# Decarbonization of Europe's corporate fleet

**Sandra Wappelhorst and Sonsoles Díaz de Aguilar**

## INTRODUCTION

In March 2025, the European Commission published an *Industrial Action Plan for the European Automotive Sector*[1] highlighting the importance of demand-side measures—such as fiscal incentives—to accelerate the uptake of zero-emission vehicles (ZEVs). The plan emphasizes the important role of corporate fleets in the transition, as they make up around 60% of all new car registrations in Europe.

This policy brief provides an overview of what corporate fleets are and why they matter in the transition to ZEVs. It also surveys the corporate fleets of EU Member States and their composition of battery electric vehicles (BEVs), with a focus on cars specifically.[2] To explore how different national policies impact fleet electrification, this brief examines the cases of Belgium, a best practice example with a high share of battery electric corporate cars, and Germany, the largest passenger car market by new registrations with a medium share of battery electric corporate cars. The paper then outlines policy options that EU policymakers could consider implementing to support a coordinated approach to corporate fleet electrification across Member States.

## THE IMPORTANCE OF CORPORATE FLEET ELECTRIFICATION

In this policy brief, we define a corporate fleet as a group of vehicles that are owned or leased by a legal entity (business or organization) as opposed to an individual. Corporate fleets—which include company fleets, car dealers and manufacturers, and short-term rentals[3]—are a strategic entry point to drive the transition to ZEVs by scaling

1 European Commission, *Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Region: Industrial Action Plan for the European Automotive Sector,* March 5, 2025, https://transport.ec.europa.eu/document/download/89b3143e-09b6-4ae6-a826-932b90ed0816_en?filename=Communication%20-%20Action%20Plan.pdf.

2 While the focus of this policy brief is on corporate cars, corporate fleets also include other vehicle types such as trucks and buses.

3 Sonsoles Díaz de Aguilar and Sandra Wappelhorst, *European Market Monitor: Cars and Vans (July 2025)* (International Council on Clean Transportation, August 2025), https://theicct.org/publication/european-market-monitor-cars-and-vans-july-2025/.

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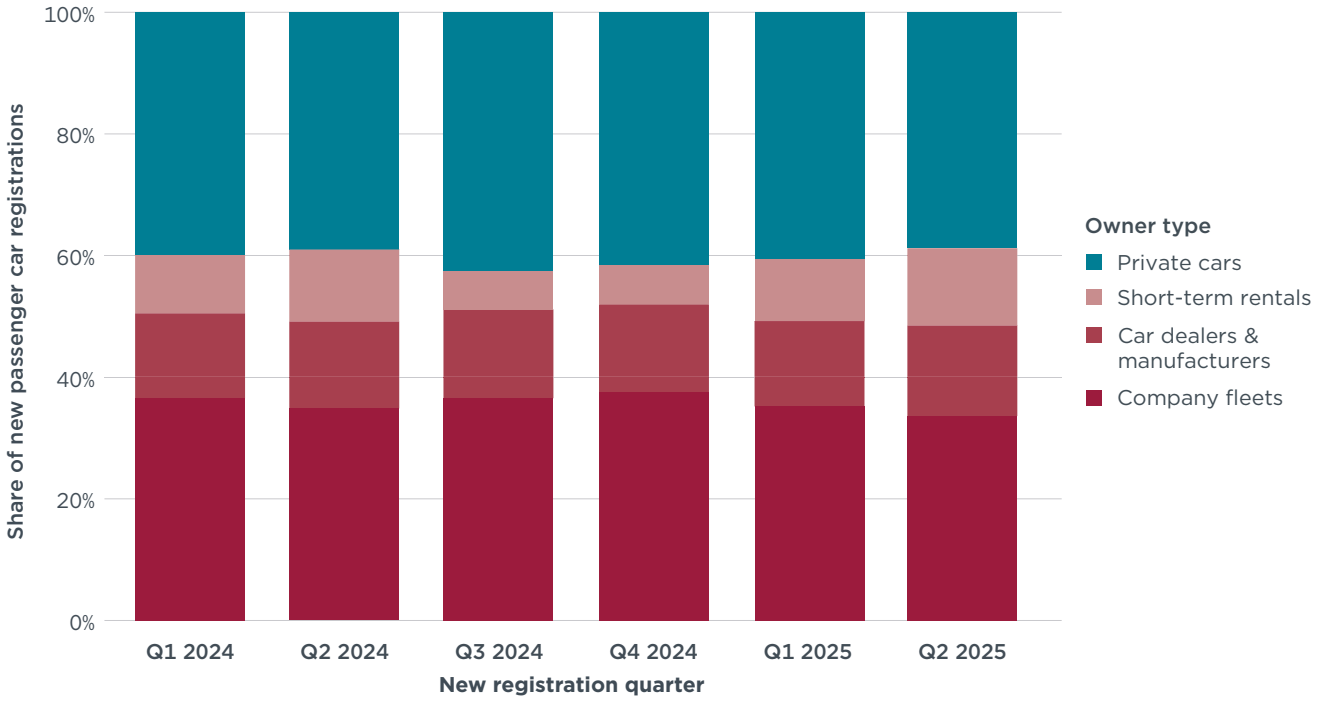
up BEV adoption. As shown in Figure 1, in the second quarter (Q2) of 2025, corporate fleets made up 61% of total new registrations: company fleets 34%, car dealers and manufacturers 15%, and short-term rentals 13% Private car registrations accounted for the remaining 39%. This distribution marked a continuation from Q2 2024, suggesting a trend in corporate fleets' dominance of new car registrations. However, short-term rental registrations fluctuated more than registrations of other fleet types, ranging from 6% in Q3 2024 to 13% in Q2 2025.

**Figure 1**

**New passenger car registrations by owner type for 19 selected European countries**

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Corporate cars, defined here as vehicles registered within any corporate fleet category, typically drive longer distances annually than private vehicles. For example, in the Netherlands in 2023, cars registered by businesses averaged 20,500 km per car, compared with 11,200 km per car registered by private individuals.[4] Meanwhile, the typical replacement cycle also favors faster turnover for corporate cars. For example, in 2024, private buyers of new cars in Germany kept their previous vehicles for about 6.5 years on average.[5] By contrast, corporate cars typically enter the second-hand market after only 2.5 to 3 years.[6] This combination—higher usage and shorter replacement cycles—means that corporate fleets can play a crucial role in accelerating the transition from combustion engine vehicles to BEVs by driving faster fleet renewal and helping scale both the new and second-hand BEV markets. The latter, in turn, improves access to and affordability of BEVs for a wider group of consumers who rely on cars.

4 "Electric Vehicles Overtake Diesel Vehicles among Business Drivers," *Statistics Netherlands,* October 7, 2024, https://www.cbs.nl/en-gb/news/2024/45/electric-vehicles-overtake-diesel-vehicles-among-business-drivers.

5 Deutsche Automobil Treuhand GmbH (DAT), *DAT Report 2025,* 2025, https://www.datgroup.com/fileadmin/at/DAT_Report/2025/DAT-Report-2025-Kurzbericht.pdf.

