



ECF gratefully acknowledges financial support from the European Commission.



Why should we pay people to take their bike?

Fiscal and Financial Incentives for Cycling

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Salzburg, 25 September 2018



Today we focus on:

- A. Fiscal Incentives:
 1. Cycling
 2. Public Transport
 3. Motorised Transport
 4. Mode neutral solutions
- B. Financial Incentives for E-Cycling



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**Don't tell me what you value,
show me your budget, and I'll
tell you what you value.**

//

Joe Biden, former U.S. Vice-President

A. Fiscal incentives



A. Fiscal Incentives

Where are we today?



1. Car dominant in commuting
 - **Environment and space problems**
 - **Health problems:** air quality, inactivity



GRÜN
**BMW rät Angestellten zum
Fahrrad statt zum Dienstwagen**



A. Fiscal Incentives

Where are we today?

2. 50% of new cars in the EU = **company cars**

Why? Advantageous fiscal systems

3. Few fiscal incentives for active modes of transport like cycling



Logo of the European Cyclists' Federation (ECF). The logo features a stylized blue and white graphic of a cyclist on the left, followed by the letters 'ECF' in a large, bold, blue sans-serif font. Below this, the text 'EUROPEAN CYCLISTS' FEDERATION' is written in a smaller, blue, sans-serif font.

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ECF recommends: Follow this example!

