

JUNE 2024

Unveiling Europe's corporate car problem

How the EU can unlock the potential of company fleets



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BRIEFING - JUNE 2024

Summary

Corporate cars: biggest market and source of emissions

In the EU, six out of ten new car registrations are corporate. Because of the size of this car segment, corporate cars are ideally positioned to accelerate greenhouse gas emission savings and lead the transition to zero-emission vehicles (ZEVs). They typically drive twice as much as private cars, meaning they emit much more CO₂. Given their shorter ownership period, corporate vehicles enter the second-hand market after a few years only, at a lower price - meaning they are a source of affordable electric cars for households.



THE GIANT THAT KEEPS GROWING

6 out of 10 new registrations are corporate cars
(in 2015 this was 5 out of 10)



BIGGEST SOURCE OF NEW CAR EMISSIONS

Because they drive twice as many km than private cars, they account for 74% of total new car CO₂ emissions

Corporate cars: leading on pollution, lagging on electric

Despite benefiting from advantageous tax exemptions, corporate cars are not doing their fair share in greening Europe's transport sector. For the third consecutive year companies have a lower ZEV uptake compared to the private market. Our analysis also shows that there are large disparities between countries, creating a market distortion: in the block's largest markets (representing 73% of all new ZEVs), corporates are lagging behind private households. Only in the smaller markets are companies doing their fair share.

Apart from going slow on electric, corporate fleets are more polluting. The corporate market has higher average CO₂ emissions, registers double as many large SUVs compared to private buyers and more plug-in hybrid (PHEVs) cars. The latter are fake electric cars, with real-world emissions three times higher than their official values.



NOT LEADING BY EXAMPLE ON ELECTRIFICATION

Corporate ZEV uptake lags behind private households for the third year in a row (14.1% vs. 15.6%)



IN LOVE WITH GAS GUZZLERS

The percentage of corporate registrations exceeding 180g CO₂/km is double as high as private cars (6% vs. 3%)



DRIVING THE BIG SUV TREND

Companies register more than twice as many large SUVs as private households (12% vs. 5%)



"LEADERS" ON FAKE ZERO-EMISSION CARS

77% of all new PHEVs registered in 2023 were in the corporate channel (PHEV uptake corporate 10.3% vs. 4.5% private households)

The industrial opportunity: accelerating corporate fleet electrification would benefit European carmakers

If the EU wants to remain competitive in the global green technology race, it needs to come forward with a comprehensive industrial policy for greening the automotive sector. Given the size of this market, accelerating the electrification of corporate fleets would strongly increase demand for ZEVs and as such de-risk investments and increase predictability for the automotive, battery and component manufacturing industry in Europe.

EU carmakers would benefit most from this: our analysis shows they sell more cars to the corporate segment than their non-EU competitors. Moreover, when looking at their ZEV sales, corporate car buyers have a higher tendency to buy EU cars compared to the private market.



LARGEST MARKET FOR MOST EUROPEAN CARMAKERS

Close to 65% of cars produced by European carmakers are allocated to the corporate market (more than their non-EU competitors)



COMPANIES HAVE A HIGHER TENDENCY TO BUY EUROPEAN ELECTRIC CARS

76% of zero-emission corporate cars are from European brands compared to 65% for private households

Policy recommendations: how the next European Commission and member states can unlock the potential of the corporate cars market

In order to overcome this corporate car problem and untap the full environmental and industrial potential of corporate fleets, T&E is calling for the following measures:

- In the context of the current public consultation on Greening Corporate Fleets, the new European Commission should propose a **Corporate Fleets Regulation** setting binding ZEV targets for large fleets (as of 100 cars) and leasing companies (100% new registrations by 2030), within the first 100 days of its mandate.
- This Regulation should include a **made-in-Europe clause**, promoting domestic manufacturing.
- This Regulation can be proposed as a **replacement of the Clean Vehicles Directive** of which the targets - due to the 2030 CO₂ emission targets for carmakers - have become obsolete. Therefore the Commission needs to bring forward the review of the Clean Vehicles Directive (planned for 2027).
- National governments should **reform corporate car taxation**, incentivising the uptake of zero-emission vehicles by increasing the tax burden on diesel, petrol and plug-in hybrid vehicles to further increase the total tax differential between fossil fuel and zero-emission vehicles.

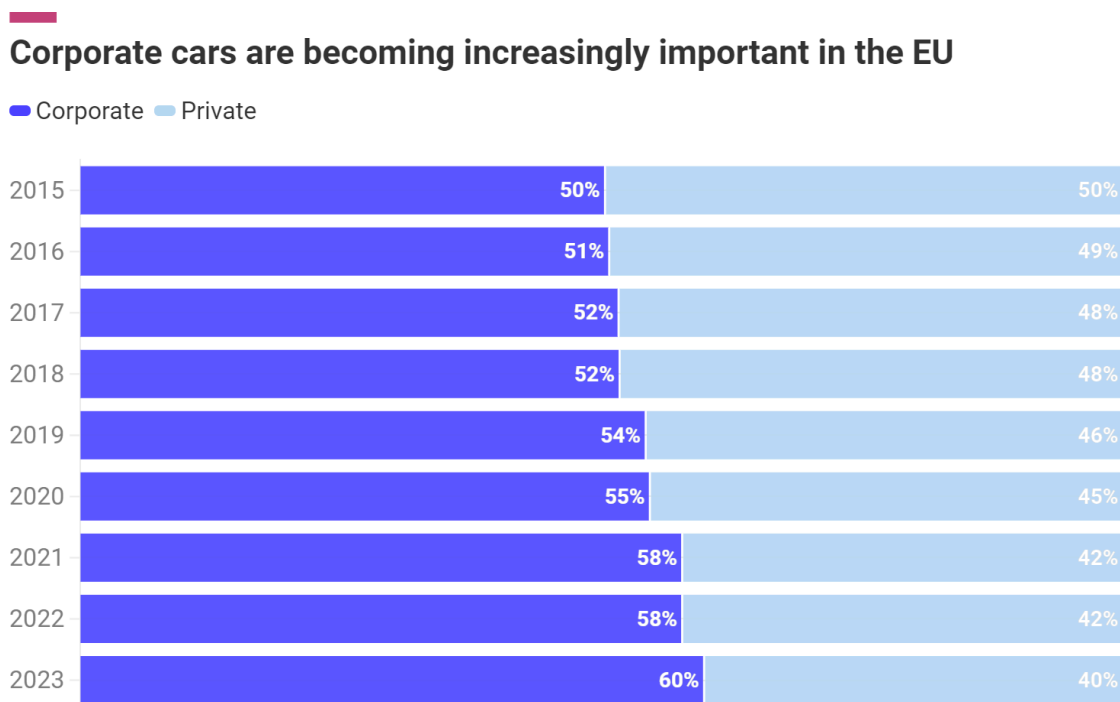
1. Why are corporate cars important?

In the EU, 6 out of 10 new car registrations are corporate. Because of its size, the corporate car market plays a key role in achieving the goal of the European Green Deal to reduce net greenhouse gas emissions by at least 55% by 2030 and set Europe on a pathway towards climate-neutrality by 2050.¹ Given their financial resources, companies should emerge as leaders in driving the transition towards zero-emission vehicles (ZEV) and reducing emissions in the EU transport sector. This will not only support carmakers complying with their binding CO₂ targets but also serves as a lever to achieve the goals of the EU Net Zero Industry Act (NZIA)² and the recent Letta report³ i.e. increase European production of zero-emission vehicles and have the EU emerging as a green technology leader.

Corporate cars are ideally positioned to accelerate greenhouse gas emission savings and lead the transition to ZEVs. They typically drive twice as much as private cars which means they emit much more CO₂. Moreover they benefit from generous tax incentives and have the financial resources to carry the higher upfront costs of electric cars. Finally corporate cars also have a shorter ownership period, providing a higher turnover of vehicles onto the second-hand market which facilitates the access of electric vehicles to the less affluent used car buyers.

1.1. The giant that keeps growing

Corporate car sales have grown rapidly in the last years, indicating a shift in car ownership dynamics. The share of corporate cars in new registrations has increased from 50% to 60% since 2015 (*Figure 1*), while private car registrations have shown a corresponding decline.



