

CONFEDERATION  
OF THE EUROPEAN  
BICYCLE INDUSTRY

# THE EU's reform on VAT-Rates A CASE FOR EPACs

EUROPEAN CYCLING SUMMIT  
SALZBURG  
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**Confederation of the European  
Bicycle Industry**  
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Since 1960 Representing the European Bicycle Industry

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**Electric bicycles (Electrically Power Assisted Cycles, EPACs)** present numerous benefits for promoting sustainable mobility and for achieving EU environmental and transport targets

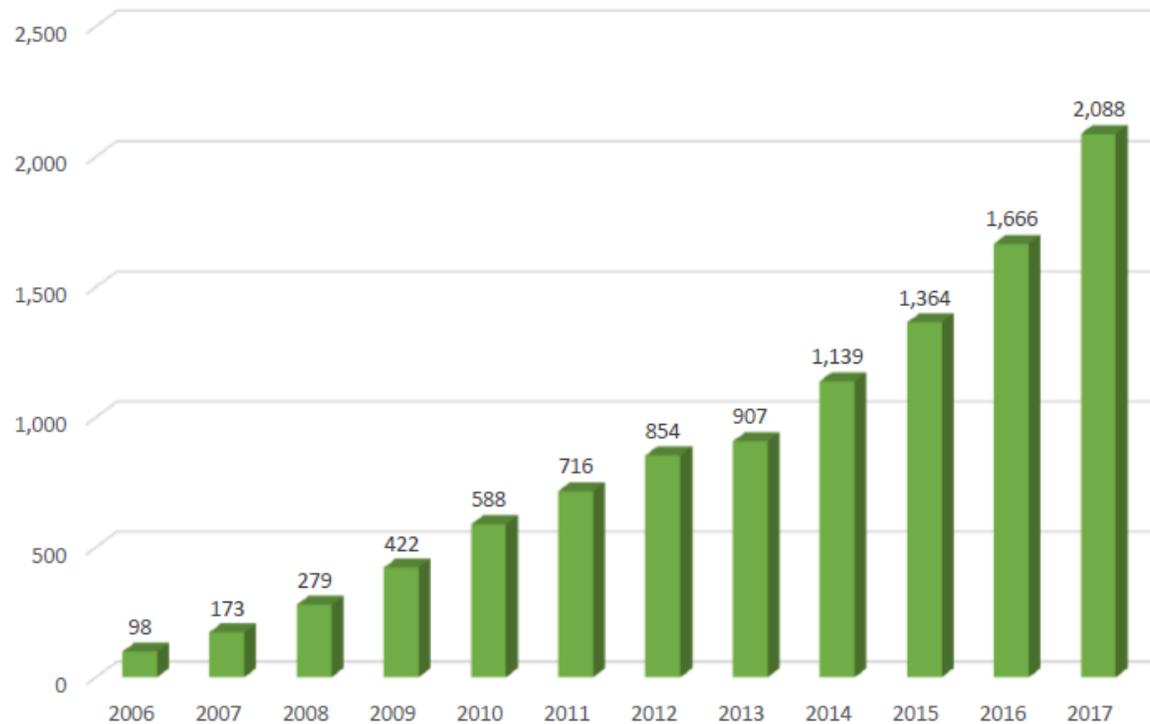
- EPACs allow for longer distances to be cycled with the same level of effort compared to conventional bicycles.
- EPACs and electric cargo-bicycles make it possible to transport heavier goods than conventional bicycles and cargo-bicycles.
- EPACs open up cycling for vulnerable groups (such as the elderly) and for commuters who do not want to transpire too much during their ride to work.

**For all of these reasons, EPACs offer a high potential to replace car trips in Europe.**

**The case of FRANCE:** When France introduced a national purchase incentive scheme for EPACs, **in 61% of the cases, EPAC trips replaced car trips.**

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**EUROPEAN EPAC SALES<sup>10</sup> (EU 28)  
(1,000 units) 2009 – 2017**



These last few years saw the rapid increase of EPAC sales. In 2017, 2 million units were sold in the EU.

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News Article

22 May

## E-Bikes Now Turning into Europe Wide Major Trend

Sales & Trends

**DOETINCHEM, the Netherlands** – It's now perfectly clear. The growth in sales of electric bikes which in particular has taken place in the Netherlands and Germany is being followed-up in all European markets. And especially in the most important West European markets for bicycles. After France showed a remarkable e-bike sales growth in 2017, the same holds true for Italy and the UK. With that electric bikes are turning into a major Europe wide trend.



2017 e-bike market growth stood for Italy at 19% and for UK at about 20%. – Photo Bike Europe

90% plus. But still, the e-bike markets of Italy and the UK scored double-digit growth figures.

Italy's industry association ANCMA has presented its market statistics for 2017 while Bike Europe studied sales in the United Kingdom. The result is that in both countries a strong growth in the sale of electric bicycles has taken place in the past year. **By the way, the increase is not as big as in France** where sales, stimulated through a government subsidy on the purchasing price of an e-bike, recorded a

News Article

14 Aug

## German E-Bike Market Sees Record Growth in 2017

Home

**BERLIN, Germany** – The e-bike market in Germany is growing at record pace. The newest 2017 data from industry association 'Zweirad-Industrie-Verband' (ZIV) clearly underlines that e-bikes nowadays in Germany are, next to a preferred mode of mobility as well as for leisure and sports, also a clean, quiet and space-saving alternative for city logistics.



