

Draft Act of the Federal Government

Draft Eighth Act amending the Motor Vehicle Tax Act

A. Problem and objective

In the coalition agreement, as a measure to strengthen electromobility in transport, it is agreed to extend the motor vehicle tax exemption for purely electric vehicles until 2035. This will be implemented by extending the (maximum) ten-year tax exemption for purely electric vehicles that are registered for the first time by 31 December 2030 (previously 31 December 2025); however, the tax exemption will be granted until not later than the end of 2035 (instead of 2030, as was previously the case). A purely electric vehicle registered on 31 December 2030 would therefore still be exempt from motor vehicle tax for five years.

B. Solution

The tax exemption in the motor vehicle tax relating to purely electric vehicles registered for the first time by 31 December 2025 or fully converted to electric propulsion is being extended by five years. The amendment to the Act also favours the ownership of such vehicles that are registered for the first time or are fully converted to electric propulsion by 31 December 2030. However, the ten-year tax exemption will be limited until 31 December 2035 at the latest in order to provide an incentive for the early purchase of a purely electric vehicle and to keep vehicle tax revenue as stable as possible.

C. Alternatives

There are no alternatives.

D. Budgetary expenditure without compliance costs

(Increased/reduced tax revenues (–) in millions of euros)

Territorial body	Full annual effect ¹⁾					Financial year				
	2026	2027	2028	2029	2030	2026	2027	2028	2029	2030
Total	- 50	- 110	- 185	- 280	- 380	- 45	- 105	- 180	- 270	- 370
Federal Government	- 50	- 110	- 185	- 280	- 380	- 45	- 105	- 180	- 270	- 370
Federal states	-	-	-	-	-	-	-	-	-	-
Municipalities	-	-	-	-	-	-	-	-	-	-

¹⁾ Effect for a full (assessment) period of 12 months.

Under this Act, the Federal Government (Customs Administration) will incur the one-off expenditure in Section 08 amounting to approximately EUR 1 692 000.

The additional material resources required will be offset financially in Section 08.

E. Compliance costs

E.1 Compliance costs for citizens

Citizens will not incur any compliance costs.

E.2 Compliance costs for businesses

Businesses will not incur any compliance costs.

E.3 Administrative compliance costs

This Act incurs one-off material costs for the Federal Government (customs administration) in the amount of approximately EUR 1 692 000. Of this amount, EUR 884 000 relates to the sending of approximately 1.7 million tax amendment notices and EUR 93 000 to the printing costs and EUR 715 000 to external services for adaptation of the IT procedure for motor vehicle tax.

Seq No.	Article of draft legislation; provision (§§); designation of the requirement	Annual number of cases and unit	Annual cost per case (minutes * labour cost per hour depending on hierarchy level) + operational costs in euros)	Annual compliance costs (in thousands of EUR) or 'minor' (justification)
1	Article 1, § 3d Draft Motor Vehicle Tax Act Extension by five years of the tax exemption for purely electric vehicles.	1 700 506 tax adjustment notices one time in 2026, according to the General Customs Directorate Tax adjustment notices for existing cases before 31 December 2025	Material costs: Printing and sending of tax amendment notices in hard copy by letter. Electronic notification of decisions will not be possible. EUR 1 700 506 * 0.574 = EUR 977 000	Minor, since the decisions will be issued in a fully automated process.

F. Additional costs

There are no other costs to businesses. No impact is anticipated on unit prices or price levels, in particular on consumer price levels.

Draft Act of the Federal Government

Draft Eighth Act amending the Motor Vehicle Tax Act*

of ...

The Federal Parliament has adopted the following Act:

Artikel 1

Amendment to the Motor Vehicle Tax Act

The Motor Vehicle Tax Act 2002 in the version published on 26 September 2002 (Federal Law Gazette I, p. 3818), last amended by Article 1 of the Act of 16 October 2020 (Federal Law Gazette I p. 2184), is amended as follows:

§ 3d is amended as follows:

1. Paragraph 1 is replaced by the following Paragraph 1:

‘(1) The holding of electric vehicles as defined by § 9(2) shall be exempt from tax. The tax exemption is to be granted to motor vehicles that were first registered between 18 May 2011 and 31 December 2030, for a period of ten years, but until no later than 31 December 2035.’