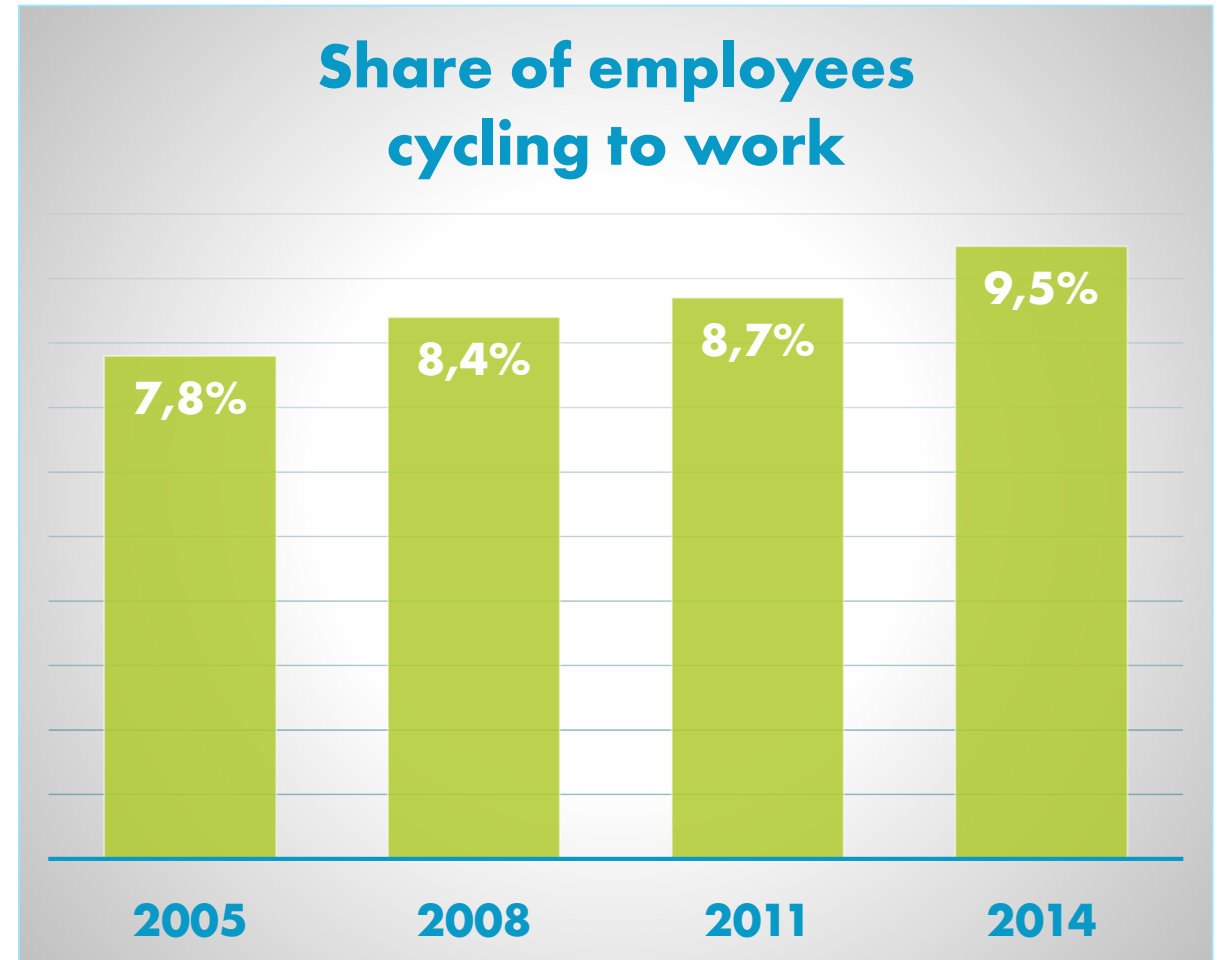
A. Fiscal Incentives

1. Cycling

Best practices: Belgium

Data speaks for itself:

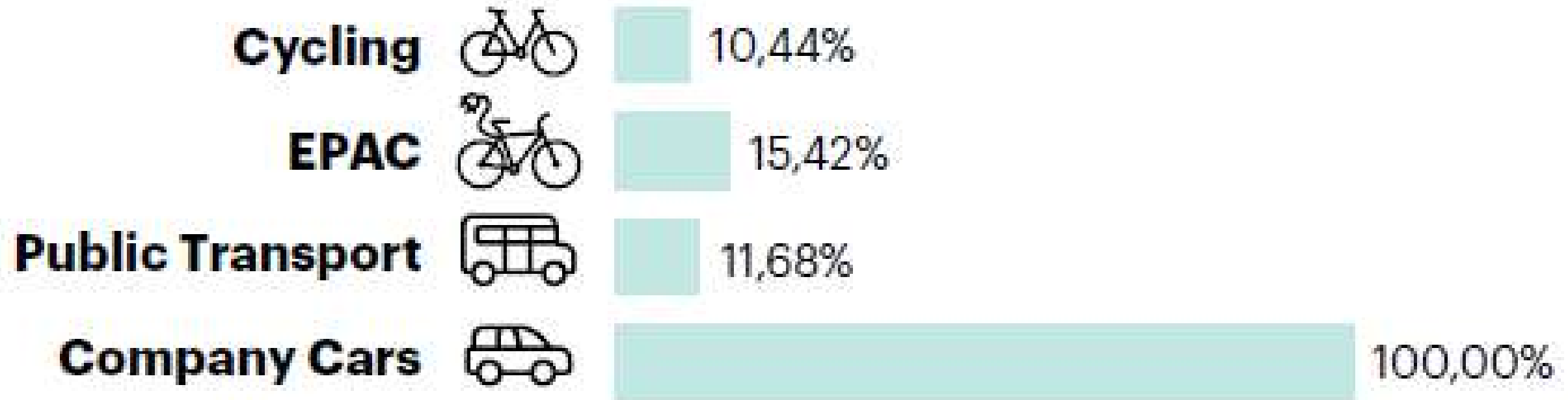
- cycling to work increased **substantially, by 21%** between 2005 and 2014
- **8% of the workforce** received a cycling allowance in 2013
- a company introducing the allowance **can increase cycling to work by 34%**



A. Fiscal Incentives

1. Cycling

Best practices: Belgium – but:



A. Fiscal Incentives

1. Cycling

Best practices: UK Loan Scheme

- **Employers** lend bicycles free of **tax** to their **employees**.
- **Employee** can **buy the bike** at the end of the lending phase.