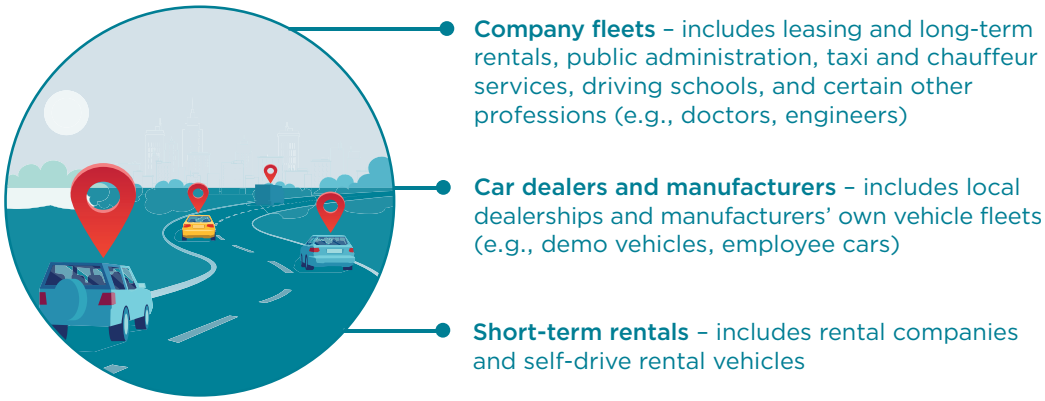
6 Andreas Burger and Wolfgang Bretschneider, *Umweltschädliche Subventionen in Deutschland* [Environmentally Harmful Subsidies in Germany] (Umweltbundesamt, October 2021), https://www.umweltbundesamt.de/publikationen/umweltschaedliche-subventionen-in-deutschland-0.

Moreover, because corporate cars travel significantly more kilometers per year than private vehicles, electrifying them results in disproportionately greater carbon dioxide ($CO_2$) reductions compared with lower-usage private cars, making corporate fleet decarbonization an especially effective strategy for cutting transport emissions.

## DIVERSITY OF THE CORPORATE FLEET MARKET

Corporate fleets are not only highly dynamic due to shorter replacements cycles but also diverse in terms of vehicle use and fleet size. They include vehicles from traditional company fleets, such as leasing and long-term rentals, public administration, and taxi and chauffeur services, as well as vehicles registered by car dealers and manufacturers and those operated by short-term rental companies (Figure 2).[7] Beyond these, corporate fleets also encompass vehicles used in a wide range of mobility and service applications such as taxis, ride-hailing platforms, and carsharing schemes.[8] This diversity means corporate fleets serve a broad spectrum of mobility needs and operate under varying usage patterns and business models, making them a key component of decarbonizing transport.

**Figure 2**
**Corporate fleet categories and selected use cases**




*Note:* Definitions are from Dataforce[9]



## THE CURRENT LANDSCAPE: VARIABILITY ACROSS EU MEMBER STATES

Corporate fleet shares vary significantly across Europe. Among 12 selected EU Member States and the United Kingdom[10]—together representing 91% of total new passenger car registrations in the EU and UK in 2024—Czechia had 75% of new registrations attributed to corporate entities, the highest share (Figure 3). This was followed by Poland, Austria, and Germany with 68% each. By contrast, countries such as Spain, France, Finland, Italy, and Denmark reported much lower corporate fleet shares, all falling below the 13-country average of 59%.

7 Dataforce, *New Vehicle Registrations*, 2025, https://www.dataforce.de/en/new-vehicle-registrations/.

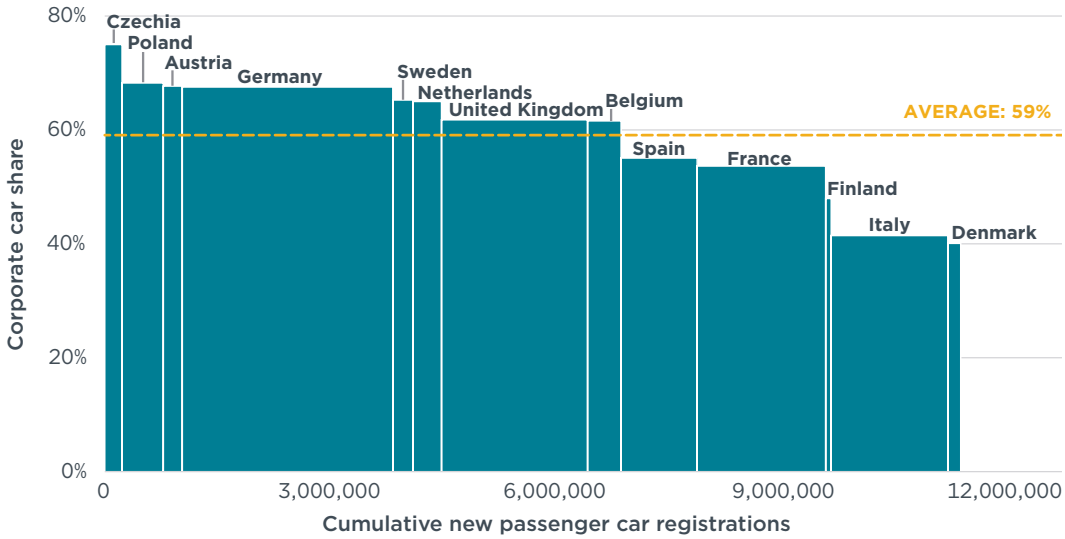
8 European Commission, *Decarbonising Corporate Fleets*, March 2025, https://ec.europa.eu/commission/presscorner/api/files/attachment/880650/Factsheet%20-%20Decarbonising%20%20corporate%20fleets.pdf.

9 Dataforce, *New Vehicle Registrations.*

10 Thirteen countries were selected and analyzed based on publicly available data related to the split between corporate versus private cars among new registrations. In 11 of these countries, publicly available data either directly reported corporate car registrations by fuel type or provided sufficient detail to calculate the corresponding values.

**Figure 3**

**New car registrations by corporate fleets for 13 selected European countries, 2024**




*Note:* Data sources include country-specific data for Austria,[11] Belgium,[12] Czechia,[13] Denmark,[14] Finland,[15] France,[16] Germany,[17] Italy,[18] the Netherlands,[19] Poland,[20] Spain,[21] Sweden,[22] and the United Kingdom.[23]



11 Statistics Austria, "New Car Registrations in 2024 Reached Highest Level Since 2019," press release, January 14, 2025, https://www.statistik.at/fileadmin/announcement/2025/01/20250114KfzNeuzulassungen2024EN.pdf; Statistik Austria, "Fahrzeugzulassungen 2024" [Vehicle Registrations 2024], January 14, 2025, https://www.statistik.at/fileadmin/pages/77/Pressemappe_2024.pdf.

12 Mobia, "Analyse du marché automobile belge en 2024" [Analysis of the Belgian Automobile Market in 2024], press release, January 8, 2025, https://www.febiac.be/sites/default/files/media/file/2025-01/Bilan%202024.pdf.

13 Svaz Dovozků Automobilů, "TISKOVÁ ZPRÁVA Svazu dovozců automobilů k registracím vozidel v ČR 12/2024" [PRESS RELEASE of the Association of Automobile Importers on Vehicle Registrations in the Czech Republic 12/2024], press release, February 5, 2025, https://portal.sda-cia.cz/clanek.php?id=7456&v=m.

