

**ARTICLE 10 of the bill regarding amendments of the VAT Act (exemptions, reimbursements etc.)**

– *Parliamentary document 1072, Case 666.*

A new temporary provision is added to the Act, which states the following:

- (1) For the purpose of calculating value added tax upon the importation and taxable sale of a new electric-, hydrogen or plug-in hybrid vehicle, it is allowed for the purposes of calculating value added tax to lower customs value or allocate a part of the revenue as excluded from taxable turnover as further explained in this Article.
- (2) Due to the assessment of value added tax upon customs clearance, the Director of Customs is allowed to lower the customs value of electric- or hybrid vehicle up to 6.000.000 ISK and of plug-in hybrid vehicle up to 4.000.000 ISK.
- (3) A taxable person is allowed to exclude from taxable turnover an amount of up to 6.000.000 ISK due to a sale of an electric- or hydrogen vehicle and of up to 4.000.000 ISK due to a sale of a plug-in hybrid vehicle. If a taxable person makes use of this allowance he is obliged to notify the Directorate of Internal Revenue, every settlement period in the form decided by the Directorate, that such sale has taken place.  
The conditions of the exemption under this provision are following:
  1. The vehicle falls under one of the following vehicle categories: L6e, L7e, M1, N1 and M1g according to Regulation No. 822/2004, on the construction and equipment of vehicles.
  2. The registered carbon dioxide emission of a plug- in hybrid is 50 grams or less per kilometre driven.
- (4) The Minister may impose further provisions with a regulation regarding the procedure and the conditions of the exemption.
- (5) This Article applies until 31 December 2013.