Source: T&E calculations based on Dataforce (2024)



Figure 1. Corporate and private share of new registrations

¹ European Commission. Fit for 55 - The European Green Deal. [Link](#)

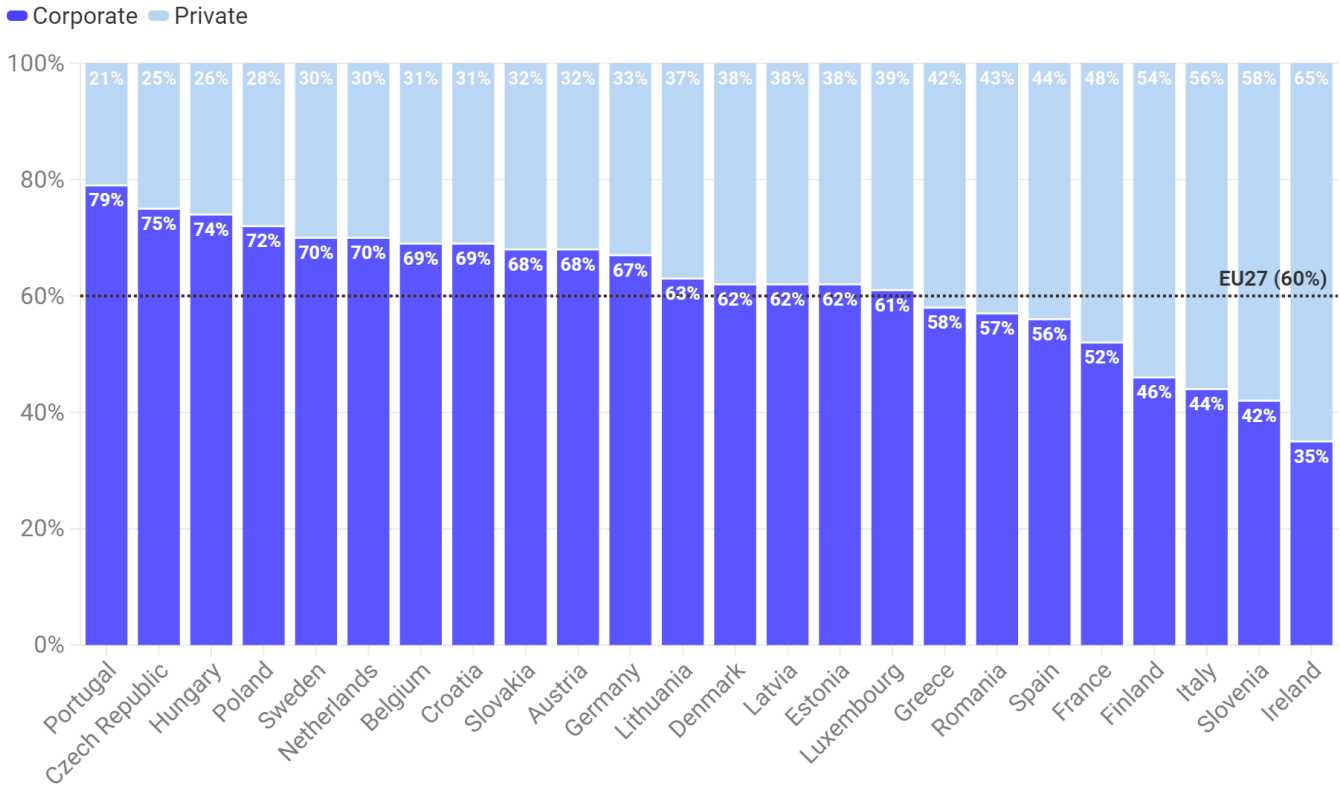
² European Commission (2023). The Net Zero Industry Act. [Link](#).

³ Enrico Letta (2024). Much more than a market. Empowering the Single Market. [Link](#)



In most of the EU countries, the majority of new car registrations happen in the corporate segment, showing the strong influence of this market. Portugal has the highest share of corporate registrations (i.e.79% of new cars). In Germany, the largest car market in the EU (i.e. 30% of total sales in the bloc), corporate cars make up 67% of new registrations. This high proportion across the EU underlines the key role that companies play in shaping national car markets by determining the new market stock entering the used car market, since corporate cars are typically only driven for the first three years of a car's lifetime.

In almost all EU countries, more corporate than private cars are registered



Source: T&E calculations based on Dataforce (2024). New passenger car registrations 2023.



Figure 2. Corporate share of new registrations by country in 2023

The role of leasing in new car sales

Purchasing a car outright is no longer the norm in Europe. Today, most new cars are acquired through a leasing company. There are two main ownership models:

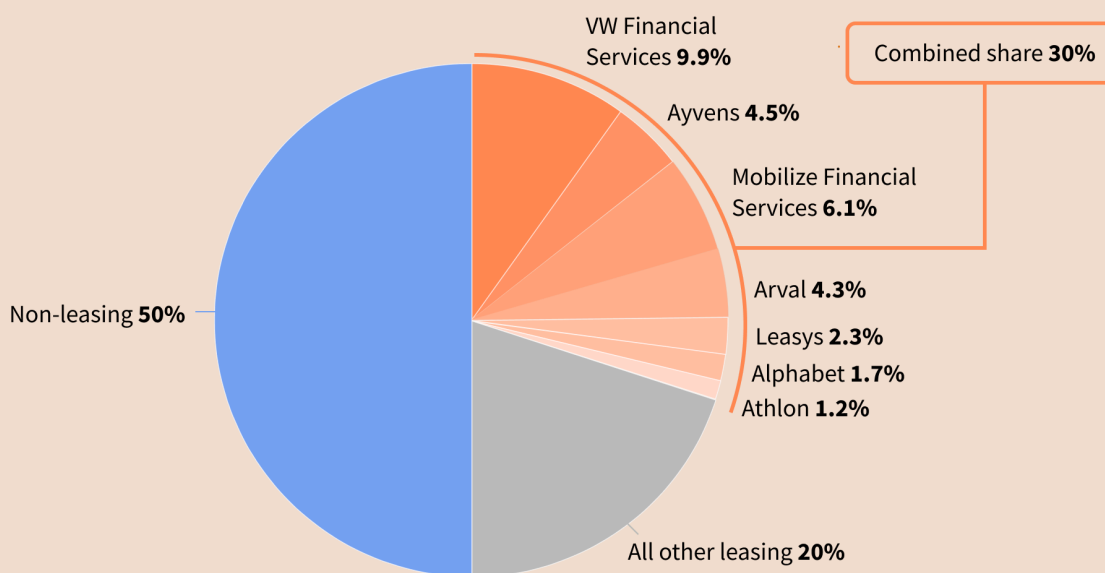
1. The leasing company owns the car and leases it at a monthly rate typically ranging from one to four years (i.e. **operational leasing**). At the end of the lease term, the lessee returns the vehicle to the leasing company without any further obligations, providing flexibility and avoiding the risks associated with vehicle ownership.
2. The leasing company sells the car on loan through a monthly payment plan where the lessee obtains the use of the vehicle by making fixed monthly payments over a predetermined period (i.e. **financial leasing**). At the end of the lease term, the lessee has the option to purchase the car at a predetermined price or return it to the lessor.



The rapidly growing leasing sector now commands a 50% market share for new car purchases⁴ and is forecasted to reach nearly 70% by 2030.⁵ In the corporate market this share is even more important, where leasing accounts for 65% of corporate registrations in France, while in the Netherlands it accounts for 71%.⁶

While there are over 1,200 leasing companies in the EU⁷ a small number dominate the sector in terms of car volumes. The seven largest leasing companies - Volkswagen Financial Services, Mobilize Financial Services, Ayvens, Arval, Leasys, Alphabet, Athlon - oversee an estimated fleet of 9.3 million in the EU. This fleet size is equivalent to 2.9 million registrations annually, representing 61% of the leasing market and 30% of all new car registrations in the EU.

Top 7 leasing companies account for close to 1 in 3 new car sales



Source: T&E calculations based on Leasing company reports on fleet size, Leaseurope on the share of the leasing sector, ACEA on the number of new registrations, and an assumption of 3.5 year leasing period.



1.2. Biggest source of new car emissions

Corporate cars are driven twice as many kilometres in a year than private vehicles.⁸ Their higher mileage increases the CO₂ emissions of corporate cars to such a degree that they account for 74% of the total CO₂ emissions of newly registered vehicles, well above the 60% of new registrations. In countries such as Portugal, Denmark or Poland corporate emissions represent close to 90% of the total new car emissions of the country (*Figure 3*).

⁴ Leaseurope, personal communication, 20 September 2023.

⁵ 69% according to Autovista (2023). Remarketing Expert Track. FleetEurope. ([link](#))

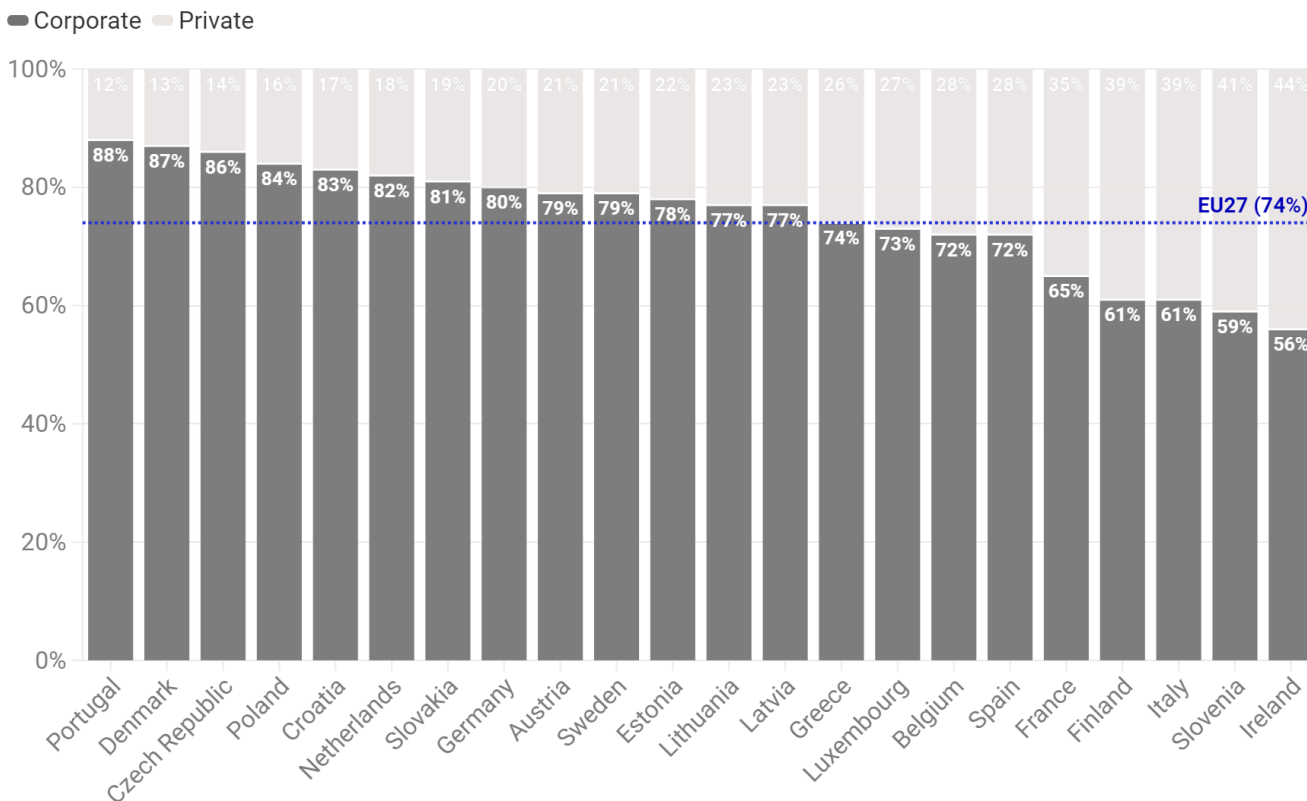
⁶ NGC (2023, FR) and [VNA-lease](#) (2022, NL).