E-bike sales in Germany increased by a big 19 percent in 2017. However, the volume of the total bicycle market was down 5 percent. – Photo Bike Europe

In 2017, 720,000 e-bikes were sold in Germany. With that total sales increased by a big 19 percent. It makes that currently one in five bikes sold in Germany is an e-bike.

### Market share

The e-bike share in total bicycle sales stands currently at 19 percent. ZIV expects that share to grow further in the next years; in the medium term to 23 – 25 percent, representing a total sale of close to one million units. ZIV's long term expectations

call for e-bikes to grow to a 35 percent market share, or a total of 1,350,000 units. While the weather was relatively good for cycling and with that cycling sales, ZIV also mentions the cars emission scandal and the impending driving bans in cities as a driver for people to turn to bicycles as an ideal means of transport on short and medium distances.

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## ECF Outlines Fiscal Incentives for E-Cycling

Industry- & Retail Organizations

**BRUSSELS, Belgium** – “E-bikes have a greater potential, in addition to the known benefits of cycling, but up until now they were excluded from most of the electromobility strategies on both European and national levels,” commented Holger Haubold, author of the report and European Cyclists’ Federation (ECF) Fiscal and Economic Policy Officer.



*E-bikes are often not included in electromobility strategies on both European and national levels. – Photo ECF*

For this reason, the ECF has published a report called ‘**Electromobility for all: fiscal Incentives for e-cycling**’. “Despite their obvious advantages and cost-effectiveness, e-bikes are still kept out from e-mobility policies. Therefore, we seek to draw the attention of decision-makers at all levels to the potential they offer. We provide key policy recommendations and best practice examples, with the goal of promoting e-cycling throughout Europe,”

adds Holger Haubold.

### Austria as an example

Earlier this month, the French government had announced a 200 euro financial incentive for the purchase of an electric bike after a successful advocacy campaign of the French ECF

## Various Member States are encouraging the uptake of EPACs:

- Member States, such as **Sweden, France, or Austria**, have introduced purchase premiums schemes to increase the market uptake of EPACs
- Similarly, in **Malta**, EPAC purchases are entitled to a 15-25 % refund by the Maltese government in order to encourage the use and uptake of EPACs and bicycles.
- Most recently, the Transport Commission of **the Spanish Parliament** has voted on a motion calling for the introduction of various fiscal incentives for cycling, including purchase premiums for EPACs and reduced VAT rates for both conventional and EPACs
- Even more subsidy schemes exist for **electric cargo bikes**, both for private and for entrepreneurial purposes

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## EPACs and the recent EU's VAT (Value Added Tax) rates system proposal

Supply, hire, maintenance and repair of bicycles, baby carriages and invalid carriages	30.92
	33.17.19
	47.00.65
	47.00.75
	77.21.10
	77.29.19
	95.29.12
Supply of motor cars and other motor vehicles principally designed for the transport of <10 persons, incl. station wagons and racing cars, other than those vehicles with spark-ignition engine only or with compression-ignition internal combustion piston engine (diesel or semi-diesel) only	29.10.24
	45.11.2
	45.11.3

- In its recent proposal for reforming the EU's VAT rates system, Member States will be able to set reduced or even zero VAT rates on a variety of goods
- **Non-motorised bicycles and cars without a combustion engine are included** (see table on left side)
- However, **Member States would be obliged to apply standard VAT rates on EPACs** (classified under CPA code 30.91.13)

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**CONEBI welcomes the proposal since it will allow Member States to apply reduced VAT rates on the sale of bicycles.**

**However, CONEBI encourages the possibility of reduced VAT rates for EPACs too under the reformed VAT regime.**

**For Member States without support schemes, setting reduced or zero VAT rates on EPACs could be a cost-efficient alternative since it does not entail administrative costs.**

The measure would also be cost-efficient:

- ✓ **EPACs sold in 2016 in the EU produced benefits of 4.4 billion EUR in terms of public health and CO2 emissions reduction over the next five years.**
- ✓ Moreover, tax revenues for 2016 would have decreased by only 0.7 billion EUR, if the sales VAT would have been reduced to 0% in all Member States - a small fraction of these benefits.

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## Introducing a flexible VAT rate on EPACs will be beneficial for everyone

CONEBI strongly recommends the Council to consider extending the exemption of bicycles from obligatory standard VAT rates to EPACs as well.

This could be done by adding CPA category 30.91.13 (Motorcycles n.e.c.; side-cars) to row 7 of the Annex of the Proposal. For the future, ECF and CONEBI also recommend to create a specific CPA category for electrically power assisted cycles (EPACs).

(7)	Supply, hire, maintenance and repair of means of transport	29	Supply, hire, maintenance and repair of bicycles, baby carriages and invalid carriages	30.92
		30		33.17.19
		33.15		47.00.65
		33.16		47.00.75
		45		77.21.10
		47.00.81		77.29.19
		77.1		95.29.12
		77.34		29.10.24
		77.35		45.11.2
		77.39.13		45.11.3
			Supply of motor cars and other motor vehicles principally designed for the transport of <10 persons, incl. station wagons and racing cars, other than those vehicles with spark-ignition engine only or with compression-ignition internal combustion piston engine (diesel or semi-diesel) only	<div style="border: 1px solid black; padding: 2px; display: inline-block;">30.91.13</div>

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**Thank you for your kind attention**

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