

Norway to reduce electric car incentives

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Norway will reduce incentives to drivers of electric cars, now accounting for almost a quarter of new car registrations

Norway plans to gradually reduce some of the incentives offered to drivers of electric cars, which now account for almost a quarter of the country's new car registrations.

The Scandinavian nation has a raft of incentives for environmentally friendly vehicles including toll-free driving, free public parking, use of [public transport](#) lanes and exemptions from hefty car taxes.

The generous measures have helped make [electric cars](#) highly popular—50,000 have been registered as of April—but they have also come in for criticism because of the state's loss of income.

Bus drivers have also complained of traffic jams in bus lanes, which are intended to speed up public transportation.

Following late-night negotiations Wednesday, the right-wing government and its centre-right allies agreed to maintain the tax exemptions until 2017.

But electric car owners will be required to pay half of the yearly road license fee as of January 2018 and the full rate as of 2020.

The value-added tax (VAT) exemption for electric cars could be replaced by a subsidy of the same amount, which may be subjected to a ceiling that could be reduced as technology develops.

The agreement also gives local authorities the right to decide whether electric cars can park for free and use [public](#) transport lanes.

The agreement has raised doubts about the future of the incentives, especially in and around the capital Oslo which has the highest concentration of electric cars.



Electric cars crowd a bus lane at Høvik during rush hour on August 19, 2014

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