14 Statistics Denmark, *New Registrations and Used Cars,* accessed September 30, 2025, https://www.dst.dk/en/Statistik/emner/transport/transportmidler/nyregistrerede-og-brugte-biler.

15 Tilastokeskus, *121d – Autojen ensirekisteröinnit käyttövoiman, käyttötiedon ja haltijan mukaan kuukausittain, 2014M01-2025M06* [121d – First Registrations of Cars by Propulsion, Usage Information and Owner by Month, 2014M01-2025M06], accessed September 30, 2025, https://pxdata.stat.fi/PXWeb/pxweb/fi/StatFin/StatFin__merek/statfin_merek_pxt_121d.px.

16 Ministères Aménagement du Territoire Transition Écologique, *Immatriculations des voitures particulières en 2024 : baisse dans le neuf et léger rebond pour l'occasion* [Passenger Car Registrations in 2024: Drop in New Cars and Slight Rebound in Used Cars], February 24, 2025, https://www.statistiques.developpement-durable.gouv.fr/immatriculations-des-voitures-particulieres-en-2024-baisse-dans-le-neuf-et-leger-rebond-pour#:~:text=Source%20:%20SDES%2C%20RSVERO-,Baisse%20des%20%C3%A9missions%20moyennes%20de%20CO2,thermiques%20dans%20les%20immatriculations%20neuves; Robin Schmidt, "Immatriculations de voitures neuves : particuliers et entreprises dans le rouge en 2024" [New Car Registrations: Individuals and Businesses in the Red in 2024, *Le Journal de l'Automobile*, January 3, 2025, https://journalauto.com/constructeurs/immatriculations-de-voitures-neuves-particuliers-et-entreprises-dans-le-rouge-en-2024/?utm_source=chatgpt.com; Díaz de Aguilar and Wappelhorst, *European Market Monitor.*

17 Kraftfahrt-Bundesamt (KBA), *Neuzulassungen nach Umwelt-Merkmalen (FZ 14)* [New Registrations according to Environmental Characteristics (FZ 14)], accessed September 30, 2025, https://www.kba.de/DE/Statistik/Produktkatalog/produkte/Fahrzeuge/fz14_n_uebersicht.html.

18 Unione Nazionale Rappresentanti Autoveicoli Esteri (UNRAE), *UNRAE Book 2024: Analisi del mercato autoveicoli in Italia* [UNRAE Book 2024: Analysis of the Italian Automotive Market], 2024, https://www.unrae.it/files/Book%20UNRAE%202024_67c96d0dc278c.pdf.

19 Rijksdienst voor Ondernemend Nederland and Revnext, *Trendrapport Nederlandse markt personenauto's Feiten, cijfers en ontwikkelingen Editie 2025* [Trend Report Dutch Passenger Car Market Facts, Figures and Developments: Edition 2025], 2025, https://open.overheid.nl/documenten/e222ef49-9ed4-455c-a144-d9a346125671/file.

20 Polski Związek Przemysłu Motoryzacyjnego (PZPM), *Raport kwartalny PZPM i KPMG „Branża motoryzacyjna" Edycja Q4/2024* [PZPM and KPMG Quarterly Report: "Automotive Industry" Edition, Q4/2024], February 11, 2025, https://www.pzpm.org.pl/pl/Rynek-motoryzacyjny/Roczniki-i-raporty/Raport-kwartalny-PZPM-i-KPMG-Branza-motoryzacyjna-Edycja-Q4-20242.

21 ANFAC, "El 2024 cierra superando el millón de matriculaciones de turismos nuevos" [2024 Closes with More Than One Million New Passenger Car Registrations], press release, January 2, 2025, https://anfac.com/el-2024-cierra-superando-el-millon-de-matriculaciones-de-turismos-nuevos/.

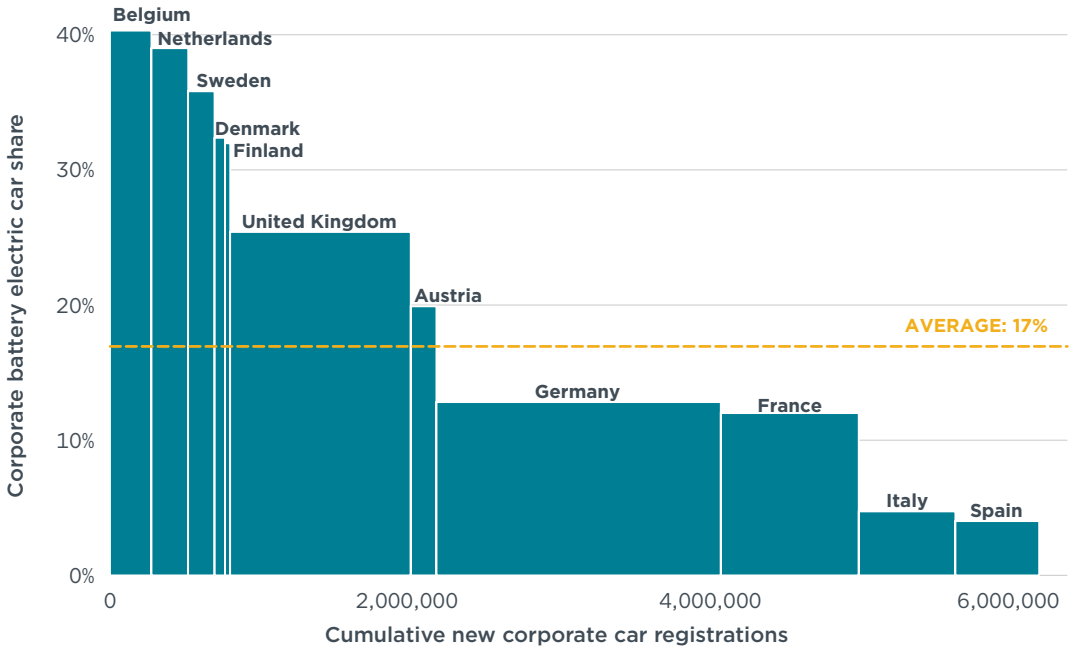
22 Mobility Sweden, *Databas nyregistreringar* [Database New Registrations], accessed September 30, 2025, https://mobilitysweden.se/statistik/databas-nyregistreringar.

23 "Record EV Market Share but Weak Private Demand Frustrates Ambition," *Society of Motor Manufacturers & Traders (SMMT)*, January 6, 2025, https://www.smmt.co.uk/record-ev-market-share-but-weak-private-demand-frustrates-ambition/.

The share of BEVs among new corporate car registrations also showed considerable variation (Figure 4). Among 10 selected EU markets plus the United Kingdom, Belgium had the highest share of BEVs in new corporate car registrations in 2024 with 40%. This was followed by Sweden (36%), Denmark (34%), and Finland (32%). By contrast, major passenger car markets by total new passenger car registrations recorded significantly lower shares of corporate cars: Germany (13%), France (12%), Italy (5%), and Spain (4%).