2. In Paragraph 4(2)(1), ‘31 December 2025’ is replaced by ‘31 December 2030’.

Artikel 2

Entry into effect

This Act enters into effect on 1 January 2026.

* Notified in accordance with Directive (EU) 2015/1535 of the European Parliament and of the Council of 9 September 2015 laying down a procedure for the provision of information in the field of technical regulations and of rules on Information Society services OJ L 241, 17.9.2015, p. 1.

Justification

A. General part

I. Objectives and need for regulation

The draft law also provides for the extension of the motor vehicle tax exemption for purely electric vehicles by five years. The tax exemption is to be granted between 18 May 2011 and 31 December 2030 for a period of ten years from the first registration of the motor vehicle, but no later than 31 December 2035. The granting of the tax exemption is intended to contribute to the promotion of electromobility. With increasing market penetration, a longer subsidy period is no longer necessary.

II. Main content of the draft

The tax exemption under § 3d of the Motor Vehicle Tax Act for purely electric vehicles registered for the first time or fully converted to electric propulsion by 31 December 2025 is extended by five years. The amendment to the Act also favours the ownership of such vehicles that are registered for the first time or fully converted to electric propulsion by 31 December 2030. However, the ten-year tax exemption will be limited until 31 December 2035 at the latest in order to provide an incentive for the early purchase of a purely electric vehicle and to keep the vehicle tax revenue as stable as possible.

III. Executive footprint

Interest representatives or mandated third parties have not had any significant influence on the content of this Act.

IV. Alternatives

There are no alternatives.

V. Legislative competence

The Federal Government's legislative competence to amend the Motor Vehicle Tax Act 2002 results from the first alternative under Article 105(2)(2) in conjunction with Article 106(1)(3) of the Basic Law, since the revenue from motor vehicle tax is wholly attributable to the Federal Government.

VI. Compatibility with European Union law and international treaties

The draft Act is compatible with European Union legislation and treaties under international law concluded by the Federal Republic of Germany.

This Decree was notified in accordance with Directive (EU) 2015/1535 of the European Parliament and of the Council of 9 September 2015 laying down a procedure for the provision of information in the field of technical regulations and of rules on Information Society services.

Document name: Zuleitungsexemplar_2108047.docx
Author: Federal Ministry of Finance
As at: 13/10/2025 10:18

VII. Impact of the legislation

1. Legal and administrative simplification

The granting of the exemption for purely electric vehicles in the motor vehicle tax system is automated on the basis of their characteristics specific to each vehicle. There is no change in the authorisation process under transport law.

2. Sustainability aspects

A sustainability assessment has been carried out in accordance with § 44(1)(4) of the Joint Rules of Procedure of the Federal Ministries (GGO). The draft is in line with the guiding principles of the Federal Government on sustainable development as set out in the German Sustainability Strategy, which supports the implementation of the UN 2030 Agenda for Sustainable Development.

The use of purely electric vehicles can contribute to the achievement of CO2 reduction targets in the transport sector. The measure supports, in particular, indicator areas 3.2.a and 3.2.b – Air pollution –, 11.2.a and 11.2.b – Energy consumption in freight and passenger transport – and 13.1.a – Climate protection.

