

In addition, the taxi plate requirement would make it more difficult to use vehicles other than those owned by licence holders as taxis, which may reduce the viability of taxi companies that rely on a family vehicle, for example. At present, the taxi top light, which identifies a vehicle as a taxi, can often be removed when the vehicle is used for personal trips, allowing a more flexible use of the vehicle, especially for part-time entrepreneurs and drivers. The requirement for taxi plates could influence entrepreneurs to leave the sector if the vehicle is only used as a taxi part of the time and is otherwise used for private purposes. This is because taxi plates could not be removed by the user, meaning that a vehicle used as a taxi would remain visibly marked as a taxi even when not being used for taxi services. It is estimated that the taxi plate requirement would reduce the number of vehicles used as taxis, especially those used only seasonally or during demand peaks. This could also have an impact on the number of taxi journeys driven during demand peaks, for example. Transport licence holders would also need to purchase separate taxi plates for each vehicle used as a taxi, thus increasing the cost and administrative burden for operators of more than one vehicle.

Public finances. From the point of view of public finances, the manufacture of taxi plates and service fees would appear as costs in the budget of the Finnish Transport and Communications Agency, and customer payments would appear as revenues. The costs and revenues would increase in the first year, as it is expected that the registration plates of around 13,000 taxi cars would need to be replaced with taxi plates. After that, the costs and revenues would stabilise, as only the plates of new taxi cars would be replaced with taxi plates each year. The difference between service fees and prices would cover the Agency’s costs in accordance with the cost price principle. Between 2026 and 2027, a cost of approximately EUR 200,000 would be

incurred by the Finnish Transport and Communications Agency for the process and system development required for the taxi plates. The National Police Board might incur similar development costs related to supervision. The authorities would also incur annual maintenance costs related to taxi plates. The development costs would depend on how the supervision is implemented, which would be determined by the competent authorities as part of the implementation of the supervision. The taxi plates are also expected to increase the advisory duties of the authorities, particularly the Finnish Transport and Communications Agency, and the associated costs. Imposing a new traffic penalty fee of EUR 100 could increase state revenue from sanctions, but this increase would only be marginal at best.

If the proposed new obligations reduced the number of taxi entrepreneurs, taxi drivers or vehicles used as taxis, this could also have a negative impact on tax revenue through reducing entrepreneurship, employment or taxi trips. However, it is impossible to estimate the amount of this impact.

Other effects on people and society

Impact on the operations of the authorities. The introduction of the taxi plates would create new official activities related to taxi operations, increase the duties of the Finnish Transport and Communications Agency and the police, and cause significant development costs. Taxi plates could not be issued indiscriminately without compromising their reliability. Ensuring the reliability of taxi plates would require pre-issuance checks when plates are issued to taxi operators. The Finnish Transport and Communications Agency is responsible for vehicle registration activities, including the issuance of vehicle registration numbers, and the production and delivery of registration plates. Registration plates are also delivered through a network of contract partners, and plate-related matters for existing vehicles (i.e. changes of registration numbers and plates) are handled by certain inspection stations authorised to conduct registrations. The contract registration of vehicles is based on the provisions of chapter 25 (Assignment of a public administration task to another operator) of the Transport Services Act. It is important to note that contract registrants assist in official duties and are not allowed to exercise discretion when issuing taxi plates. However, the issuance of taxi plates would only be possible if the statutory conditions are met. The Finnish Transport and Communications Agency should implement these conditions unambiguously in the system used by contract registrants so that the issuance of taxi plates is prevented if the conditions are not met. A similar procedure is used in other changes of registration both in the systems used by contract partners and in the electronic services of the Finnish Transport and Communications Agency. However, these other rules are quite simple compared to those required to ensure the reliability of taxi plates. For example, it is impossible to commission a vehicle through a change of registration if the vehicle is under a prohibition of use due to overdue vehicle taxes. Through advance checks and an information system-based procedure, contract registrants would be prevented from exercising discretion when issuing taxi plates, and they would be able to carry out the task only when the conditions are met. If discretion were required, the contract registrant would transfer the matter to the Finnish Transport and Communications Agency for decision in accordance with section 211(2) of the Transport Services Act. This verification process when issuing taxi plates would require the Finnish Transport and Communications Agency to implement significant new operating processes in information systems and their interfaces, amounting to approximately EUR 200,000, as described above.

In addition, the Finnish Transport and Communications Agency is responsible for training and instructing all the persons authorised to carry out registrations and monitoring compliance with the instructions. These may increase training and advisory tasks for the Agency, especially in the early stages of the changes.

The Finnish Transport and Communications Agency acquires physical registration plates periodically by means of a public tendering procedure. The new taxi plates should be taken into account in the Agency's next tender for the plate supplier in the last half of 2026. A new plate supplier contract should come into effect at the beginning of 2027. A taxi can be a passenger car, van, lorry, tricycle, light quadricycle or heavy quadricycle, and the plate types for these vehicles should also be available as taxi plates once the change comes into effect. This increases the complexity of the tendering and administration of registration plates.