**Figure 4**

**Share of battery electric cars in new corporate car registrations for 11 selected European countries, 2024**



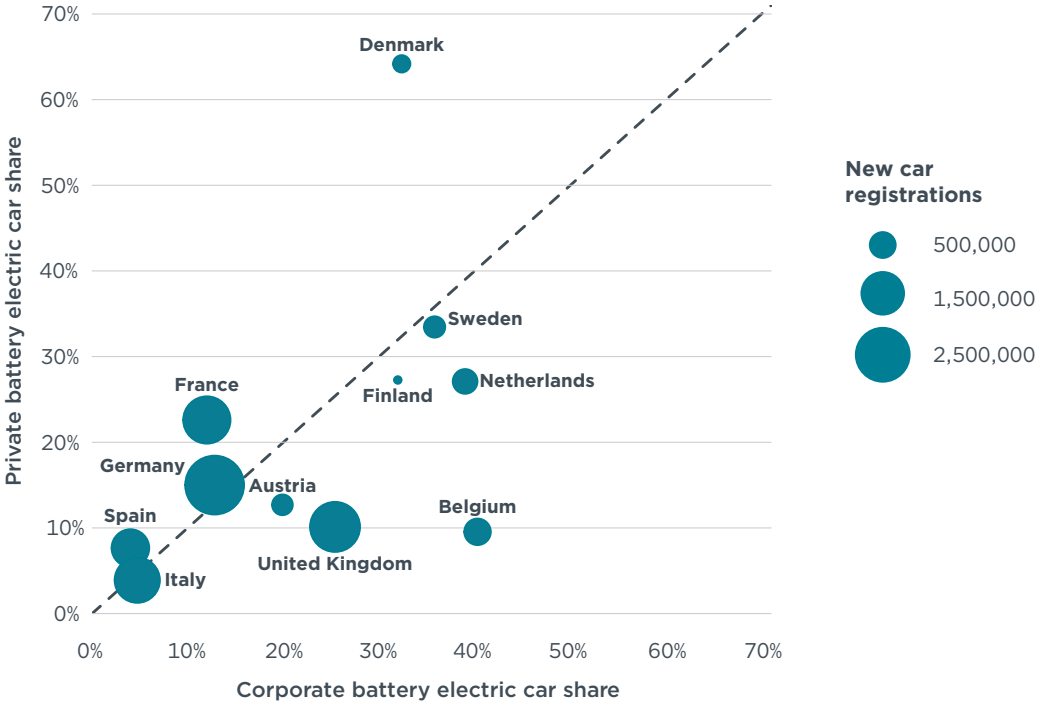

*Note:* Data sources include country-specific data for Austria, Belgium, Denmark, Finland, France, Germany, Italy, the Netherlands, Spain, Sweden, and the United Kingdom.



Comparing BEV registrations between the corporate and private car markets, BEV shares in 2024 were relatively balanced in countries like Italy and Sweden, with a difference of one or two percentage points (Figure 5). However, notable differences emerged elsewhere. In Belgium, the BEV share among corporate registrations was about 30 percentage points higher than among private buyers (40% vs. 10%). Denmark showed the opposite trend: BEVs dominated private new car registrations with a 64% share; still, corporate uptake remained strong, with BEVs accounting for 32% of new registrations.

**Figure 5**

**Share of battery electric cars in new corporate car registrations versus new private car registrations, 2024**




*Note:* Data sources include country-specific data for Austria, Belgium, Denmark, Finland, France, Germany, Italy, the Netherlands, Spain, Sweden, and the United Kingdom.

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## NATIONAL POLICIES ALREADY DRIVING CHANGE

Differences in national policies can have a direct impact on the uptake of BEVs in corporate fleets. The cases of Belgium and Germany help illustrate how national tax policies can influence the costs and benefits of BEVs compared with combustion engine corporate cars and may support the adoption of BEVs in corporate fleets.

### DEVELOPMENT OF BEVS IN CORPORATE FLEETS IN BELGIUM AND GERMANY

Belgium stands out for its fiscal policies favoring battery electric corporate vehicles, while gradually reducing deductions and tax benefits for combustion engine vehicles (see Table 1).[24] These measures helped raise the BEV share in new corporate fleet registrations to 53% in the first half of 2025, compared with 34% in the first half of 2024 (Figure 6).[25] By contrast, Germany had an 18% BEV share in the first half of 2025, only a 7% increase from the first half of 2024 (Figure 7).[26]

24 Sandra Wappelhorst, *Belgium's Tax Incentives Drive Electric Vehicles in Corporate Fleets* (International Council on Clean Transportation, May 2025), https://theicct.org/belgiums-tax-incentives-drive-electric-vehicles-in-corporate-fleets-may25/.

25 Damien Malvetti, "Analyse du marché au premier semestre 2022 par Febiac: le fleet booste l'électrification" [Febiac's H1 2022 Market Analysis: Fleet Drives Electrification], *Link2Fleet*, July 28, 2022, https://www.link2fleet.com/fr/analyse-du-marche-au-premier-semestre-2022-par-febiac-le-fleet-booste-lelectrification/; Febiac, "Analyse du marché des véhicules au 1er semestre 2023" [Analysis of the Vehicle Market in the First Half of 2023], press release, July 11, 2023, http://www.febiac.be/fr/news/analyse-du-marche-des-vehicules-au-1er-semestre-2023; Febiac, "Analyse du marché automobile au 1er semestre 2024" [Analysis of the Automotive Market in the First Half of 2024], press release, July 24, 2024, https://www.febiac.be/sites/default/files/media/file/2024-07/Communique%20de%20presse.pdf; Febiac, "Analyse du marché automobile belge au 1er semestre 2025" [Analysis of the Belgian Automotive Market in the First Half of 2025], July 11, 2025, https://www.febiac.be/en/node/2596.

26 Kraftfahrt-Bundesamt (KBA), "Neuzulassungen Alternative Antriebe" [New Registrations of Alternative Drives], 2025, https://www.kba.de/DE/Statistik/Produktkatalog/produkte/Fahrzeuge/fz28/fz28_gentab.html.