⁷ Leaseurope members minus UK, Norway, Turkey, Switzerland.

⁸ Authors' calculations based on 12.000 kilometres a year for private cars and 27.000 kilometres a year for corporate cars from Dataforce (2020). Company car report. [Link](#)

This disproportionate share of emissions puts corporate cars under the spotlight for their contribution to - and potential to reduce - EU's greenhouse gas emissions and meeting the newly announced 2040 goal to reduce the bloc's emissions by 90%.⁹

In all EU countries, corporate cars account for the largest share of new emissions



Source: T&E calculations based on Dataforce (2024). New passenger car registrations 2023
 Note: Calculations based on WLTP emissions



Figure 3. Corporate share of new car emissions by country in 2023

2. Why are corporate cars a problem? Enjoying tax breaks but not leading on green cars

Corporate cars benefit from generous tax advantages through VAT deductions and depreciation write-offs. Their tax benefits amount to a massive €26 billion per year.¹⁰ This figure increases if other tax advantages such as benefit-in-kind are taken into account.

Despite benefiting from advantageous tax exemptions, corporate cars have failed to take the lead in the EU's shift to zero-emission vehicles, preferring conventional combustion engine models. This dilemma includes several other worrying trends: there is a high share of large vehicles and big SUVs in corporate fleets, which further increases the emissions of their fleet. Moreover, despite an apparent increase in "electric" vehicles, many corporate fleets predominantly choose fake electric models i.e. plug-in hybrid electric vehicles (PHEVs), which do not offer the environmental benefits of fully electric alternatives. This section analyses the trends mentioned above at a European and country level.

⁹ European Commission: 2040 climate target. [Link](#)

¹⁰ Transport & Environment (2020). Company cars: how European governments are subsidising pollution and climate change. [Link](#). Calculations based on cars given to employees as a form of salary.



2.1. Not leading by example on electrification

For the reasons cited above, corporate cars should be the frontrunners on electrification. However, for the third year in a row, corporate uptake of battery electric vehicles (BEV) lags behind private households in the EU, putting the cost of the transition to electric vehicles primarily on private households.

In 2021, the BEV uptake rate was 8.6% for corporates and 10.2% for private, with the gap widening further in 2022 (10.8% corporate vs. 14.1% private). Despite a narrowing of this gap in 2023 (14.1% vs. 15.6%), the average BEV uptake rate over the three-year period is 11.3% for companies compared to 13.4% for private individuals. This translates into around a million fewer zero-emission cars being on the road if corporate cars had just matched the private market over the past three years. This is equivalent to the same number of corporate BEVs registered in 2023.

For the third year in a row, corporate BEV uptake lags behind private households in the EU

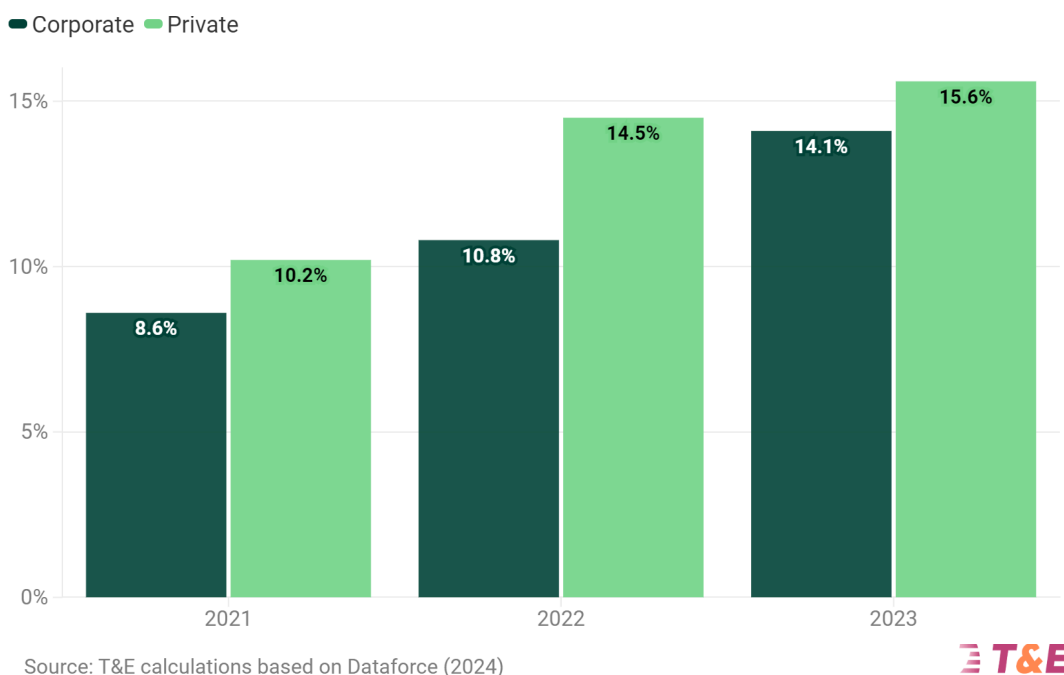


Figure 4. BEV uptake of new registrations (2021-2023)

To better understand where the difference in BEV uptake between corporate and private across the EU comes from, it is necessary to analyse country-specific data. *Figure 5* shows the EU countries where corporate cars are lagging behind (below the dashed line) and those that are leading (above). The width of the bars represents the share of new BEV registrations in 2023.

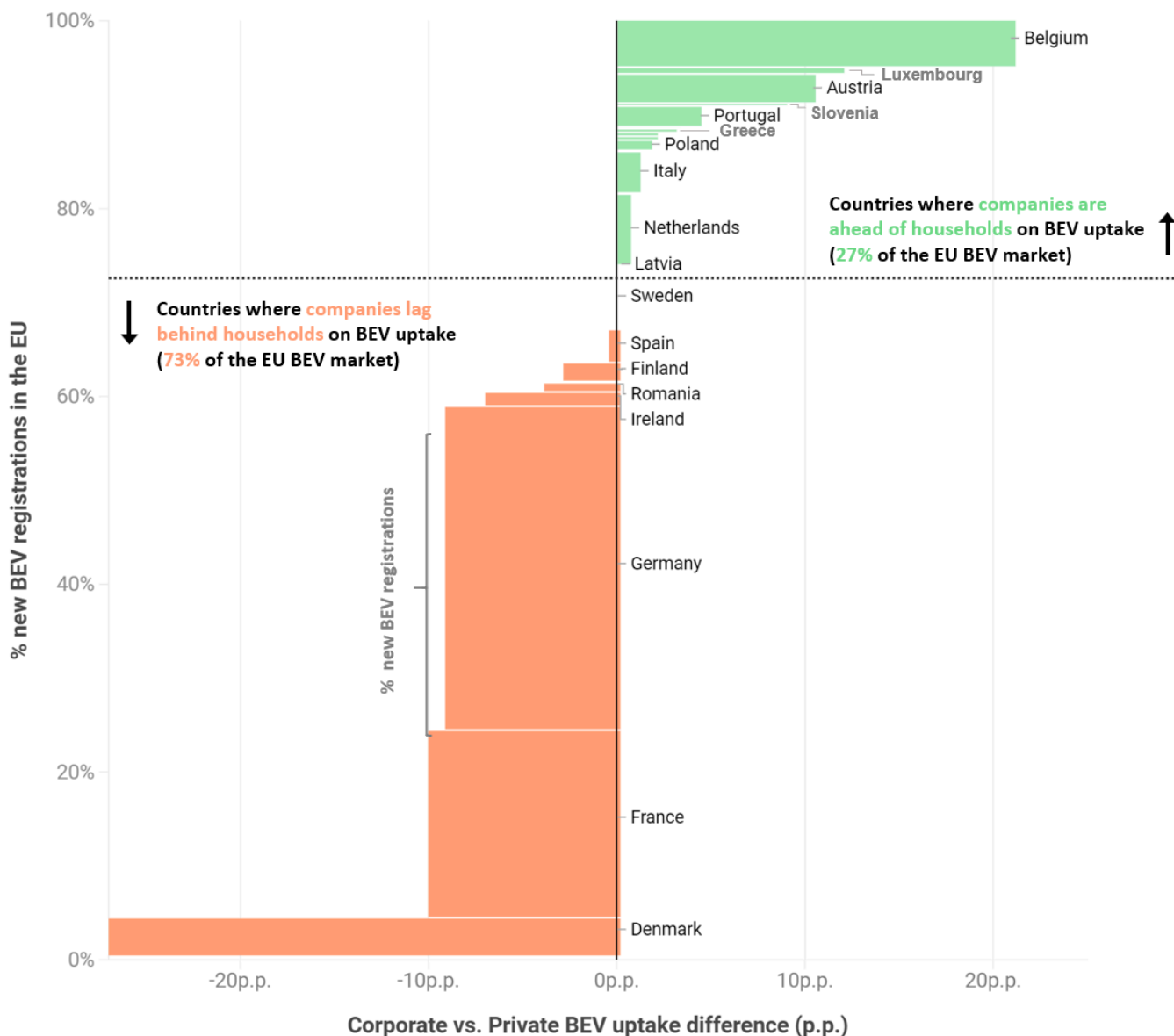
The first finding that stands out is the significant unequal BEV uptake in the corporate market: smaller member states are at the forefront of corporate electrification compared to private households, while larger countries lag behind. Despite their corporate leadership, these smaller nations account for only 27% of total BEV registrations. In contrast, countries where corporate uptake of BEVs lags far behind private households account for 73% of the market.

