

Tynwald Written Answer

The Hon. Member of the House of Keys (Mr Wannenburgh) to ask the Minister for Infrastructure—

What plans the Treasury is making for electric vehicles to be subject to vehicle excise duty, and how much income from this is projected.

The Minister of Infrastructure (Minister Thomas):

As outlined in its briefing to Tynwald members in September 2022, the Department is considering introducing a vehicle duty of £65 on electric cars. This is subject to the approval of Tynwald.

At this stage, the absolute income from this will be relatively small because of the low number of electric vehicles; however, the Department wishes to establish the principle that these vehicles pay vehicle duty; hence their treatment as a small car.

Next year, it is anticipated that £85,000 will be raised from electric car vehicle duty.

It is worth noting that by 2030 over 10,000 electric vehicles are projected to be on the Isle of Man. On the basis that the Department must raise the same revenue each year in real terms to provide similar services in this area; if one group of drivers pay less, another must pay more. The just transition principle in the Climate Change Act is also relevant. It is perhaps inappropriate for those who are less able to afford an electric car to subsidise the vehicle duty of those who might be more able, especially as it has been suggested that buyer behaviour on a macro level is not strongly influenced by the level of vehicle duty.