**Figure 6**

**Share of battery electric cars in new corporate car registrations in Belgium since the first half (HY1) of 2022**

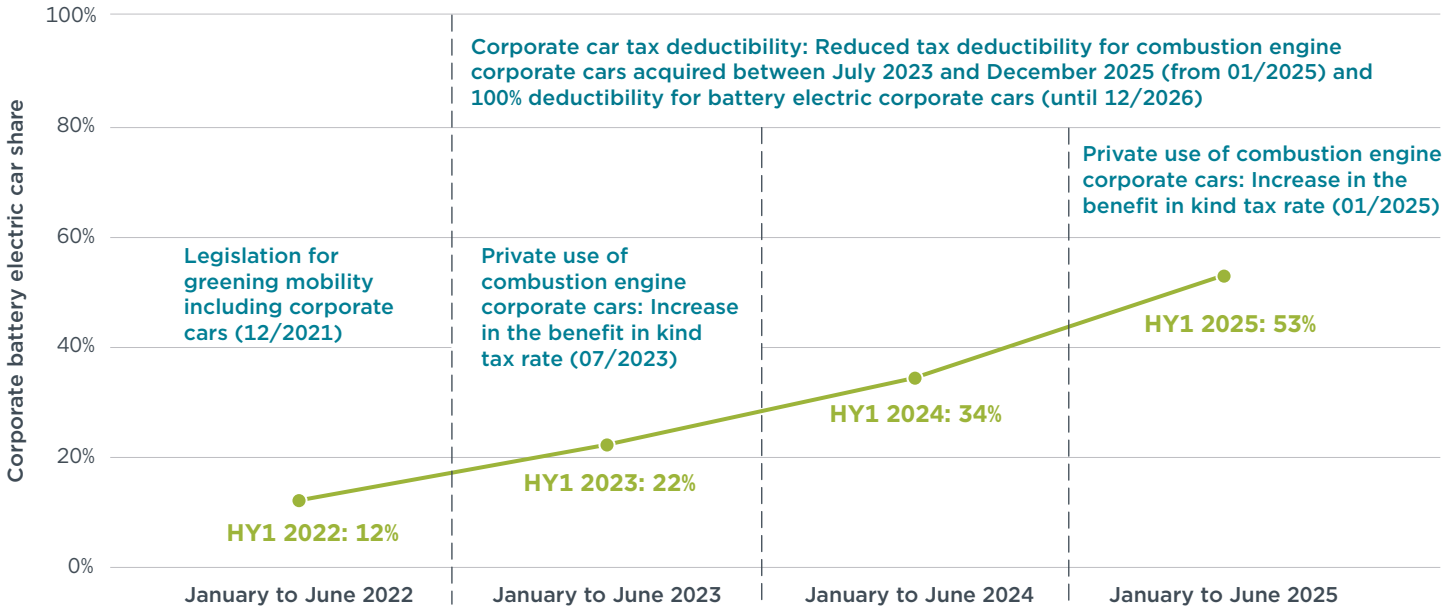


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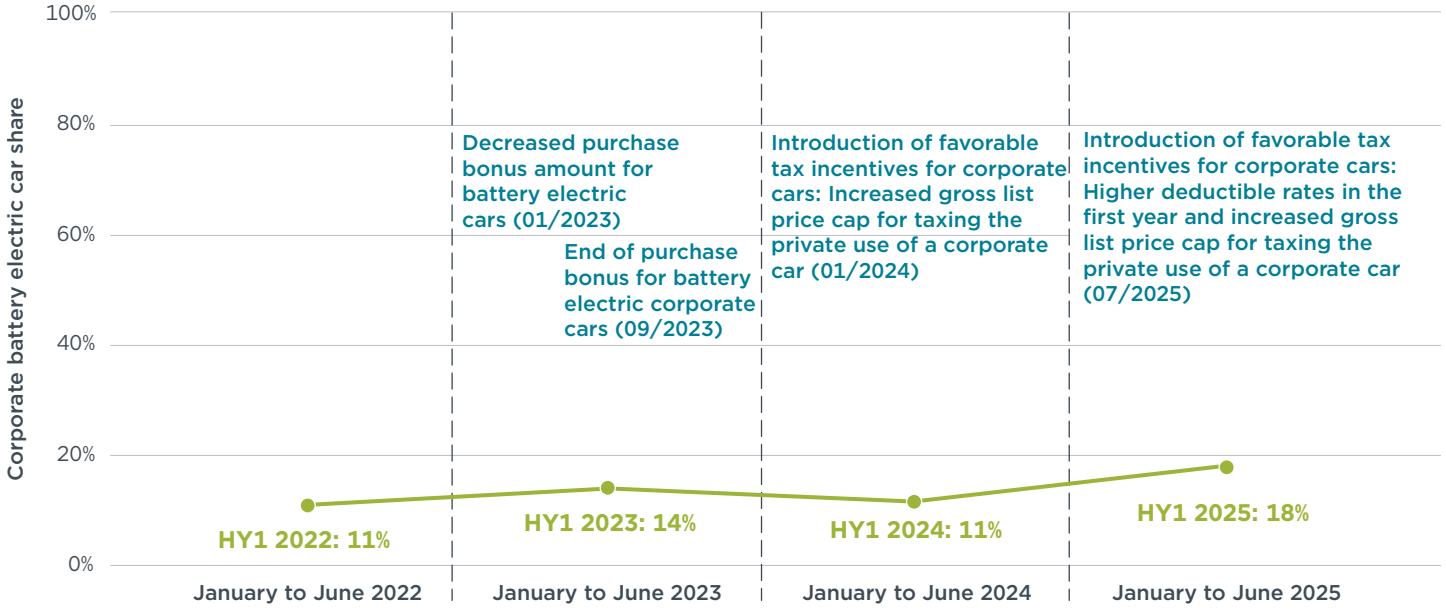
**Figure 7**

**Share of battery electric cars in new corporate car registrations in Germany since the first half of 2022**

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## TAX REGIMES FOR CORPORATE ENTITIES IN BELGIUM AND GERMANY

To illustrate the cost-benefit implications of the tax regimes for BEVs versus gasoline corporate cars in Belgium and Germany, we focus on one key component: tax deductibility from the perspective of a corporation acquiring a corporate car. A corporate car is classified as a fixed asset, that is, an asset that the corporation intends to use on a

long-term basis—not for resale, but to support its business operations over time. This includes vehicles purchased outright or acquired under a finance lease, where the asset is recorded on the corporation's balance sheet.[27]

It is important to note that—although exact figures are typically undocumented—a proportion of corporate cars are made available to employees for private use, which is subject to personal taxation. However, this analysis does not consider tax benefits related to the private use of a corporate car.

Our analysis compares the costs of equivalent battery electric and gasoline models under the tax regimes of Belgium and Germany from July 2025. Before analyzing cost structures, it is important to first understand the fundamental tax deductibility regimes in Belgium and Germany.

In Belgium, company vehicles are typically depreciated on a linear basis over 5 years. That means that the same amount is deducted each year of the depreciation period. Furthermore, Belgium adopted legislation at the end of 2021 aiming to accelerate the shift to ZEVs—specifically BEVs and fuel-cell electric vehicles (FCEVs)—within company fleets.[28] A key feature of this law is the differentiated tax treatment designed to disincentivize the use of combustion engine vehicles and encourage the adoption of BEVs and FCEVs (Table 1).[29] For instance, for combustion engine vehicles purchased, leased, or rented by companies between July 2023 and December 2025, the corporate tax deduction in 2025 ranges from 0% to 75%, depending on the vehicle's emissions performance. By contrast, BEVs and FCEVs benefit from a full 100% deduction.