Among the countries where the corporate channel is the frontrunner in the transition to zero-emission vehicles, Belgium, Luxembourg and Austria stand out with positive differences of 21 p.p., 12 p.p., and 10.5 p.p., respectively.

However, Germany and France, which combined account for 54% of new BEV registrations in the EU, show the largest disparities in BEV uptake, where the corporate market is lagging by 9.3 percentage points (p.p.) and 10.2 p.p. respectively. In Germany, corporate BEV uptake is at 16.3%, significantly below the private sector's 25.6%, while in France, the figures are 12.0% and 22.1% respectively. These disparities are only exceeded by Denmark, where the corporate BEV uptake is lagging by a massive 27 p.p. (26.1% compared to 53.1%).

This is problematic as the EU must get its act together and accelerate the uptake of zero-emission vehicles across the continent and especially in its key markets in order to achieve its climate targets. National car taxation, which has been underutilised by most member states, is a key lever for incentivizing the uptake of BEVs in the corporate sector.¹¹

In 73% of the BEV market in Europe, companies lag behind private households



Source: T&E calculations based on Dataforce (2024). New car registrations 2023 in EU27
 Note: Some country names are not shown in the graph because they register few vehicles (small bar size)



Figure 5. Difference in BEV uptake between private and corporate

¹¹ Transport & Environment (2024). The Good Tax Guide Dashboard. [Link](#)

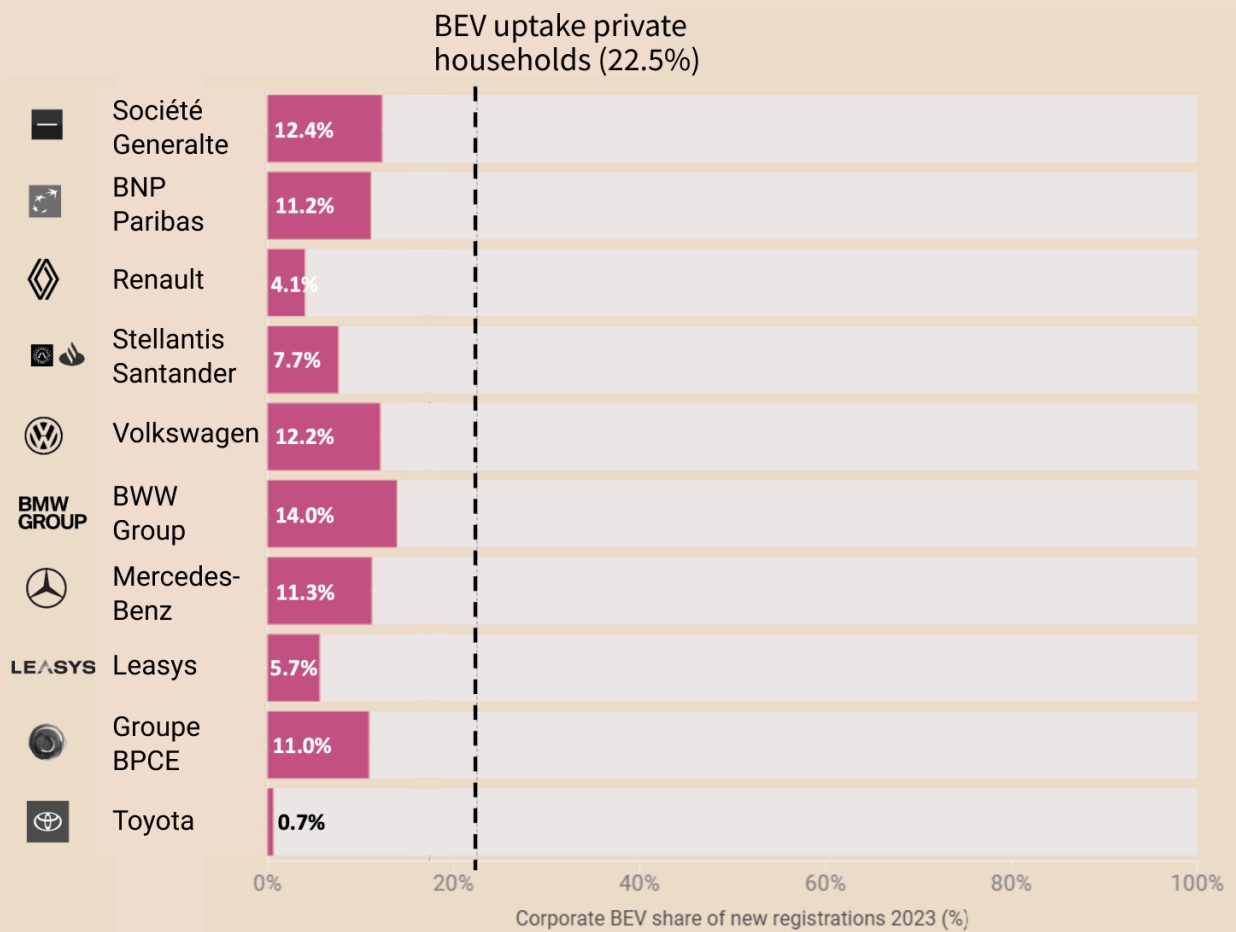


Deep dive into France: The leasing sector is lagging behind

The ten largest leasing holdings in France are responsible for 55% of the total registrations in the corporate market. This figure highlights the importance that leasing companies have in shaping both the new and the used car market. Apart from being big, they are extremely profitable.¹²

Leasing companies should be the frontrunners of corporate electrification, but data for 2023 reveals that in France, the biggest market for giants such as Ayvens (owned by Société Générale) and Arval (owned by BNP Paribas), leasing is not leading the rest of the market, and it is far behind private households.¹³ Alarmingly, these results are not merely the result of a specific year. In 2022 the same pattern was repeated, with the BEV uptake in the leasing sector below the market in France and in the EU.¹⁴

Corporate BEV uptake of large leasing companies in France (%)



Source: T&E calculations based on NGC Data (2024). New corporate registrations 2023



¹² Profundo (2023). European car lease companies' financials: Strong profits, a healthy financial position, and a positive outlook. [Link](#)

¹³ Transport & Environment (2024). Le leasing automobile : faux ami de la transition automobile. [Link](#)

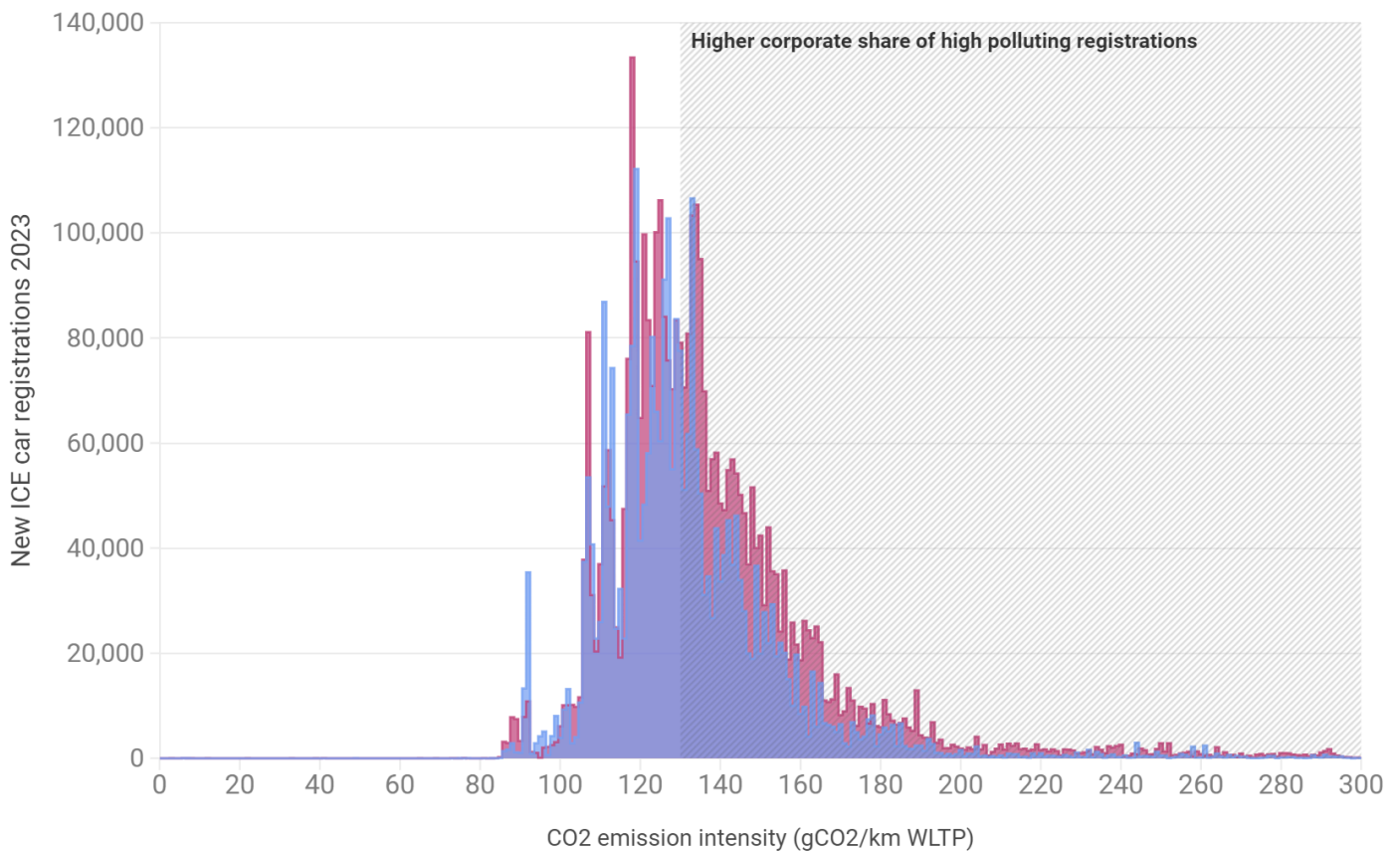
¹⁴ Transport & Environment (2023). Leasing is lagging: An analysis of battery electric cars uptake in France. [Link](#)