3. Budget expenditure excluding compliance costs

(Increased/reduced tax revenues (–) in millions of euros)

Seq. no.	Measure	Tax type / Territorial body	Full annual effect ¹					Financial year				
			2026	2027	2028	2029	2030	2026	2027	2028	2029	2030
1	<u>§ 3d of the Motor Vehicle Tax Act</u>	Total	- 50	- 110	- 185	- 280	- 380	- 45	- 105	- 180	- 270	- 370
	Extension of tax exemption for purely electric vehicles in the Motor Vehicle Tax Act from 1 January 2026 to 31 December 2030	Motor Vehicle Tax	- 50	- 110	- 185	- 280	- 380	- 45	- 105	- 180	- 270	- 370
		Federal Government	- 50	- 110	- 185	- 280	- 380	- 45	- 105	- 180	- 270	- 370
		Motor Vehicle Tax	- 50	- 110	- 185	- 280	- 380	- 45	- 105	- 180	- 270	- 370
		Federal states	-	-	-	-	-	-	-	-	-	-
		Municipalities	-	-	-	-	-	-	-	-	-	-
	<u>Total financial impact</u>	Total	- 50	- 110	- 185	- 280	- 380	- 45	- 105	- 180	- 270	- 370
		Motor Vehicle Tax	- 50	- 110	- 185	- 280	- 380	- 45	- 105	- 180	- 270	- 370

Document name:
Author:
As at:

Zuleitungsexemplar_2108047.docx
Federal Ministry of Finance
13/10/2025 10:18

Federal Government	- 50	- 110	- 185	- 280	- 380	- 45	- 105	- 180	- 270	- 370
Motor Vehicle Tax	- 50	- 110	- 185	- 280	- 380	- 45	- 105	- 180	- 270	- 370
Federal states	-	-	-	-	-	-	-	-	-	-
Municipalities	-	-	-	-	-	-	-	-	-	-

Note:

¹⁾ Effect for a full (assessment) period of 12 months.

Under this Act, the Federal Government (Customs Administration) will incur one-off expenditure in Section 08 amounting to approximately EUR 1 692 000.

The additional material resources required will be offset financially in Section 08.

	Budget year	Current financial year 2025	[Year 1] of entry into effect	[Year 2]	[Year 3]	[Year 4]
Chapter	Title	in thousands of euros				
0813	Tit. 511 01		93			
	Tit. 511 01		884			
	Tit. 532 01	390	325			
Total		390	1.302			
0816	Tit. 422 01					
	Tit. 511 01					
	Tit. 812 01					
Total		0	0	0	0	0
0811 (customs)	Tit. 634 03					
0811 (Federal IT Service)	Tit. 634 03					
Total		0	0	0	0	0
Total Epl. 08/Budget year		390	1.302			
proportional conversion cost		390	1.302			
proportional ongoing expense						
Sum total				1.692		

Document name: Zuleitungsexemplar_2108047.docx
 Author: Federal Ministry of Finance
 As at: 13/10/2025 10:18

4. Compliance costs

4.1 Compliance costs for citizens

There are no compliance costs for citizens as there is no requirement to apply for the tax exemption. The tax exemption is granted in a fully automated manner following registration of the vehicle once the technical conditions are met.

4.2 Compliance costs for businesses

There are no compliance costs for businesses as there is no requirement to apply for the tax exemption. The tax exemption is granted in a fully automated manner following registration of the vehicle once the technical conditions are met.

Since there are no compliance costs for businesses the one-in-one-out rule is not relevant in the present case.

4.3 Compliance costs for the authorities

This Act incurs one-off material costs for the Federal Government (customs administration) in the amount of approximately EUR 1 692 000. Of this amount, EUR 884 000 is attributable to the dispatch of approximately 1.7 million tax change notices and EUR 93 000 to printing costs in 2026. For external services for adapting the motor vehicle taxation IT procedure, a total of EUR 715 000 will be incurred on a one-off basis, of which EUR 390 000 will be incurred in 2025 and EUR 325 000 in 2026.

Seq. no.	Article of draft legislation; provision (§§); designation of the requirement	Annual number of cases and unit	Annual cost per case (minutes * labour cost per hour depending on hierarchy level) + operational costs in euros)	Annual compliance costs (in thousands of EUR) or 'minor' (justification)
1	Article 1, § 3d Draft Motor Vehicle Tax Act Extension by five years of the tax exemption for purely electric vehicles.	1 700 506 tax adjustment notices one time in 2026, according to the General Customs Directorate Tax adjustment notices for existing cases before 31 December 2025	Material costs: Printing and sending of tax amendment notices in hard copy by letter. Electronic notification of decisions will not be possible. $\text{EUR } 1\,700\,506 * 0.574 = \text{EUR } 977\,000$	Minor, since the decisions will be issued in a fully automated process.

