
Electric vehicles: purchase rebates should be geared to household income and vehicle purchase price

Press Release

Agora Verkehrswende and the Climate Neutrality Foundation have presented recommendations for optimising the design of Germany's planned EV rebate programme / All-electric vehicles should be prioritised / Additional incentives should be created by improving the affordability and availability of public charging infrastructure and by strengthening consumer awareness

14 January 2026. Germany's planned rebate programme for privately owned electric vehicles (EVs) should prioritise individuals with a pre-tax monthly income of no more than 4,000 euros as well as all-electric vehicles with a retail price of up to 60,000 euros. These are the key recommendations presented in a policy paper by the Berlin-based think tanks Agora Verkehrswende and the Climate Neutrality Foundation. The paper draws on a representative survey of potential car buyers and an external legal opinion regarding the regulation of charging infrastructure. The think tanks argue that in addition to providing purchase rebates, the rebate programme should include loans and leasing models, and should soon be extended to used vehicles. In addition, the think tanks stress the importance of supplementary measures to improve charging station availability, enhance the transparency of charging prices, and increase public confidence in electric mobility.

At the end of November 2025, Germany's coalition parties agreed on a subsidy package totalling three billion euros to fund the "purchase and leasing of all-electric and plug-in hybrid vehicles" especially for "households with small and medium incomes." The package provides for a basic subsidy of 3,000 euros per vehicle for households with an annual pre-tax income under 80,000 euros. It also sets aside additional subsidies depending on the number of children per household. Policymakers are still working out the package's precise details.

"For electric mobility to take off in Germany, we urgently need a new comprehensive strategy," says Christian Hochfeld, the Director of Agora Verkehrswende. "The federal government's announcement of a rebate programme for privately owned electric vehicles is an important step. However, the design of the programme hasn't been sufficiently thought through. If the German automotive industry is to remain successful in the future, it must concentrate financial support on all-electric vehicles for reasons of industrial and climate policy. Extending funding to plug-in hybrids, i.e. internal combustion engine vehicles equipped with an electric battery, adds no value."

Thomas Losse-Müller, the Director of the Climate Neutrality Foundation, explains: "The often higher purchase prices relative to internal combustion engine vehicles are still the biggest hurdle to EV adoption. This is why government rebate programmes that temporarily compensate for this diminishing difference make sense. For both social and economic reasons, it is important that these programmes mostly benefit people in middle and low-income households, who primarily purchase vehicles in lower price ranges, where electric vehicles are more expensive in their total cost than comparable combustion-engine models. In price ranges above €60,000, electric vehicles are often cheaper than their conventional counterparts. Hence, additional government subsidies are not needed for more expensive vehicle segments."

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Income-based tiers and used vehicles

Agora Verkehrswende and the Climate Neutrality Foundation recommend prioritising individuals with a pre-tax income of up to €4,000 per month. This corresponds roughly to the average gross income of full-time employees in 2024. They believe that the upper limit of €80,000 per household currently envisaged by the federal government is too high for single-person households. Under this rule, single-person households would be eligible for subsidies even if they earn almost €8,150 gross per month. For dual-income households, by contrast, a cap of €80,000 amounts to a monthly gross income of €4,300 per person, which is quite reasonable. Another sensible idea is to base the rebate level on the vehicle purchase price. This is because the price differences between electric and internal combustion engine models are greatest among small and medium-sized vehicles, which lower-income households are more likely to buy.

The think tanks also stress the importance of quickly extending subsidies to the purchase of used EVs – a measure that policymakers are currently reviewing. Such an extension, they argue, could strengthen trust in the EV market. Used vehicles account for a large share of the private car market. Furthermore, the willingness to spend money on EVs is lower when buying a used car and more dependent on income. Another trust-strengthening measure for the used EV market would be to establish uniform standards for testing battery quality.

Charging infrastructure and public charging stations

Agora Verkehrswende and the Climate Neutrality Foundation believe that the effectiveness of EV rebates can be improved if the federal government works to expand charging infrastructure as they roll out the new programme. Consumers' willingness to purchase an EV increases significantly when they have access to home chargers or solar panels. However, these are factors that predominantly apply to households living in single-family homes. According to an August 2025 survey commissioned by the think tanks, more than half of individuals with home chargers do not yet own an all-electric vehicle. This group is therefore a prime target for the rebate programme and information campaigns. For those who don't live in single-family homes, the willingness to purchase EVs could be increased by reducing bureaucratic hurdles to installing charging infrastructure in multi-unit dwellings.

Based on a legal opinion, the think tanks also make the case for a more competitive public charging market. More competition would reduce costs for those who cannot charge their EVs primarily at home or at work. Such a market is predicated on the establishment of a monitoring body to oversee proper regulatory implementation, so that customers have an easier time identifying affordable charging options. In this regard, the federal government's proposed charging infrastructure master plan does not go far enough. Although it aims at greater price transparency, it has yet to designate official posts or funds for an appropriate oversight body.

Survey: many people are open to buying an EV, but remain uncertain

The survey shows that while many prospective buyers are receptive to EVs, they still have considerable knowledge gaps. For 47 per cent of respondents, an EV is definitely an option, while 43 per cent are still undecided or sceptical. Only 11 per cent dismissed the possibility of purchasing an all-electric car outright.

When asked about reasons for uncertainty, over 60 per cent of those not completely dismissing all-electric cars said they were unsure about the technology and the durability of the battery. Other frequently cited reasons included waiting for improved technology (55 per cent), concerns about long-term environmental impact (53 per

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cent), and uncertainty about the suitability of EVs for everyday use given their current life circumstances (51 per cent).

Based on these findings, Agora Verkehrswende and the Climate Neutrality Foundation recommend additional informational measures, particularly in the automotive retail sector. Many of the concerns mentioned could be dispelled through greater awareness of current data.

An in-depth survey was conducted with 3,000 people who have a driver's license, drive at least occasionally, are interested in buying a car, and are not fundamentally opposed to electric mobility. The group is representative of approximately 32 million people between the ages of 18 and 76 in Germany.

Further reading

The German-language policy paper published by Agora Verkehrswende and the Climate Neutrality Foundation can be downloaded free of charge at <https://www.agora-verkehrswende.de/veroeffentlichungen/> and <https://www.stiftung-klima.de/de/artikel/wie-deutschland-den-hochlauf-der-elektromobilitat-sichert> On the website the results from the survey, conducted by market research firm Innofact, and the legal opinion from Becker Büttner Held (BBH) are also available for download.

About Agora Verkehrswende

[Agora Verkehrswende](#) is a Berlin-based think tank that seeks to promote climate-friendly mobility. Non-partisan and non-profit, it works together with key stakeholders in the fields of politics, business, academia, and civil society to decarbonise the transport system. To this end, the think-tank team develops evidence-based policy strategies and recommendations. Agora Verkehrswende was initiated in 2016 by Stiftung Mercator and the European Climate Foundation.

About the Climate Neutrality Foundation

Established in July 2020 to identify paths towards climate neutrality, the Berlin-based [Climate Neutrality Foundation](#) works closely with other think tanks to develop cross-sector climate action strategies. It draws on evidence-based research to provide information and guidance to society at large.

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