Supervision must also be effective because the circumstances of taxi operators may change during the use of taxi plates, and taxi plates that no longer meet the conditions must be removed from circulation. This task will be new for the Finnish Transport and Communications Agency and especially for the police, which will carry out practical supervision. Supervision will increase the police's duties, but a use prohibition procedure linked to taxi plates may also enhance enforcement and reduce the amount of supervision required in advance. The practical methods of implementing supervision should be assessed between the supervisory authorities to ensure implementation at an appropriate level and within available resources. Initially, police

should be able to verify compliance with the taxi plate requirements during traffic control through a query based on the vehicle registration number.

Impacts on employment. The requirements could reduce the number of part-time entrepreneurs or vehicles used as taxis by entrepreneurs. The effect may be greater with taxi plates, as their acquisition will restrict the use of vehicles for other purposes to a greater extent. This may reduce the operations of entrepreneurs who use their vehicle primarily for purposes other than taxi services, i.e. entrepreneurs who operate as part-time or seasonal taxi drivers, and thereby also decrease the number of taxi rides, especially during demand peaks, if there are fewer vehicles available for taxi services. As the obligation to purchase a plate has been imposed on the licence holder, the impact on taxi drivers is expected to be limited. The requirement for a separate taxi plate could particularly affect companies that mainly operate part-time and thus also have an impact on employment, but it is not possible to estimate the amount of this impact. Once the changes have stabilised, the impact is expected to level out, and the proposed amendments may also improve the reliability and reputation of the taxi industry in the longer term.

Impact on the position of households. For households, the new obligations imposed on transport licence holders and the resulting additional costs could affect the overall price level of taxi services and thereby indirectly impact the financial position of households using taxi services. Additionally, if the proposed amendments were to reduce the number of taxi drivers and entrepreneurs remaining in or entering the industry, this could indirectly have a negative impact on the availability of taxi services when the changes come into effect. However, the impact is expected to stabilise once the changes have been fully implemented. The changes (in particular the taxi plate and the extension of the public register) would also facilitate the identification of taxis, which would increase the possibility for consumers to assess the reliability of a taxi. In addition, a taxi plate issued by the authorities could reduce the number of unlicensed taxis, as it would be easier for both the police and consumers to identify these vehicles in traffic. Reducing the number of unlicensed taxis could also reduce price gouging or other unlawful activities and thus increase consumer confidence.

Impacts on the implementation of fundamental rights. The proposed prohibition of use would adversely affect the protection of taxi transport licence holders' property and their freedom to conduct a business. At the same time it would be necessary to achieve the objective of the regulation, namely better identifiability of taxi vehicles. It is also estimated that the separate taxi plate will reduce the number of unlicensed taxis and increase the efficiency of police supervision, thereby improving consumer protection and traffic safety, as well as safeguarding the freedom of movement provided in section 9 of the Finnish Constitution.

Taximeter and data to be collected

Economic impact

Corporate effects. The proposed taximeter requirement that aims to facilitate the prevention of the shadow economy would have effects on the costs incurred by companies. This would affect existing entrepreneurs and raise the threshold for entering the sector. The obligation to use a taximeter that meets the requirements of the Measuring Instruments Act in all vehicles used for taxi services would incur costs for companies that do not currently have such a taximeter in their vehicles. The exact number of such operators is not known, but according to the Finnish Transport and Communications Agency's conservative estimate, a taximeter is still found in approximately 70 to 80% of taxis. As current legislation requires the use of a taximeter for variable-price journeys under Article 152(2) of the Transport Services Act, it can be estimated that taximeters are still widely used.

The costs resulting from the taximeter obligation depend on both how the company prices its taxi services and what kind of equipment or system the company decides to purchase. The acquisition and installation price of a typical taximeter that meets the requirements of the Measuring Instruments Act, including additional equipment, is approximately EUR 2 000 in total. The leasing prices of the devices are around EUR 80 to 100 per month, depending on the manufacturer. However, many dispatch companies require the use of a specific type of equipment for the rides they dispatch. The platform operators in the taxi sector have not required the use of a taximeter. If a company only offers rides through a platform, the vehicle probably does not have a taximeter, as it is not required by current legislation. The requirement to have a taximeter would therefore mostly affect these companies that only provide pre-booked rides via platforms. According to data from the VATT Institute for Economic Research's Data Room, in 2022, approximately one in three taxi companies had an annual turnover of less than EUR 50,000, and the average annual profit was approximately EUR 5,500. For smaller companies, fixed operating costs also account for a relatively larger share of the

costs. Some operators would incur an additional cost for the taximeter, which would increase the fixed costs of their operations. It is likely that some companies would pass the cost of the taximeter on to consumers, which would increase the price of taxi services. The taximeter requirement would also apply to fixed-price rides, requiring the taxi driver to enter the details of each individual order into the taximeter before the start of the journey. This would take some time, which should be accounted for in the driver's working hours and handling of orders.