5. Other costs

No other direct costs will be incurred by businesses, including medium-sized enterprises.

Document name: Zuleitungsexemplar_2108047.docx
 Author: Federal Ministry of Finance
 As at: 13/10/2025 10:18

Effects on individual prices and the price level, in particular the consumer price level, are not anticipated.

6. Other legal consequences

The different living situations of men and women do not reveal any effects contrary to the goals of equal treatment policy pursuant to Paragraph 2 of the Joint Rules of Procedure of the Federal Ministries.

The project has no significant impact on the administrative burden on businesses.

The equivalence check of the legislative proposal showed no impact on living conditions, more precisely on the areas of economy, employment, infrastructure, health care, demographic development and cultural and social coexistence.

This project is not suitable for practical testing, as it does not create any further bureaucratic obstacles for the economy.

VIII. Time limit; evaluation

The motor vehicle tax exemption is granted from the date of initial registration of the motor vehicle in the period from 18 May 2011 to 31 December 2030 for a period of ten years from the date of initial registration of the motor vehicle, but no longer than until 31 December 2035. The granting of the tax exemption is intended to contribute to the promotion of electromobility. With increasing market penetration and the gradual achievement of climate protection targets, a longer subsidy period is not necessary.

The proposed regulation is not essential and thus subject to evaluation. The Seventh Act Amending the Motor Vehicle Tax Act also stipulated that, five years after its entry into effect, an evaluation should be carried out to determine whether the basis for assessing motor vehicle tax would continue to be suitable for making a solid contribution to financing federal budget expenditure in accordance with the principle of full cost coverage and for providing incentives for environmentally friendly and climate-friendly mobility. This means that the evaluation of the Motor Vehicle Tax Act 2026 must be carried out.

B. Specific part

Article 1 (Amendment to the Motor Vehicle Tax Act)

Re Subparagraph 1

§ 3d of the Motor Vehicle Tax Act

Paragraph 1

Within the context of technological openness, electromobility is a building block for sustainably reducing the climate and environmental impact of the transport sector. A further increase in the share of purely electric vehicles in the vehicle fleet can lead to a noticeable reduction in CO₂ and pollutant emissions directly from road traffic. In the coalition agreement between the governing parties, it was agreed to extend the tax exemption for purely electric vehicles until 31 December 2035 at the latest. To date, the ten-year tax exemption has applied to purely electric vehicles registered for the first time or fully converted to electric propulsion by 31 December 2025. The amendment to the Act also permits the holding of vehicles registered for the first time until 31 December 2030.

Document name: Zuleitungsexemplar_2108047.docx
Author: Federal Ministry of Finance
As at: 13/10/2025 10:18

However, the ten-year tax exemption will be limited until no later than 31 December 2035 in order to provide an incentive for the early purchase of a purely electric vehicle and to keep vehicle tax revenue as stable as possible. With the successive achievement of the goals of electromobility in the transport sector and the associated further market penetration of purely electric vehicles, a further maintenance of the long-term funding period of purely electric vehicles in the motor vehicle tax is no longer required in the future.

Re Subparagraph 2

§ 3d of the Motor Vehicle Tax Act

Paragraph 4(2)(1)

This is a consequential amendment due to the replacement of Paragraph 1. The extension of the tax exemption for first-approved purely electric vehicles will be transferred to vehicles that have been converted to a purely electric vehicle.

Re Article 2 (Entry into effect)

Under the current legal situation, the tax exemption under § 3d of the Motor Vehicle Tax Act expires on 31 December 2025 for first-approved purely electric vehicles. In order to achieve a seamless extension of the tax exemption, the extension of the tax exemption pursuant to § 3d of the Motor Vehicle Tax Act is to enter into effect on 1 January 2026.