2.2. In love with gas guzzlers

Apart from lagging behind on zero-emission cars, corporate registrations of internal combustion engine (ICE) cars have a much higher CO₂ intensity than those registered by private individuals, mostly due to the fact that larger, heavier ([section 2.3](#)) and more polluting cars are registered in the corporate channel. *Figure 6* shows that corporate cars have a higher share towards the right-hand side of the distribution of tailpipe CO₂ emissions than private households. This finding is confirmed by the percentage of registrations exceeding 180 gCO₂/km (*table of Figure 6*), where corporate registrations are twice as high than private, 6% versus 3%.

Corporate cars have a much higher CO₂ intensity than private cars

Corporate Private



Share of registrations in 2023 by emission threshold (gCO₂/km)

	0-90 gCO ₂ /km	90-120 gCO ₂ /km	120-140 gCO ₂ /km	140-160 gCO ₂ /km	160-180 gCO ₂ /km	>180 gCO ₂ /km
Corporate	1%	24%	42%	20%	7%	6%
Private	0.3%	31%	43%	18%	4%	3%

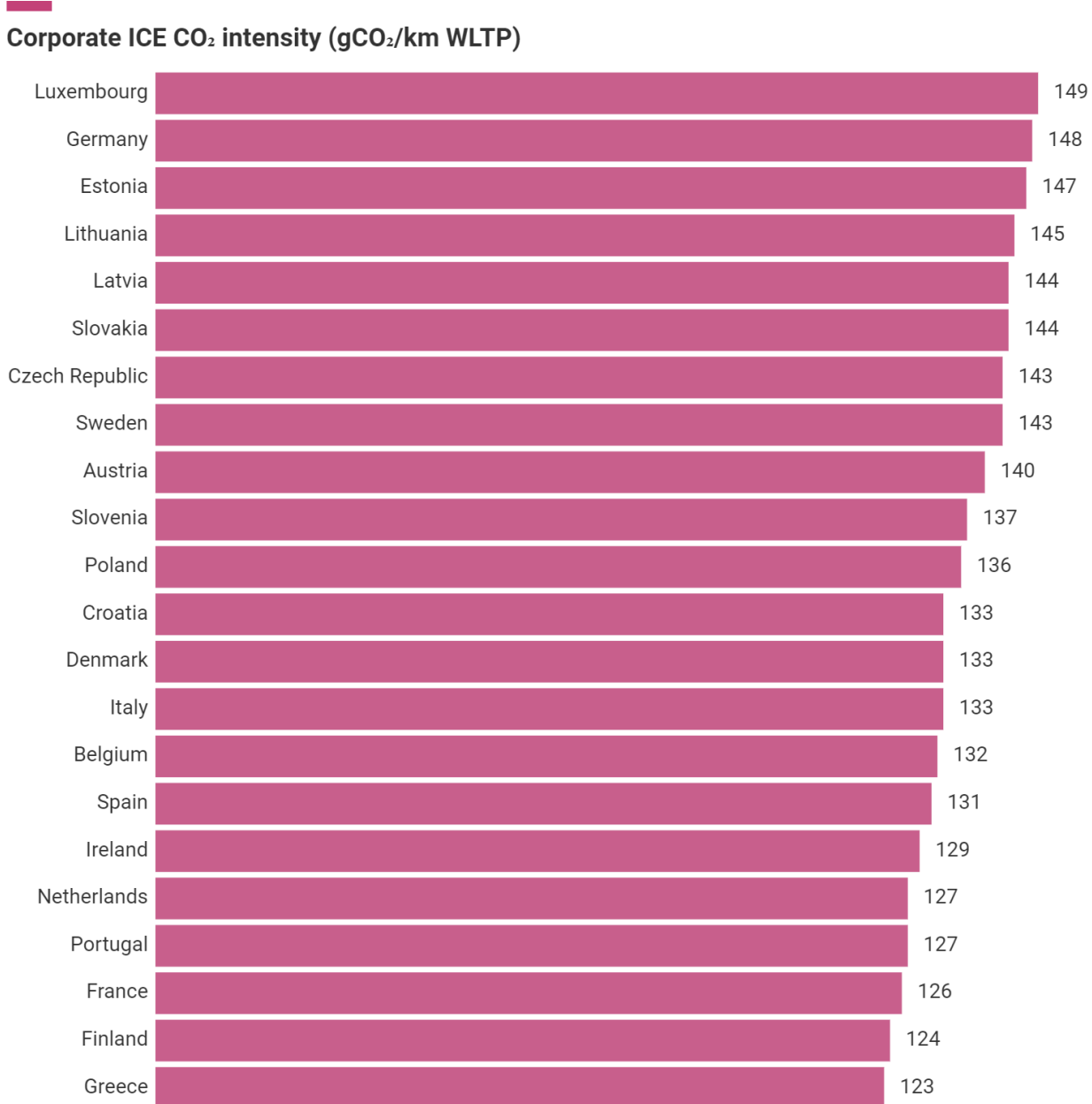
Source: T&E calculations based on Dataforce (2024). New car registrations 2023

Figure 6. ICE car registrations by emission threshold (gCO₂/km) in 2023

Using the reported WLTP CO₂ emissions of ICE cars registered in 2023, the corporate channel has an average CO₂ emissions of 137 gCO₂/km per car, significantly higher than 131 gCO₂/km in the

private channel. If estimates for the real-world emissions of cars are used ¹⁵ - taking into account driving characteristics such as the higher mileage travelled by corporate cars - then this difference widens even further, with the corporate channel recording higher average CO₂ emissions per car (160 versus 148 gCO₂/km).

A closer analysis of the corporate car data reveals that Germany has the second highest average CO₂ per km of any country in the EU for new corporate ICE registrations, just behind Luxembourg (Figure 7). This is due to, among other factors, an outdated tax system that does not penalise the registration of heavy high-emission vehicles. An acquisition tax on the most polluting vehicles is desperately needed to keep the most climate-harming cars off the German roads.



Source: T&E calculations based on Dataforce (2024). New registrations 2023



Figure 7. ICE corporate CO₂ intensity (gCO₂/km WLTP) of 2023 new registrations

¹⁵ Applying factors of 1.36 to ICE emissions for private registrations and 1.42 for corporate registrations and 2.9 to PHEV emissions for private registrations and 4.875 for corporate registrations. Figures are based on ICCT (2022).



