

## Electric vehicle policy brazil

According to the Brazilian Association of Electric Vehicles, Brazil will have a fleet of 11 million battery electric cars in circulation in 2040, a volume that will represent 55% of sales of brand-new vehicles in the country - in 2022, the share of the electric battery was only 0.4% of total registrations.

This study explores the total cost of ownership (TCO) and green premium of electric vehicles (EVs), including plug-in hybrid electric vehicles (PHEVs), hybrid electric vehicles (HEVs), battery electric vehicles (BEVs), and conventional vehicles, focusing on top-selling models in Brazil. A roadmap is devised to ease EV integration into the ...

Brazil will end a tax exemption for importing electric vehicles, gradually raising the duty to 35% over three years, Industry Ministry official Uallace Moreira told Reuters on Friday.

The Brazilian government is set to announce significant changes to the import tariffs for electric and hybrid vehicles later this year. This long-awaited policy shift aims to stimulate national production of electrified vehicles and reduce the dependency on imported cars.

The Brazilian government is set to announce significant changes to the import tariffs for electric and hybrid vehicles later this year. This long-awaited policy shift aims to stimulate national production of electrified vehicles and reduce the dependency on imported cars. By implementing a quota system, the government intends to balance the entry of imported vehicles while fostering local manufacturing.

At present, electric vehicles, including imports, are exempt from the IPI (Tax on Industrialized Products). Hybrid vehicles enjoy reduced taxation based on their energy efficiency. However, this exemption has cost the Brazilian public coffers approximately R\$ 1.2 billion, mainly benefiting high-end electric and hybrid vehicle consumers. To address this, the government plans to introduce a progressive taxation policy, which could be effective from December this year.

The new policy will introduce a quota system for importing electric and hybrid vehicles. The exact details of these quotas--whether they will be by brand or model--remain to be clarified. The aim is to gradually increase the IPI rate up to a ceiling of 35% and to reduce import quotas year by year until their elimination in 2026.

For example, in the first year, if the quota is set at 5,000 vehicles with a 10% IPI rate, a brand can import up to 5,000 vehicles without incurring the tax. Any additional units beyond this quota will be taxed at 10%. In subsequent years, the quotas will decrease, and the IPI rates will increase, following a similar logic. Notably, domestically produced electric and hybrid vehicles will be exempt from these quotas and rates.

This policy change is expected to significantly impact the automotive market in Brazil. Currently, only a few

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companies, such as BYD, GWM, Stellantis, and Toyota, have plans to produce electrified vehicles locally starting in 2024. Other major brands like GM and Volkswagen are expected to commence local production from 2026 or 2027. The increased taxation on imported electric vehicles may temporarily boost the sales of gasoline or ethanol-powered vehicles, leading to a higher volume of automotive parts imports.

The Brazilian government's new policy on electric vehicle taxation marks a significant shift towards encouraging local production. While it poses challenges for importers, it also offers opportunities for growth within the domestic market. Stay informed and prepared with CATTS" expert guidance, ensuring your business remains compliant and competitive.

As of 2021, 7% of new cars sold in Brazil were electric;

As of October 2022, the Brazilian government does not charge any import taxes on electric vehicles;

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