A. Fiscal Incentives

1. Cycling

Best practices: UK Loan Scheme

- To date: over **600.000 participants**; **growth in participation** since beginning
- **ECF recommends:** Follow this example

Cycle to Work!

Maximise your money with the cycle to work scheme



A. Fiscal Incentives

2. Public Transport

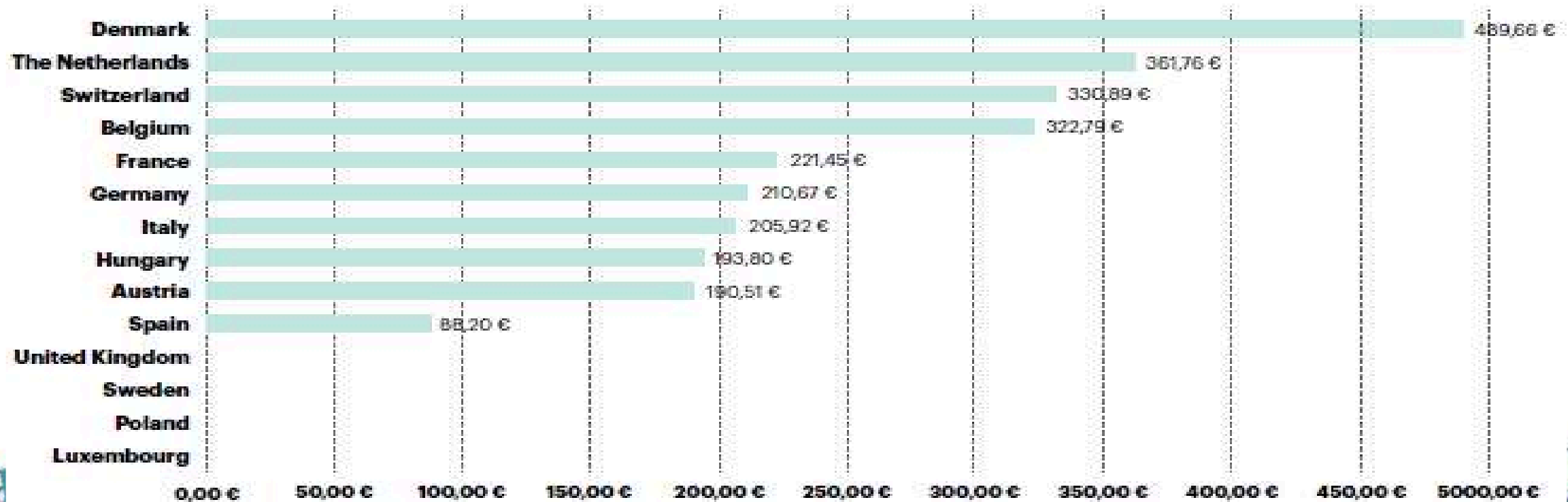
- Possibilities for **tax-free reimbursement** of costs in many countries
- **ECF recommends:** Allow for **combination with fiscal incentives for cycling**



A. Fiscal Incentives

2. Public Transport

Public Transport



A. Fiscal Incentives

3. Motorised Transport

Worst Practice Example: Germany

- **only 12%** of a company car's price subject to income tax, includes possibility to provide **free fuel**
- **60% of company cars** in new registrations
- direct fiscal loss: **23 billion €**