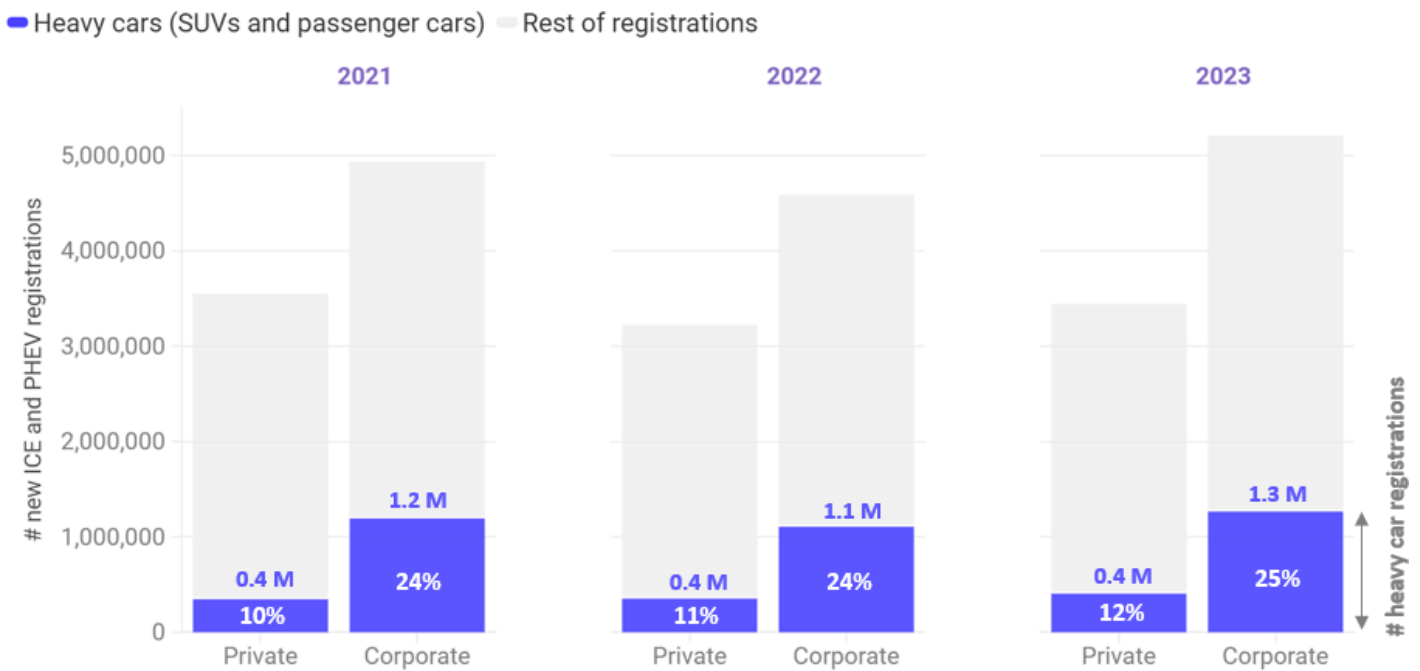
2.3. The climate killers: heavy car pushers

For both the corporate and private market, the number of heavy cars (i.e. large SUVs and passenger cars of segments D, E, F, G) have been increasing over the recent years. However, it is corporate registrations that are driving this trend. In 2023, one in four ICE and PHEV registrations in the corporate channel were heavy cars, compared to only one in ten in the private sector, more than twice as high (Figure 8).

Analysing the two car categories separately, in 2023 large SUVs accounted for 12% of corporate ICE and PHEVs registrations, compared to only 5% in the private channel. Similarly, corporate registrations are the main driver for large passenger cars, with these vehicles making up 13% of corporate registrations, almost double the 7% of private households.

The higher share of heavy cars in corporate fleets also impacts the composition of the used car market fleet, as after 3-4 years these corporate cars enter the used car market. Moreover, these bigger and heavier cars present additional challenges, as they are not only associated with increased air pollution and higher levels of particulate matter, but also more safety risks and urban congestion.¹⁶

Companies register more than twice as many heavy cars than private households



Source: T&E calculations based on Dataforce (2024)

Note: Heavy cars includes large SUVs and passenger cars of segments D,E,F,G



Figure 8. Heavy cars share in the corporate and private market

In all EU countries, companies have a higher share of heavy cars compared to the private market. Figure 9 shows that Sweden is the country with the highest share, where almost half of the ICEs and PHEVs registered in the corporate channel are large SUVs or passenger cars, in contrast to only one in four in the private sector.

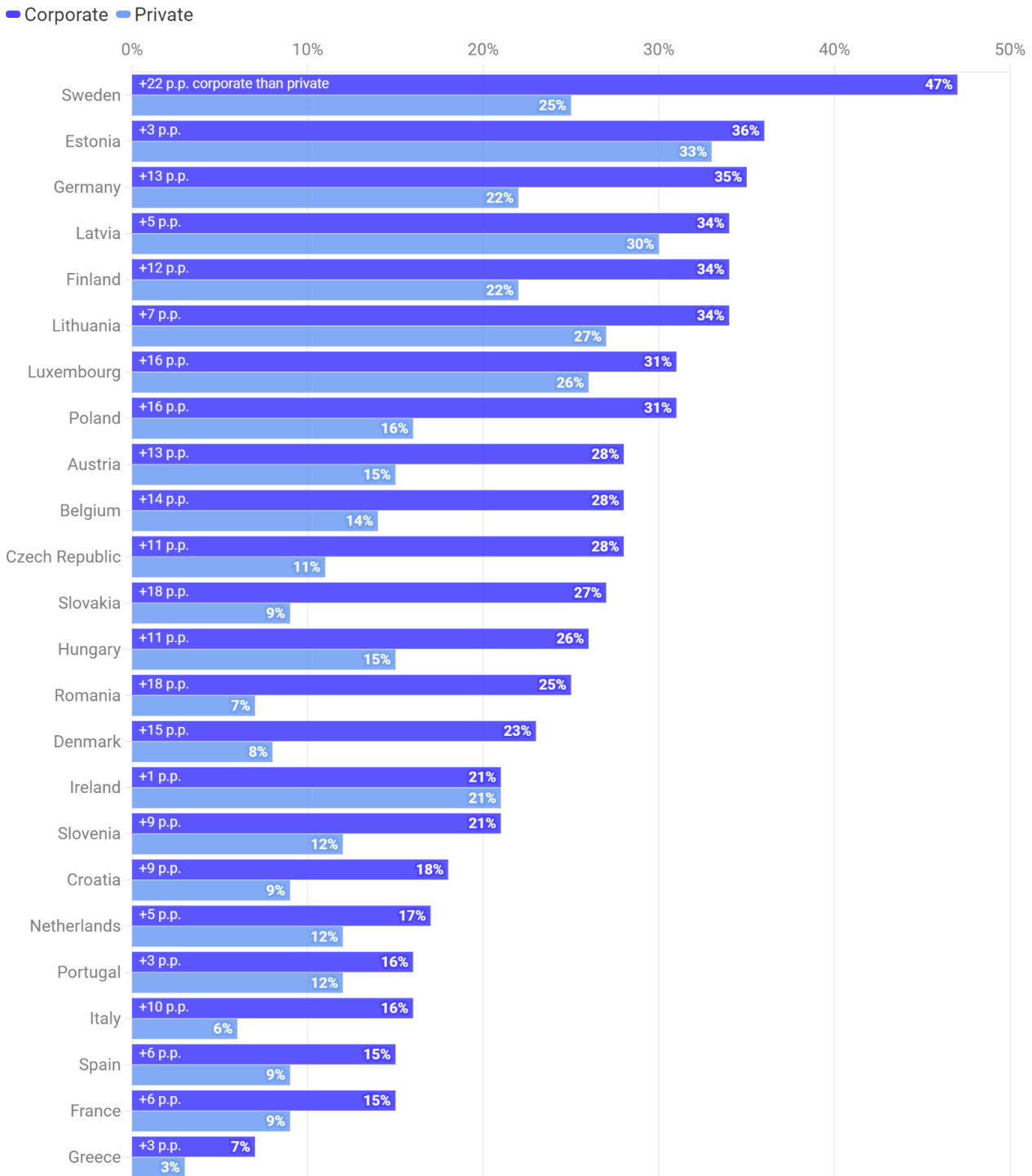
¹⁶ Environmental Science & Technology (2022). A Review of Road Traffic-Derived Non-Exhaust Particles: Emissions, Physicochemical Characteristics, Health Risks, and Mitigation Measures. [Link](#)



Similarly, Germany emerges as a significant concern, with the third highest share of heavy cars in the corporate channel (35%). As Europe's largest car market, Germany accounts for 40% of all heavy cars registered across the EU.

In contrast, France, Italy and Spain have lower shares of heavy corporate car registrations, at around 15%, although the share of heavy cars in the corporate market is still twice as high as the private channel.

In all EU countries, companies register a larger amount of heavy cars than private households



Source: T&E calculations based on Dataforce (2024). New registrations 2023
 Note: Heavy cars include SUVs and passenger cars of segments D,E,F,G



Figure 9. Share of heavy cars in new registrations of ICE and PHEV by country



2.4. “Leaders” on fake zero-emission cars

Plug-in hybrid electric vehicles (PHEVs) are not a green solution for European consumers. The latest data from the European Commission reveals a cold reality: PHEVs emit approximately 3.5 times more on average than their officially declared values.¹⁷ They are expensive for less affluent used car buyers, who typically have lower access to cheap overnight off-street charging. Despite this, companies are driving the adoption of PHEVs compared to private households (10.3% versus 4.5% - *Figure 10*), resulting in 77% of all new PHEVs registered happening in the corporate channel.

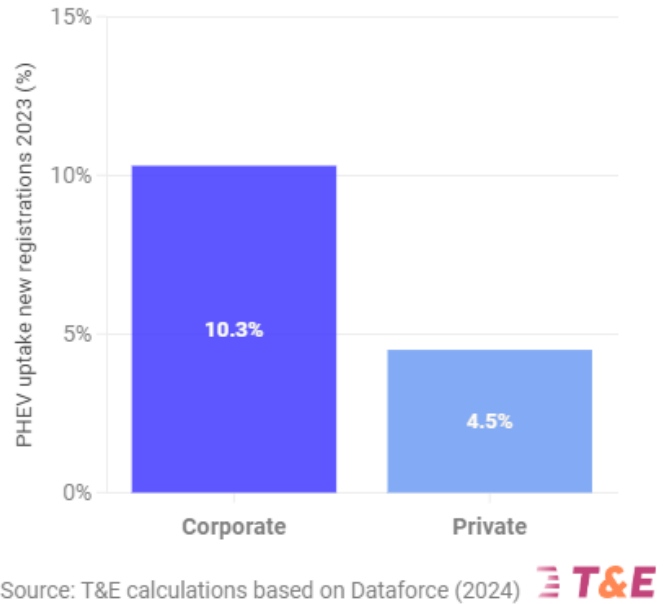


Figure 10. PHEV uptake by market segment (2023)

This over-reliance on PHEVs within corporate fleets is also reflected when looking at the uptake of electric vehicles (BEVs + PHEVs) alone in both markets. In the corporate segment, 42% of all electric vehicles registered are PHEVs, compared to only 22% in the private sector (*Figure 11*). This trend signifies a worrying deviation from the transition towards true zero-emission solutions, highlighting the need for reforms that tax PHEVs properly i.e. for their real-world climate impact.