**Table 1**

**Tax deductibility for corporate cars in Belgium by fuel type (status: August 2025)**

<table>
<tr><th>Fuel type</th><th colspan="3">Diesel, gasoline, PHEV, LPG/CNG vehicle</th><th colspan="6">BEV and FCEV</th></tr>
<tr><th>Date of purchase, lease, or rent</th><th>Until 06/2023</th><th>07/2023–12/2025</th><th>From 2026</th><th>Until 12/2026</th><th>2027</th><th>2028</th><th>2029</th><th>2030</th><th>From 2031</th></tr>
<tr><th colspan="10">Minimum and maximum deductibility (%)</th></tr>
<tr><td>Until 2024</td><td rowspan="8">50%–100%*</td><td>50%–100%*</td><td rowspan="2"></td><td rowspan="8">100%</td><td rowspan="3"></td><td rowspan="4"></td><td rowspan="5"></td><td rowspan="6"></td><td rowspan="7"></td></tr>
<tr><td>2025</td><td>0%–75%</td></tr>
<tr><td>2026</td><td>0%–50%</td><td rowspan="6">0%</td></tr>
<tr><td>2027</td><td>0%–25%</td><td rowspan="5">95%</td></tr>
<tr><td>2028</td><td rowspan="4">0%</td><td rowspan="4">90%</td></tr>
<tr><td>2029</td><td rowspan="3">82.5%</td></tr>
<tr><td>2030</td><td rowspan="2">75%</td></tr>
<tr><td>2031</td><td>67.5%</td></tr>
</table>

PHEV = plug-in hybrid vehicle, LPG = liquefied petroleum gas, CNG = compressed natural gas

27 This classification as a fixed asset is a precondition under German law to benefit from the tax deductions described herein. For Belgium, the same principle is applied. Corporate cars that a corporation either purchases outright or acquires through a long-term lease (called a finance lease) are recorded as fixed assets and eligible for tax deductions through depreciation. Shorter term leases (called operating leases) are not recorded as assets; instead, lease payments are deducted as regular business expenses.

28 Loi organisant le verdissement fiscal et social de la mobilité [Law Organizing the Fiscal and Social Greening of Mobility], November 25, 2021, https://www.ejustice.just.fgov.be/cgi/article_body.pl?language=fr&caller=summary&pub_date=2021-12-03&numac=2021033910%0D%0A.

29 Wappelhorst, *Belgium's Tax Incentives*.

In Germany, companies have several options for depreciating vehicles—on a linear basis, on a degressive (declining balance) basis, or a combination of both, depending on the vehicle's fuel type. The Law for an Immediate Tax-Based Investment Program, adopted in July 2025, reintroduced a 30% degressive depreciation for movable fixed assets, which also applies to combustion engine vehicles.[30] This method enables faster cost recovery in early years and is often combined with linear depreciation later, once it results in a higher annual deduction. BEVs, however, benefit from a separate fixed degressive schedule introduced at the same time: BEVs acquired as new or used from June 30, 2025, onward can be depreciated using a special 6-year method (75%, 10%, 5%, 5%, 3%, 2%). This accelerated depreciation is optional; companies can still use standard linear depreciation for BEVs if preferred. Unlike Belgium, where tax deduction rates vary by vehicle emissions, Germany allows a full 100% deduction for both BEVs and combustion engine vehicles.

Corporate tax rates play an important role in shaping the financial incentives created by these deduction rules. Tax deductions reduce a company's taxable income, and the actual tax savings depend on the corporate tax rate applied. For instance, a higher corporate tax rate increases the tax savings a company receives from the same deduction amount, making policies that encourage BEVs more financially attractive to businesses. For example, a €10,000 tax deduction in a given year would result in €2,500 in corporate tax savings in a country with a 25% corporate tax rate, but only €1,500 in a country with a 15% rate. Thus, the same deduction provides more financial benefit to companies in countries with higher corporate tax rates. Therefore, even if Belgium and Germany were to offer similar deduction percentages, differences in their corporate tax rates can significantly influence how companies weigh the costs and benefits of investing in BEVs versus combustion engine vehicles.

In Belgium, the standard corporate tax rate is 25%. However, small- and medium-sized enterprises (SMEs) may benefit from a reduced rate of 20% on the first €100,000 of taxable profit, subject to conditions such as company size, turnover, and director remuneration. Additionally, since January 1, 2024, a minimum tax rate of 15% applies to multinational companies and large domestic groups with annual turnover exceeding €750 million.[31] In Germany, the corporate tax rate is currently 30%. Under the 2025 investment law, this rate will gradually decrease to 10% by 2032, starting with a 1% annual reduction from 2028.

Germany's planned gradual reduction of the corporate tax rate from 30% to 10% by 2032 is intended to support broader business investment and economic growth. The monetary value of tax deductions, such as those for vehicle depreciation, is directly influenced by the corporate tax rate; as the rate decreases, the immediate tax savings from these deductions also decline. In Belgium, the standard corporate tax rate remains at 25%, maintaining the relative value of tax deductions. However, SMEs in Belgium benefit from a reduced tax rate of 20% on the first €100,000 of taxable profit, which may slightly lower the immediate value of tax deductions for these companies.

## COST COMPARISON OF TAX REGIMES IN BELGIUM AND GERMANY

Returning to cost structures, comparing Belgium's and Germany's tax regimes and their effects on costs can help determine which approach might be best suited to increase the share of BEVs in corporate fleets and if similar fiscal measures could also accelerate

30 Gesetz für ein steuerliches Investitionssofortprogramm zur Stärkung des Wirtschaftsstandorts Deutschland [Law for an Immediate Tax Investment Program to Strengthen Germany as a Business Location], July 18, 2025, https://www.recht.bund.de/bgbl/1/2025/161/VO.

31 PwC, "Belgium: Corporate – Taxes on Corporate Income," July 17, 2025, https://taxsummaries.pwc.com/belgium/corporate/taxes-on-corporate-income.

BEV adoption elsewhere. The comparison is therefore aimed at analyzing the cost difference between the selected gasoline and BEV models within each country.

To conduct a consistent comparison, the following input data are used. We also make a few additional assumptions regarding how costs and deductions are treated in both countries.

- **Vehicle specifications.** For the cost comparison of the tax regimes, we use gasoline vehicle models and BEV models with similar list prices within Belgium and Germany. To ensure a consistent basis for comparison, models from the same brand and similar variants are selected. For the gasoline vehicle, we use the Volkswagen Golf 1.5 TSI. For the BEV (Volkswagen ID.3), we use similar model variants in each country—Pro S in Belgium and Pro in Germany—to align prices as closely as possible. We use average $CO_2$ emissions for the selected gasoline model as listed by Volkswagen.
- **Vehicle prices.** The gross price inclusive of value-added tax (VAT) (21% in Belgium, 19% in Germany) is based on prices by Volkswagen in Germany and Belgium for the model year 2025 (status: July 2025), excluding temporary purchase premiums by the car manufacturers and special equipment. Net price exclusive of VAT is used as the base for tax deductions, which is the typical basis for calculating these deductions in both Belgium and Germany.
- **Depreciation period, depreciation methods, and deduction rates.**
  - While the standard **depreciation period** in Belgium is typically 5 years, we assume a 6-year period in this comparison to align with the common practice in Germany and ensure consistency across both cases.
  - In terms of **depreciation method**, Belgium generally applies a linear depreciation method, resulting in equal annual deductions. For both the gasoline model and the BEV, we apply linear depreciation. In Germany, companies can choose from several depreciation methods depending on the type of vehicle. For this analysis, we compare linear depreciation for both the selected gasoline vehicle and BEV model. In addition, we evaluate the fixed degressive method for the BEV and contrast it with the mixed method—starting with degressive depreciation and switching to linear in the year when linear depreciation yields a higher annual deduction. It is important to note that the mixed method is not permitted for BEVs under the fixed degressive scheme. For gasoline vehicles, while pure degressive depreciation is theoretically possible, it would result in a very long depreciation period, as the asset value never fully reaches zero. The depreciation for the gasoline car is calculated based on the net acquisition price, and for subsequent years, on the remaining book value, which is the book value at the start of the year minus the depreciation amount from the previous year.
  - In terms of **deduction rates**, both BEVs and gasoline vehicles in Germany qualify for a 100% tax deduction. By contrast, in Belgium, BEVs benefit from a 100% deduction, while the selected gasoline vehicle is deductible at 60.6%, based on its $CO_2$ emissions of 125 g/km. This percentage is derived using the Belgian tax formula for gasoline vehicles: *120% - (0.5 × 0.95 × $CO_2$ emissions in g/km)*. Applied to the selected vehicle, the result is: 120% - (0.5 × 0.95 × 125) = 60.6%.
  - In calculating yearly depreciation, it is important to note that, under normal rules, the deductible amount in the first year is proportional to the number of months the asset is held. For instance, if a vehicle is acquired mid-year, typically only half of the annual depreciation would be allowed. Uniquely, under the new rules for BEVs in Germany, the full 75% degressive depreciation rate applies regardless of when during the year the vehicle is purchased, allowing companies to claim the full deduction even for vehicles bought in the second half of the year. For our comparison, we assume the vehicle is purchased on July 1, 2025, and depreciated