A. Fiscal Incentives

3. Motorised transport

Better examples: UK, The Netherlands, Denmark

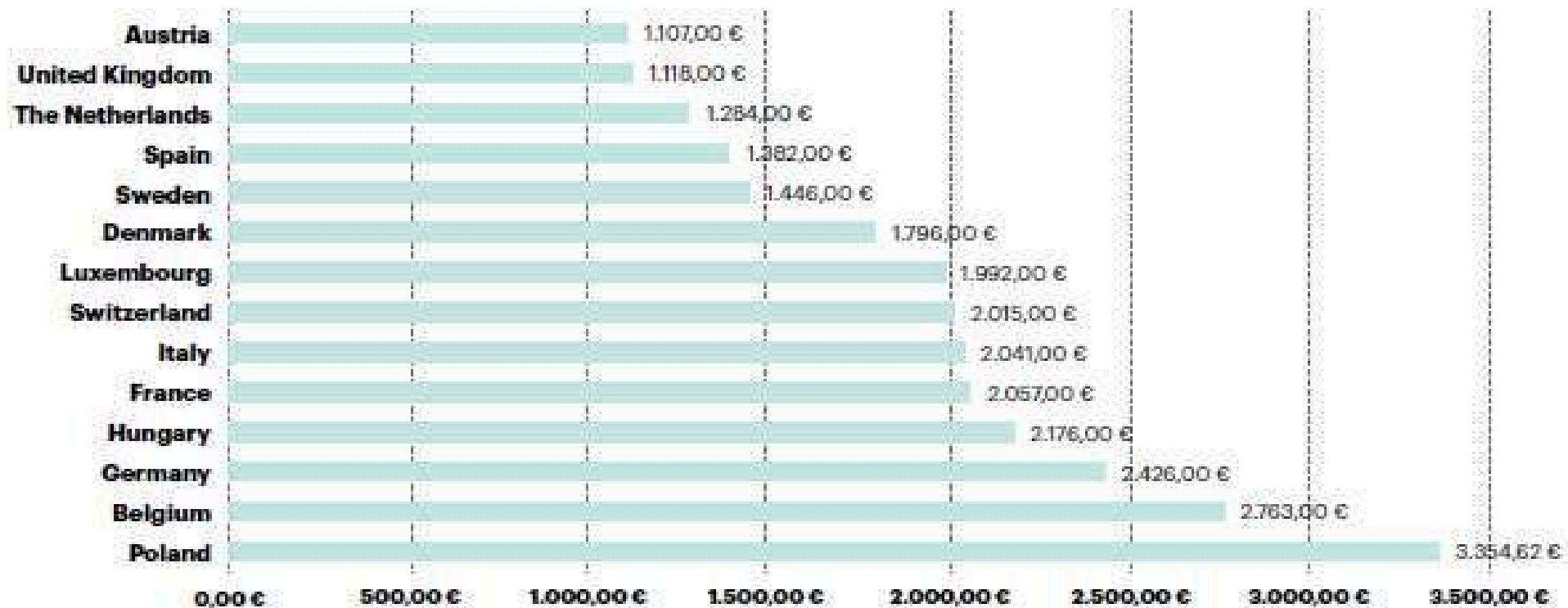
- stricter tax rules (25% of car's price is taxable income)
 - **decrease in company car registrations** & less CO₂ emissions
- **ECF recommends:** yearly taxable benefit company cars at **50% of list price (real value)**



A. Fiscal Incentives

3. Motorised transport

Company Cars



A. Fiscal Incentives

4. Mode-Neutral Solutions

- **„Mobility Budget“**: Tax-free mobility allowance as alternative to company car
- BE pilot project: **clear shift to sustainable commuting**
- **ECF recommends**: Experiment and implement!



A. Fiscal Incentives Recommendations

- **More** fiscal incentives for cycling + sustainable mobility
- **Less** incentives for individual car use, **including fuel subsidies**

→ A cost-efficient and sustainable mobility tax shift is possible.



// When the government thinks about electric vehicles it thinks cars. They cost an enormous amount of money, they don't solve congestion problems, and they need a huge amount of infrastructure for charging, whereas ebikes don't: they just require a three pin socket. //