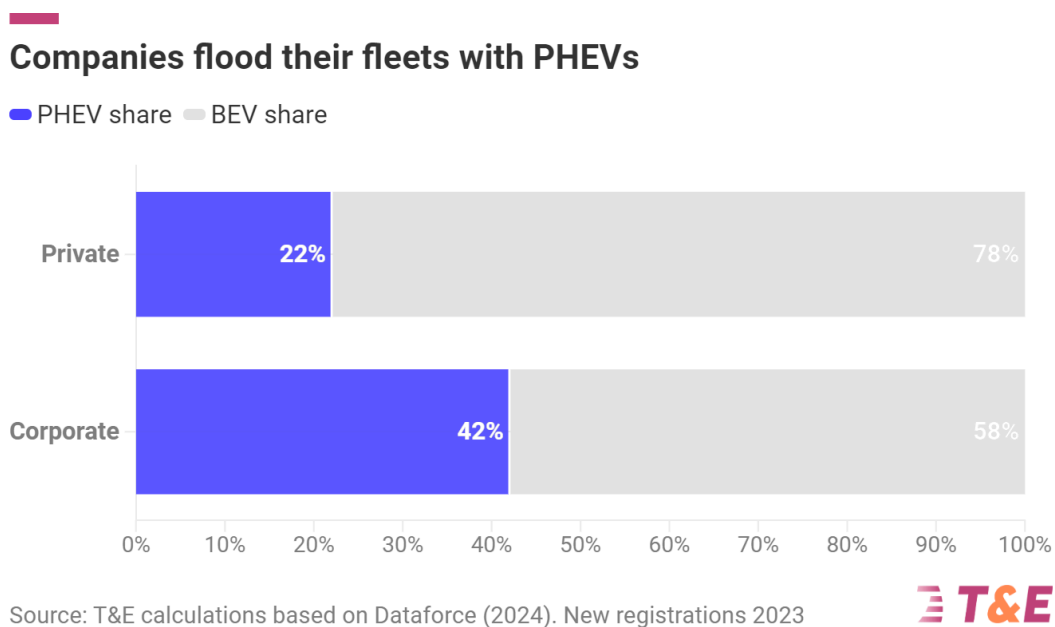
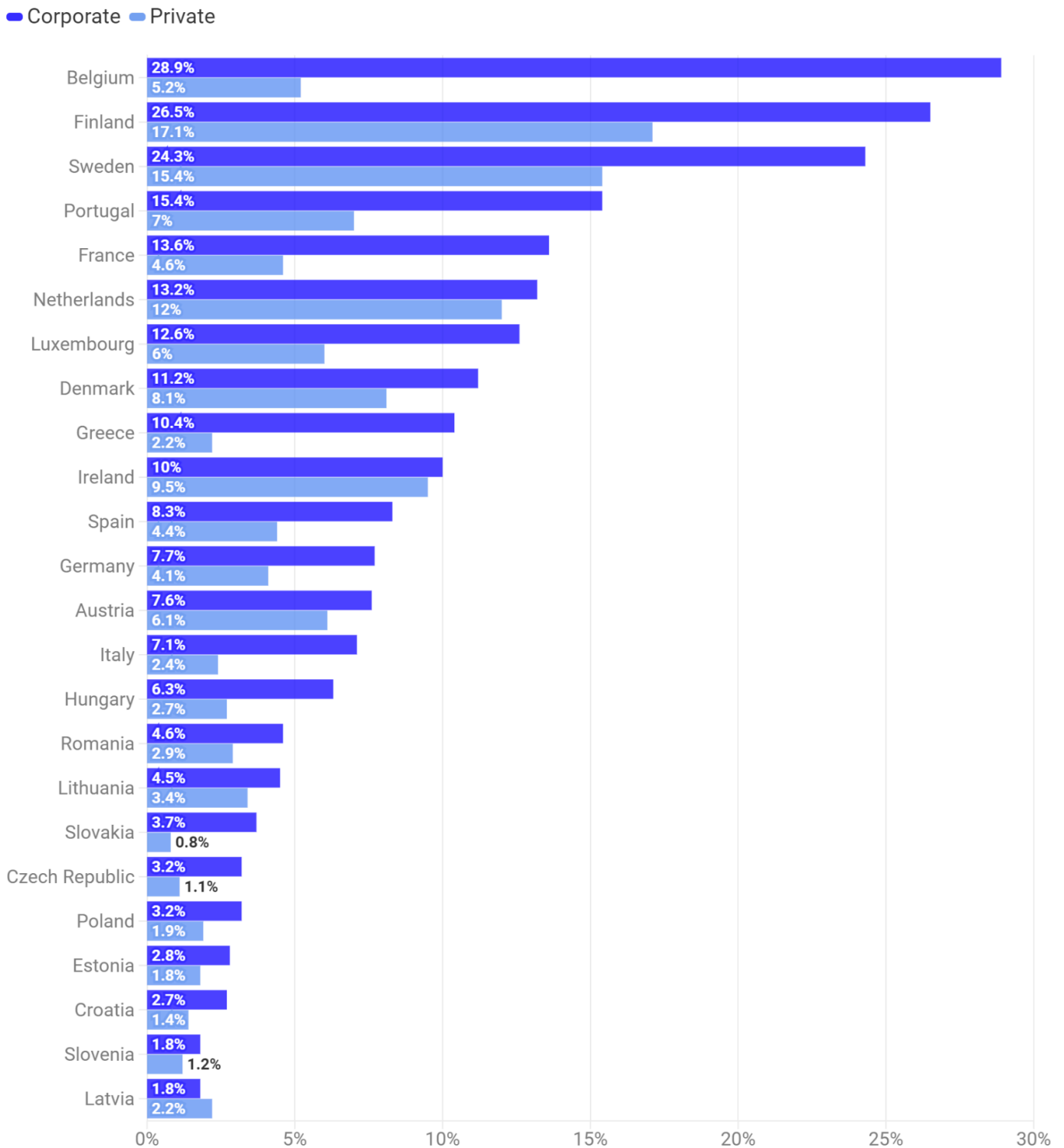


Figure 11. PHEV share over total electric vehicle registrations in 2023

¹⁷ European Commission (2024). First Commission report on real-world CO2 emissions of cars and vans using data from on-board fuel consumption monitoring devices. [Link](#)

In all European countries, the share of PHEVs in new registrations is higher in the corporate than private channel (Figure 12). This is especially the case for Belgium, where corporate PHEV share is almost six times higher than private. Other countries such as France also show a high difference between both channels, with corporate PHEV share almost three times higher than private.

Corporate cars are the main drivers of PHEVs in all EU countries



Source: T&E calculations based on Dataforce (2024). New registrations 2023



Figure 12. PHEV share of new registrations in the corporate and private channel by country



3. Why corporate car electrification is a smart - and much needed - industrial policy

As highlighted in the recent Letta report, EU leadership on green technology not only offers an opportunity for climate but - with a growing market for these green products - also for domestic industry and jobs.¹⁸ Electric vehicles and batteries are and will become a key technology in this regard. But for the EU to be able to compete with the United States' Industrial Reduction Act (IRA) and China's electric vehicle push, the bloc needs to come forward with a comprehensive industrial policy for greening the EU automotive sector.

Ramping up demand for electric vehicles - and as such de-risk investments and increase predictability for the automotive, battery and component manufacturing industry - are a key element of such a green industrial policy. Creating this investment certainty is also much needed: a recent T&E analysis shows that more than half of all announced cell manufacturing capacity in the EU is still at medium or high risk of being delayed, scaled down or even cancelled.¹⁹

Given their position as the main drivers of new car sales (60% of new registrations) and the fact that they are lagging behind on electrification, corporate cars emerge as a major opportunity to drive the EU's green industry forward. While supply side EV regulations exist i.e. CO₂ emissions standards, corporate fleet electrification would be the sole EU-wide demand side measure.

Our analysis shows that European carmakers could benefit the most from corporate car electrification. Indeed, looking at the overall sales of six European car manufacturers - Volvo, Volkswagen, BMW, Stellantis, Mercedes-Benz and Renault Nissan - for five of them, their share of sales to the corporate car market is far above that of non-EU carmakers (*figure 13*).

