Issue paper

EV Registration Tax
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ELECTRIC MOBILITY CANADA
20 YEARS
MOBILITÉ ÉLECTRIQUE CANADA



Introduction



The primary case against electric vehicle (EV) taxes is that they disincentivize the adoption of cleaner transportation while unfairly penalizing drivers based on flawed economic and infrastructure assumptions. As governments face shrinking fuel tax revenues, many have introduced special registration fees, flat annual levies, or per-mile road usage charges specifically targeting EVs. Opponents argue that these policies are counterproductive, inequitable, and based on poor math.

Why EV registration taxes don’t work

- Discouraging green transitions and climate goals
- The flawed “road wear” argument
- Disproportionate double taxation
- Overlooking externalized public costs
- Fees do not reflect actual road usage
- Better alternatives exist

EMC's take on EV registration taxes

1. Discouraging Green Transition and Climate Goals

Imposing special taxes on EVs creates an economic hurdle that directly contradicts broader climate objectives. While many jurisdictions offer incentives to buy EVs, adding punitive annual fees—ranging from $100 to over $400 depending on the state or province—creates a "chilling effect" on potential buyers. Critics argue that taxing the very technology society is trying to accelerate slows the transition away from fossil fuels.

2. The Flawed "Road Wear" Argument

A central justification for EV taxes is that electric cars are heavier than their internal combustion engine (ICE) counterparts because of large batteries, which supposedly causes more road wear. However, according to the fourth power law—an engineering principle governing road damage—road wear is proportional to a vehicle's axle weight raised to the fourth power.

- Passenger vehicles cause negligible damage compared to commercial vehicles. A single fully loaded 44-ton commercial truck causes as much road wear as thousands of passenger cars.

- Charging high registration fees to an EV passenger vehicle owner overstates their actual infrastructure impact while often letting heavy commercial transport go under-taxed relative to the damage they cause.



EMC's take on EV registration taxes

3. Disproportionate and Double Taxation

Many flat EV fees are structured inequitably. EV drivers already contribute: EV owners pay registration fees, localized sales taxes, and electricity taxes when charging. In many regions, the total amount an EV owner pays through these channels already meets or exceeds what an average ICE driver pays via the gas tax.

4. Overlooking Externalized Public Costs

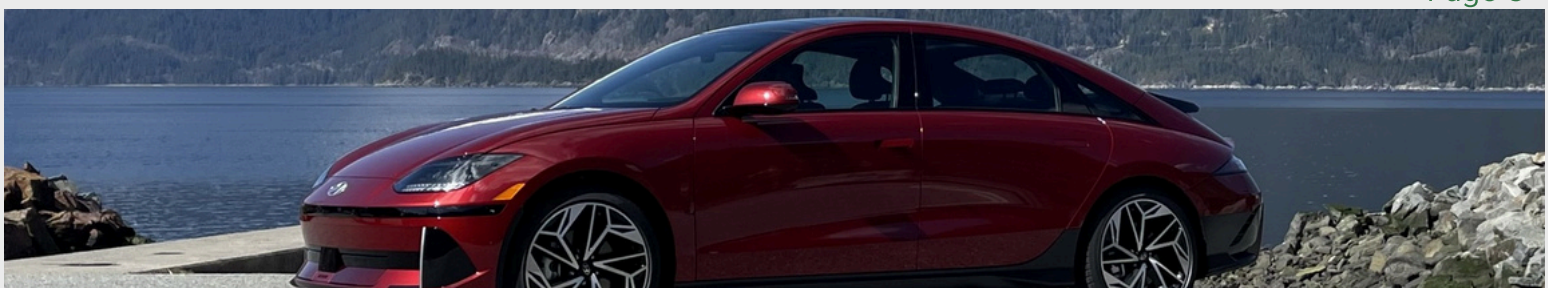
Fuel taxes are not merely a mechanism for road maintenance; historically, they have functioned as a de facto penalty on carbon pollution and poor localized air quality. By treating an EV identical to—or more harshly than—a gasoline vehicle, the tax code ignores the multi-billion-dollar savings in public health and environmental mitigation that zero-emission vehicles provide.

5. Fees Do Not Reflect Actual Road Usage

Fuel taxes scale with kilometers travelled and consumption. EV registration fees are fixed charges that do not account for how much an EV driver travels. Heavy road users and light road users pay the same amount.

6. Better Alternatives Exist

If governments wish to modernize road funding as fuel tax revenue declines, alternatives such as distance-based road user charges or broad-based infrastructure levies treat all vehicle types equitably without singling out EVs.



EV registration taxes in Canada

Four provinces have implemented or announced EV-specific registration or usage fees: Saskatchewan, Alberta, Quebec, and Nova Scotia :

Saskatchewan

Saskatchewan has doubled its annual EV registration fee from $150 to $300. The stated rationale is that EVs cause wear and tear on roads but do not contribute to the provincial fuel tax. Starting January 1, 2027, the charge will be indexed to national inflation, growing automatically every year while the gasoline tax it is meant to replace stays frozen (see Saskatchewan EV Association analysis here).

Alberta

Beginning in January 2025, Alberta imposed a $200 annual registration fee on EVs, explicitly to offset the absence of fuel tax contributions. Conventional hybrids are exempt. However, on September 22, 2026, the Alberta government undermined that rationale by announcing it would repeal the provincial gas tax (as of October 1) while maintaining the EV tax. This creates a clear fairness issue: EV drivers will continue paying a dedicated road-use charge, even as gasoline drivers will no longer contribute through the provincial fuel tax.

Quebec

Starting January 1, 2027, Quebec will apply an additional $125 annual fee on EV registrations, and 62.50$ on plug-in hybrids to compensate for forgone fuel-tax revenue.

Nova Scotia

Nova Scotia has announced a new EV registration tax of $500 every two years and a hybrid registration tax of $250 every two years. Stakeholders have already raised concerns about the fairness of the levy and how it will be implemented. The measure has been publicly reported, but further details will be needed once the full tax structure is released.

Key messages

- The claim that EVs should face dedicated taxes because they are heavier and cause disproportionate road wear is misleading and unsupported by evidence. This falsehood should be challenged directly.

- As currently designed, EV registration taxes are not tied to actual road use and can overcharge EV drivers compared to ICE drivers, depending on mileage and vehicle efficiency.

- These policies ignore taxes EV owners already pay, including electricity usage for charging at home and at public charging stations.

- Such fees risk slowing EV adoption, undermining climate goals, and reducing associated public health benefits.

- A modernized, fuel-neutral, usage-based funding model would address revenue needs without penalizing technologies that support environmental and economic objectives.



About EMC

Founded in 2006, Electric Mobility Canada (EMC) is Canada's national EV industry association. Our mission is to enable and accelerate the transition to sustainable electric mobility in Canada through advocacy, collaboration, education, and thought leadership, with the ultimate goal of creating a cleaner, healthier, and more prosperous future for all Canadians.

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