over 6 years until June 30, 2031, spanning 7 calendar years due to the mid-year acquisition. An exception applies to the German BEV model, where the fixed degressive method allows a full 75% first-year depreciation, even though the vehicle is acquired halfway through the year.

» **Tax savings for a corporate car purchased July 1, 2025**. For Belgium, we use the standard corporate income tax rate of 25% per year. In Germany, the corporate income tax rate consists of a 15% federal corporate income tax, about 0.8% solidarity surcharge (5.5% of 15%), and about 14%–17% trade tax (depending on municipality); here we assume 30% for the years 2025 to 2027. Since the corporate income tax rate will decrease by one percentage point from 2028, the yearly rates are adapted accordingly.

The analysis focuses on purchase costs and associated tax deductions. Other elements, such as running costs—including electricity or fuel, maintenance, and insurance—and benefit-in-kind taxation for the private use of corporate cars, are not included in this comparison but can further strengthen the financial case for BEVs. Table 2 summarizes the input data and results.

**Table 2**

**Comparative tax deductions in Belgium and Germany for selected vehicle models**

| | Belgium | | Germany | | | |
|---|---|---|---|---|---|---|
| **Vehicle specifications** | | | | | | |
| **Vehicle model** | VW Golf 1.5 TSI | VW ID.3 Pro S | VW Golf 1.5 TSI | VW ID.3 Pro | VW Golf 1.5 TSI | VW ID.3 Pro |
| **Engine type** | Gasoline | Battery electric | Gasoline | Battery electric | Gasoline | Battery electric |
| **Average $CO_2$ emissions** | 125 g/km | 0 g/km | 125 g/km | 0 g/km | 125 g/km | 0 g/km |
| **Vehicle price** | | | | | | |
| **Gross price** | €41,180 | €42,990 | €35,505 | €36,425 | €35,505 | €36,425 |
| **Value-added tax (VAT)** | 21% | 21% | 19% | 19% | 19% | 19% |
| **Net price excl. VAT** | **€34,033** | **€35,529** | **€29,836** | **€30,609** | **€29,836** | **€30,609** |
| **Depreciation period, depreciation methods, and deduction rates** | | | | | | |
| **Depreciation period (method)** | 6 years (linear) | 6 years (linear) | 6 years (linear) | 6 years (linear) | 6 years (mixed degressive-linear) | 6 years (fixed degressive) |
| **Deduction rate** | 60.6% | 100% | 100% | 100% | 100% | 100% |
| **Tax savings for a corporate car purchased July 1, 2025** | | | | | | |
| **Deductible portion of vehicle's net price** | **€20,624** | **€35,529** | **€29,836** | **€30,609** | **€29,836** | **€30,609** |
| **Yearly corporate tax rate** | **25%** | | **30% (2025–2027), 29% (2028), 28% (2029), 27% (2030), 26% (2031)** | | | |
| **Total tax savings over 6 years incl. corporate tax rate** | **€5,156** | **€8,882** | **€8,553** | **€8,775** | **€8.670** | **€9,131** |
| **6-year difference in total tax savings for BEV over gasoline** | **+€3,726 (linear vs. linear depreciation)** | | **+€222 (linear vs. linear depreciation)** | | **+€461 (fixed degressive vs. mixed degressive-linear depreciation** | |
| **First year difference in total tax saving for BEV over gasoline** | **+€311 (linear vs. linear depreciation)** | | **+€19 (linear vs. linear depreciation)** | | **+€5,544 (fixed degressive vs. mixed degressive-linear depreciation** | |

In Belgium and Germany, tax treatment and savings for corporate cars vary significantly depending on the fuel type and depreciation method (Figure 8). In Belgium, both gasoline and BEVs are depreciated linearly over 6 years; however, deductibility rates differ—only 60.6% of the net purchase price is deductible for the selected gasoline VW Golf, compared with 100% for the BEV VW ID.3. This results in a substantial tax saving advantage of over €3,700 for the BEV over 6 years.

By contrast, although Germany allows 100% deductibility for both vehicle types, differences in tax savings arise from the depreciation methods. Under a linear approach over 6 years, the BEV yields slightly higher total tax savings than the gasoline model (€8,775 vs. €8,553), resulting in a marginal benefit of €222. More notably, Germany introduced a new fixed degressive depreciation scheme for BEVs acquired after June 30, 2025, offering a steep 75% first-year deduction. When comparing this with the mixed method for gasoline vehicles—starting with 30% degressive and switching to linear in 2029—the BEV is still ahead, with total tax savings of over €9,131 versus €8,670, a difference of €461. The advantage is particularly pronounced in the first year, when the BEV generates over €5,500 more in tax savings than the gasoline vehicle under these methods.

**Figure 8**
**Tax savings for selected battery electric and gasoline corporate cars**




Overall, while Belgium's advantage for BEVs comes from higher deductibility, Germany's comes from accelerated depreciation options, especially under the new BEV-focused policy.

It is worth noting that the special depreciation allowance (75% in the first year) for battery electric corporate cars was only introduced in Germany in July 2025. Therefore, the 18% share of BEVs in corporate fleets reported for the first half of 2025 does not yet reflect the potential impact of this measure. The effect of the special depreciation allowance may become more visible in the second half of the year, as companies begin to adjust their procurement strategies accordingly.

Yet, the special depreciation allowance for BEVs applies only to purchases (and capitalized finance leases), excluding operating leases and rentals. By contrast, Belgium's tax deduction framework applies regardless of whether vehicles are purchased, leased, or rented, making BEVs potentially more accessible—particularly given that many companies in Germany tend to lease their vehicles rather than purchase them outright.

## PATHWAYS FOR AN EU-LEVEL CORPORATE FLEET DECARBONIZATION INITIATIVE

The comparison between Belgium and Germany highlights how national policy frameworks can influence the decarbonization of corporate fleets and the shift to ZEVs by encouraging the adoption of BEVs. In Belgium, fiscal policy under the current tax regime favors BEVs, which are 100% deductible, while combustion engine vehicles like the VW Golf only receive partial deductibility. Germany, by contrast, offers full deductibility for all vehicle types but has differing depreciation rules, introducing a new fixed degressive scheme that allows BEVs to be written off more rapidly, especially in the first year. While both systems offer incentives for electrification, they use very different tools.

