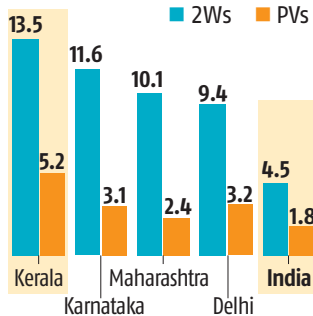


Kerala to draw more tax from ₹15 lakh+ EVs to charge up revenue



LEADING THE PACK

FY24 EV penetration (%)



Source: BNP Paribas

SHINE JACOB

Chennai, 7 February

The Kerala government on Friday announced to hike road taxes for private electric vehicles (EVs) priced above ₹15 lakh in its bid to capitalise on the state's EV boom, a move which industry players believe may dampen EV sales and its rapid penetration. Kerala tops the country in EV penetration.

The lifetime road tax on EVs costing above ₹15 lakh was raised to 8 per cent of the vehicle's price, from the current 5 per cent.

While those EVs priced at ₹20 lakh and above will be taxed at 10 per cent. The government also introduced a 10

per cent tax on electric cars with a battery renting facility, irrespective of the cost of the vehicle.

The announcement was made in the state Budget tabled by Finance Minister KN Balagopal in the Assembly on Friday.

The government also increased land tax by 50 per cent, which is expected to bring an additional income of ₹100 crore to the state.

The Budget also proposed a 50 per cent hike in taxes for motorcycles, three-wheelers, and other private vehicles older than 15 years, in a move to regulate the use of older vehicles.

When asked about this, a source from JSW MG Motor India said its disruptive 'Battery as a Service' model

for the Windsor does not fall under the definition of battery renting facilities.

Through this tax hike, the state government is expecting an additional revenue of ₹30 crore.

"This is not a positive move when the entire country is trying to increase the penetration of EVs, and the consumers in Kerala were leading this transition," said an industry body leader, who preferred to remain anonymous.

The measures on the tax front are expected to generate an additional revenue of ₹366 crore for the state.

The last full Budget of the state

government is estimating a revenue expenditure of ₹1.79 trillion and a revenue receipt of ₹1.52 trillion, resulting in a revenue deficit of ₹27,125 crore.

The EV tax initiative is considered by the industry as a step backward, as a report by BNP Paribas indicates that Kerala is leading in terms of electric car penetration at a rate of 6.4 per cent, versus Delhi and West Bengal at 6 per cent each.

In terms of overall electric passenger vehicle penetration too, Kerala was leading at 5.2 per cent in 2023-2024 (FY24).

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EV SALES SURGE IN JANUARY ON RENEWED SUBSIDY PUSH

HERO MOTO PRICES MAY RISE ON NEW NORMS

In 2Ws, Kerala's penetration rate of EVs was at 13.5% in FY24

In two-wheelers too, Kerala's penetration rate of EVs was at 13.5 per cent, followed by Karnataka at 11.5 per cent, and Maharashtra at 10.1 per cent.

"I am not sure about the logic behind this move by the government, when Kerala was marching ahead in terms of developing the entire EV ecosystem," said another industry source.

"The state is ready for take-off. Financial constraints have not affected development. The growth rate of the state economy has touched 10.5 per cent. The revenue deficit could be brought down," Balagopal said.