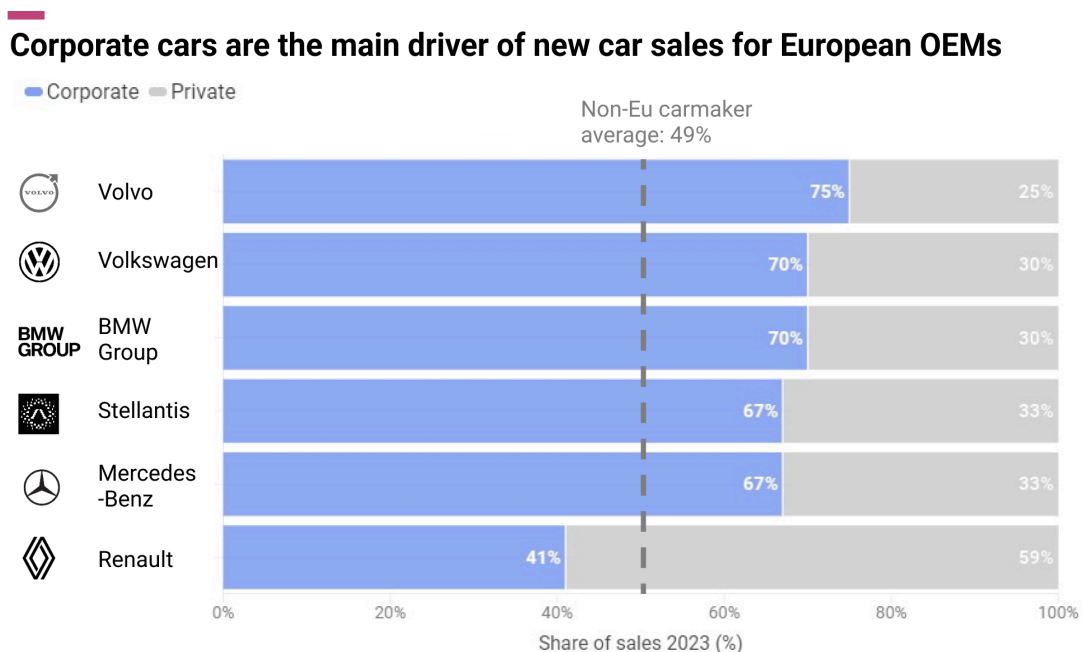
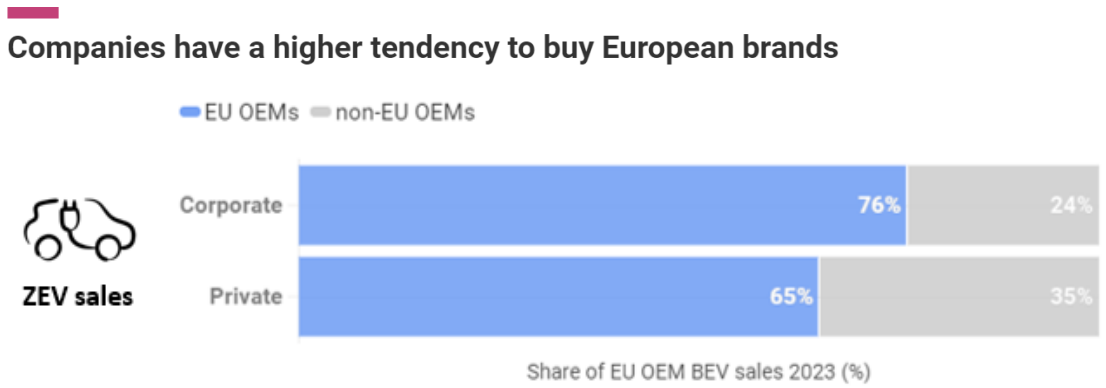


Figure 13. Car sales split of major European OEM groups

¹⁸ Enrico Letta (2024). Much more than a market. Empowering the Single Market to deliver a sustainable future and prosperity for all EU Citizens. [Link](#).

¹⁹ Transport & Environment (2024). An industrial blueprint for batteries in Europe. [Link](#).

When looking at ZEV sales, we see that the corporate market has a higher tendency to buy European brands compared to the private market: 76% of ZEVs sales in the corporate market are sold by European manufacturers, compared to only 65% in the private market (figure 14).



Source: T&E calculations based on Dataforce (2024). New EU27 registrations 2023



Figure 14. European OEM share of ZEV sales in the corporate and private channel

Therefore accelerating the electrification of corporate fleets will particularly support EU carmakers in their transition to electromobility, helping them to meet their binding CO₂ emission targets (i.e. avoid paying penalties) and de-risk their investments in zero-emission technology, manufacturing and supply chains. As further explained in our [policy recommendations](#) section, EU legislation can be designed in such a way that it promotes the uptake of made-in-EU corporate ZEVs.

4. Conclusions

Despite benefiting from advantageous tax exemptions and having financial resources to carry the higher upfront costs of BEVs, corporate cars have failed to take the lead in Europe's transition to zero-emission transport. Our analysis leads to the following conclusions:

- 1 The giant that keeps growing:** corporate car sales continue to grow, reaching new records in 2023 with six out of ten new registrations. Leasing companies play a very important role, accounting for more than 50% of new corporate registrations.

- 2 Biggest source of new car emissions:** given that corporate cars drive on average twice as much as private individuals, they are responsible for 74% of new car CO₂ emissions.

- 3 Not leading by example on electrification:** for the third year in a row, corporate BEV uptake lags behind private individuals, especially in Germany and France. In 2023, 14.1% of new corporate car registration were BEVs compared to 15.6% for the private market.

- 4 In love with gas guzzlers:** corporate cars have a significantly higher average CO₂ emission per car compared to private vehicles (137 versus 131 gCO₂/km WLTP). In addition, the percentage of registrations exceeding 180 gCO₂/km in the corporate channel is twice as high compared to the private market i.e. 6% versus 3%.

- 5 The climate killers: heavy car pushers:** corporate registrations are the main driver of heavy cars (large SUVs and large passenger cars above segment C). In 2023, one in four ICE and PHEV registrations in the corporate channel were a large SUV or car, compared to only one in ten in the private market, more than twice as many.

- 6 Leaders on fake zero-emissions cars:** despite the fact that PHEVs emit approximately 3.5 times more on average than their officially declared values, companies are registering many more PHEVs compared to private individuals (10.3% versus 4.5%). 77% of all new PHEVs registered in 2023 were in the corporate channel.

- 7 Supporting EU carmakers and battery industry:** accelerating corporate car electrification is a big opportunity for EU carmakers. More than 60% of Europe's carmakers production is allocated to companies, which are more attached to European brands than private households (76% vs 65% of BEV registrations).

5. Policy recommendations

The corporate car market's underperformance in the uptake of electric vehicles is an EU-wide problem. In the block's largest markets (accounting for 73% of all new BEVs in the EU in 2023), corporates are lagging behind private households. Only in the smaller markets (27% of all new BEVs) companies are doing their fair share.

These large disparities between EU countries, shows that the single market for electric corporate cars is not working. Moreover, the fact that companies - who should be more focused on total cost of ownership (TCO) when purchasing cars and have more financial resources to invest in electric vehicles - are lagging behind, is an indicator that the EU is facing a market failure.

In order to overcome this and untap the full environmental and industrial potential of electrifying corporate fleets, T&E is calling for the following measures to be introduced.

National level:

- Governments should **reform corporate car taxation**, incentivising the uptake of zero-emission vehicles by increasing the tax burden on diesel, petrol and plug-in hybrid vehicles to further increase the total tax differential between fossil fuel and zero-emission vehicles. Some of the most important measures in the area of corporate car taxation are benefit-in-kind and depreciation write-offs. In this respect, Portugal (benefit-in-kind) and Belgium (depreciation) serve as good examples, where a reform of these taxes were introduced and resulted in a boom in ZEV sales.

The slow and unequal uptake of the corporate car market shows that current national incentives are not sufficient. This is why the **EU-action** is urgently needed:

- In February 2024 the European Commission opened a public consultation on Greening Corporate Fleets. As a next step, the new European Commission should propose a **Corporate Fleets Regulation** setting binding targets for large fleets and leasing companies (100% new zero-emission car registrations by 2030) within the first 100 days of its mandate.²⁰ More details about T&E's position on this file can be found [here](#).
- This Regulation should include a **made-in-Europe clause** requiring member states to exclude non-EU made ZEVs from corporate tax breaks and other incentives for zero-emission corporate vehicles (as done in the Net Zero Industry Act). This should apply when a specific non-EU country accounts for a certain percentage of EU sales and provided that the price difference is not more than a certain threshold.
- This Regulation can be proposed as a **replacement of the Clean Vehicles Directive** of which the targets - due to the 2030 CO₂ emission targets for carmakers - have become obsolete. Therefore the Commission needs to bring forward the review of the Clean Vehicles Directive (planned for 2027) without delay.

²⁰ European Commission (2024). Greening corporate fleets. [Link](#).

Further information

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Annex I: Corporate vs Private BEV uptake (%)

Country	Corporate BEV uptake (%)	Private BEV uptake (%)
Sweden	39.0%	39.1%
Finland	33.0%	36.1%
Netherlands	30.9%	30.1%
Luxembourg	27.6%	15.6%
Belgium	26.3%	5.3%
Denmark	26.1%	53.1%
Austria	23.8%	13.3%
Portugal	18.3%	13.8%
Germany	16.3%	25.6%
Slovenia	14.3%	5.3%
EU27	14.1%	15.6%
Ireland	14.0%	21.2%
France	12.0%	22.1%
Romania	9.0%	13.0%
Latvia	8.9%	8.7%
Lithuania	8.3%	7.0%
Estonia	7.0%	5.2%
Hungary	6.1%	3.9%
Greece	6.0%	2.8%
Spain	5.1%	5.9%
Italy	4.9%	3.6%
Poland	4.2%	2.3%
Slovakia	4.2%	0.8%
Czech Republic	3.6%	1.4%
Croatia	3.0%	2.9%
Cyprus	2.2%	5.9%