It has not been possible to estimate the price level of other types of equipment and systems, but it is estimated that their monthly or one-off cost is significantly lower than that of the taximeter. Requiring a taximeter would also have an impact on the turnover of companies offering such other equipment or systems, as these services would no longer be required in the same way. However, no precise information has been obtained about the market situation or price level of other equipment or systems.

Impacts on public finances. The measures that aim to facilitate the prevention of the shadow economy are intended to prevent tax evasion and thereby increase tax revenue from taxi operations. Since the extent of the shadow economy in the taxi industry has not been quantified, and there is no research data available on the effectiveness of the proposed measures, it has been impossible to estimate the effects of the measures on public finances. However, it is assessed that the proposed measures will reduce the opportunities to under-report revenue, facilitate the field-level supervision of operations and improve the awareness of taxi entrepreneurs of public obligations such as taxes and pensions. The measures can therefore be assessed to increase tax compliance.

However, the manual recording of trips ordered and paid through applications or other types of fixed-price trips involves the risk of misuse when the taximeter is used only as a cash register, and not to determine the price. The purpose of the taximeter is to act as a cash register tool to prevent the shadow economy, in which case data should be transferred automatically from the application to the meter. However, this would require operators to develop system integrations between applications and meters, but the creation of such integrations is voluntary for companies. Without integration, the responsibility for manually recording trips lies with the driver, which means that any discrepancies in the amounts entered into the taximeter will only be revealed in individual tax audits. This may diminish the taximeter's preventive effect on tax evasion. Even then, the deterrent effect would exist if the tax authority conducted a posteriori inspections, making it easier to catch tax evasion. The taximeter stores data in such a way that the tax authority has the possibility to verify the payments made and received, as well as the distance travelled by the vehicle. This enables the use of the data in measures such as assessing potential undeclared income, thereby allowing the taximeter to be seen as a tool for preventing the shadow economy.

Other effects on people and society

Impact on the operations of the authorities. If all vehicles were equipped with a taximeter that collected statutory data for each taxi journey, as well as data such as total kilometres, the collected data would be standardised and facilitate the work of both the Tax Administration and the Finnish Transport and Communications Agency. The use of taximeters could improve and enhance the operations of the Tax Administration. The taximeter stores data in such a way that the tax authority can verify the payments made and received, as well as the distance travelled by the vehicle. This information can be used to assess potential income concealment, for example. The taximeter also collects data other than those specified by law, such as the total kilometres of the vehicle, which is essential information for tax control purposes.

Impacts on employment. The proposal to use a mandatory taximeter is estimated to have a limited impact on employment. Any new obligations and costs imposed on entrepreneurs may affect the number of entrepreneurs on the market if they find that the new costs outweigh the benefits derived from them. The taximeter requirement may particularly affect the number of entrepreneurs who only operate pre-booked rides, often via platform operators, but also via more conventional dispatch companies. For them, the taximeter requirement would represent a new cost, and if an entrepreneur has multiple vehicles in use, a separate taximeter must be purchased for each one. This could reduce the number of such entrepreneurs, as well as that of part-time or seasonal taxi drivers and their vehicles, limiting opportunities to offer work to taxi drivers. At the same time, the new requirement would not affect the costs and employment of taxi entrepreneurs who operate and whose drivers operate largely on a full-time basis in the taxi market, and who already have taximeters.

Impact on the position of households. For households, the new obligation imposed on transport licence holders to acquire a taximeter, along with the resulting additional cost, could affect the overall price level of taxi services and thereby indirectly influence the financial situation of households using these services. Addition-

ally, if the proposed amendments were to reduce the number of taxi drivers and entrepreneurs remaining in or entering the industry, this could indirectly have a negative impact on the availability of taxi services when the changes come into effect, although availability is expected to stabilise once the changes become established. However, the requirement for a taximeter could also have a beneficial effect on consumer confidence in the taxi industry, as the consumer would see a taximeter and either a fixed price or a price calculated by the meter in all taxi vehicles.

Impacts on the implementation of fundamental rights. The proposal to use a taximeter complying with the Measuring Instruments Act has an impact on the protection of property of taxi transport operators guaranteed in section 15 of the Finnish Constitution and on the freedom to conduct a business guaranteed in section 18 of the Constitution. Taxi transport licence holders whose vehicles do not have a taximeter complying with the requirement would have to invest in one. Since the aim of the taximeter is to prevent the shadow economy, there are legitimate reasons for restricting the above-mentioned fundamental rights.