This raises a broader question: How can the EU support a more coordinated transition to zero-emission corporate fleets? As of April 2025, 19 out of the 27 EU Member States have taken independent steps to implement some form of tax benefits and incentives for battery electric corporate cars.[32] However, the current patchwork of national approaches might create inconsistencies and inefficiencies, for example, for businesses operating across borders. To support a faster transition, the EU could consider several policy options to promote harmonized and ambitious corporate fleet decarbonization across the EU (Table 3). These options range from non-binding instruments such as best practice sharing and guidance on policy design, including incentives and taxation, to binding measures with either flexible or uniform targets.

As illustrated by the cost analysis comparing Belgium and Germany, differences in corporate tax rates significantly affect the financial incentives companies face when investing in BEVs. Tax policy—including corporate and income taxation—remains largely under the control of national governments,[33] and the EU has only limited authority, primarily concerning indirect taxes such as VAT and excise duties. Any harmonization of direct taxes (e.g., corporate tax) requires unanimous agreement among Member States. Therefore, while the EU cannot mandate national fiscal incentives such as corporate tax deductions without unanimous approval—because taxation remains primarily a national competence—it can facilitate coordination, provide funding incentives, and set overarching climate targets to encourage alignment across countries.

The table below outlines some potential instruments that can be leveraged at the EU level to accelerate the decarbonization of corporate fleets, categorized by their level of enforceability.

32 European Automotive Manufacturers' Association (ACEA), *Tax Benefits and Incentives: Electric Cars; 27 EU Member States*, 2025, https://www.acea.auto/files/Electric-cars-Tax-benefits-purchase-incentives-2025_v2.pdf.

33 Vasiliki Papouliakou and Jost Angerer, *General Tax Policy* (European Parliament, April 2025), https://www.europarl.europa.eu/factsheets/en/sheet/92/general-tax-policy.

**Table 3**

**Selected EU policy options to accelerate corporate fleet decarbonization**

| Initiative | Legal strength | Targets | Description | Examples |
|---|---|---|---|---|
| **Best practice sharing** | Non-binding | Voluntary learning and knowledge exchange | • Facilitates the exchange of effective national policies and implementation strategies among Member States as part of EU-hosted workshops, expert groups, and knowledge-sharing platforms.<br>• Helps identify what works and promotes peer learning without enforcing alignment. | Dialogue on cutting transport emissions in corporate fleets[34] |
| **EU guidelines** | Non-binding | None or indicative targets | • Provides non-binding EU-level guidance or recommendations on key design features of national policies, such as incentive schemes or corporate car taxation.<br>• Encourages policy convergence while respecting national autonomy. | Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions: Decarbonise Corporate Fleets[35] |
| **EU directive – hybrid model with national implementation** | Binding framework with flexible implementation | Differentiated targets for new ZEV registration shares in corporate fleets | • Requires Member States to achieve minimum ZEV shares targets in new corporate vehicle registrations but allows them flexibility in how these are implemented nationally.<br>• Enables contextualized approaches based on local market readiness, economic capacity, and infrastructure. | Clean Vehicles Directive[36]: Mandates minimum shares of clean cars, vans, trucks, and buses in public procurement across a Member State |
| **EU regulation – differentiated targets** | Binding and directly applicable EU law | Tailored targets per Member State for new ZEV registration shares in corporate fleets | • Binding EU regulation setting differentiated ZEV shares targets in new corporate vehicle registrations based on country-specific indicators such as GDP per capita (economic capacity), BEV market share (market readiness), charging infrastructure density, and corporate car share.<br>• Promotes fair yet ambitious fleet decarbonization. | Alternative Fuels Infrastructure Regulation[37]: Mandates a number of national targets for the deployment of alternative fuels infrastructure in the EU for road vehicles, vessels, and stationary aircraft |
| **EU regulation – uniform targets** | Binding and directly applicable; strongest legal instrument | Single mandatory EU-wide target for new ZEV registration shares in corporate fleets | • Enacts a uniform EU-wide requirement for Member States to ensure a specific share (e.g., 100%) of new corporate vehicle registrations are zero-emission.<br>• Provides strong legal certainty and market signals, ensuring a consistent pace of fleet decarbonization across the EU. | $CO_2$ emission standards for cars and vans[38]: Requires car manufacturers to reach 100% ZEVs in new registrations by 2035, indirectly shaping fleet offerings and corporate uptake |

34 Directorate-General for Mobility and Transport, *Commissioner Tzitzikostas Hosts Dialogues on Cutting Transport Emissions* (European Commission, July 17, 2025), https://transport.ec.europa.eu/news-events/news/commissioner-tzitzikostas-hosts-dialogues-cutting-transport-emissions-2025-07-17_en.

35 European Commission, *Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions: Decarbonise Corporate Fleets*, March 5, 2025, https://transport.ec.europa.eu/document/download/1498648c-63fc-4715-975d-ccbc64703da5_en?filename=Communication%20-%20Decarbonising%20corporate%20fleets.pdf.

36 Directive (EU) 2019/1161 of the European Parliament and of the Council of 20 June 2019 Amending Directive 2009/33/EC on the Promotion of Clean and Energy-efficient Road Transport Vehicles, OJ L 188,116–130 (June 20, 2019), https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:32019L1161.

37 Regulation (EU) 2023/1804 of the European Parliament and of the Council of 13 September 2023 on the Deployment of Alternative Fuels Infrastructure, and Repealing Directive 2014/94/EU, OJ L 234, 1–47 (September 13, 2023), https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:32023R1804.

38 Regulation (EU) 2025/1214 of the European Parliament and of the Council of 17 June 2025 Amending Regulation (EU) 2019/631 to Include an Additional Flexibility as regards the Calculation of Manufacturers' Compliance with CO2 Emission Performance Standards for New Passenger Cars and New Light Commercial Vehicles for the Calendar Years 2025 to 2027, OJ L, 19.6.2025, https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=OJ:L_202501214.

## CONCLUSION

Corporate fleets are central to Europe's shift to ZEVs. Compared with private vehicles in the EU, they account for a larger share of new car registrations, have a quicker vehicle turnover, and drive more kilometers—making them key to accelerating BEV uptake and strengthening the second-hand BEV market.

National policies—especially tax incentives—already influence fleet electrification. For example, Belgium uses differentiated deductibility, while Germany offers accelerated depreciation. Our cost comparison of similar gasoline and BEV models in the two countries demonstrates that the monetary benefit of tax deductibility in Belgium is higher than in Germany. This illustrates how different national policy tools support ZEV adoption in corporate fleets.

However, the policy landscape is fragmented across the EU. While some countries have a high share of ZEV registrations in new corporate vehicles, inconsistent incentives in other markets could slow overall progress. More coordinated EU action could help accelerate the transition to ZEVs in corporate fleets across Member States. Options range from sharing best practices and issuing guidance to adopting binding targets for fleet electrification.

An EU initiative that sets clear targets while allowing for country-level adaptations could support existing efforts, minimize policy fragmentation, and accelerate corporate fleet decarbonization—helping Europe to meet its climate and industrial goals.

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