In: The Guardian, 16 Sep 2017

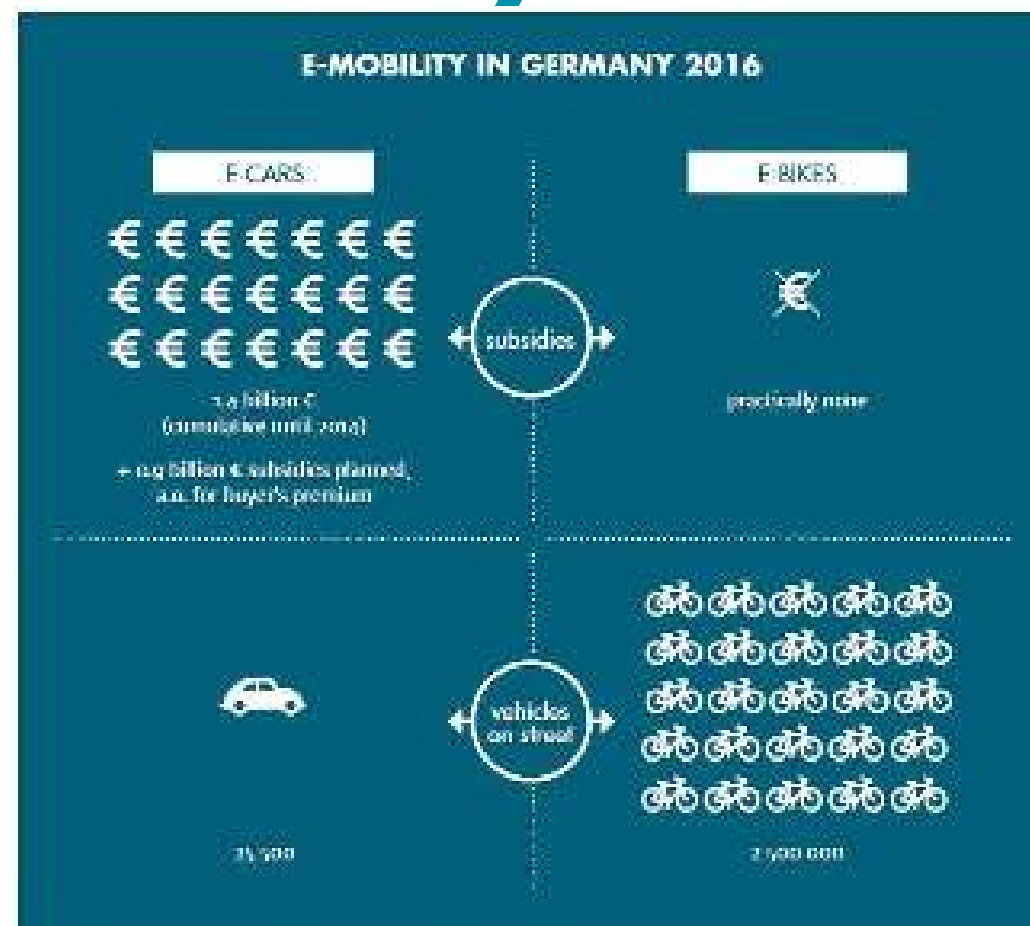
B. Financial Incentives for E-Cycling



B. Financial incentives for e-cycling: Where are we today?

Mismatch in e-mobility funding:

- Money goes to electric cars despite limited benefits
- **small/no budgets for e-bikes** despite **big benefits**



© 2017 - European Cyclists' Federation | Sources: Deutsche Verkehrsmittelbank, Kfz-Statistik, Bundesstatistik



B. Financial Incentives for E-Cycling: Best Practice

Austria

- **Balanced e-mobility** policy
- **Purchase subsidies** during **market uptake**
- **Result:** Today **3rd highest per capita e-bike sales** in EU despite only average cycling levels



B. Financial Incentives for E-Cycling: Recommendations

- **purchase subsidies:**
 - **generalised** in **market uptake** phase
 - **targeted** in **mature markets** (e.g. e-cargo bikes)
- another possibility: reduced or 0% VAT on e-bike sales



B. Financial Incentives for E-Cycling: Recommendations

- **balanced** e-mobility promotion strategies:
 - research funding **for all modes of transport**
 - include **e-cycling infrastructure** (secure parking, charging)



What to do next?

- We need a **fiscal and financial level playing field** between different modes of transport.
- We need **more incentives for bikes** and/or **less for cars and fuel**
- We have some **best practice examples** on track but **far from enough**.

