Israel Vehicle Importers Association

Major Automotive Global Trends of September 2024

On the background of "Iron Swords" war in Israel

October 2024 Edition

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1. Europe

Following the Spanish PM's visit to China, Spain changes its position regarding new tariffs on Chinese EVs

As the final decision of the EU approaches the imposition of permanent protective tariffs for five years on vehicles imported from China, the voices within the Union are increasing, calling for the suspension or reduction of the duties. In September, the Spanish PM, Pedro Sanchez, said, "The EU should reconsider the intention to impose import duties on EVs manufactured in China." His words were said during a visit to China. He also emphasized the need to formulate a compromise between the EU and China "To prevent the escalation of tensions between the two parties". These words represent a substantial change in the Spanish position that previously supported the EU's intention to impose the tariffs unequivocally.

During the visit to China, Sanchez said: "We do not want to enter into a trade war; therefore, we must rethink our position. Spain as a member state of the EU and the Union in general... I think we need to build a bridge between the EU and China, starting in Spain, and try to find a compromise". It should be noted that Spain's opposition alone cannot yet tip the scales against the imposition of tariffs, and this requires a majority of countries whose populations collectively make up over 65% of the EU population.

At the same time, on the diplomatic level, the Chinese government continues to "hint" at its intention to take economic retaliatory measures and even launched an "Investigation against the flooding policy of pork and dairy products, which are imported from Europe". It should be noted that such a step may particularly harm Spain, which is the largest exporter of pork in the EU, with exports to China worth approximately 1.5 billion euros ($1.66 billion) last year.

During his visit to China, the Spanish PM also tried to convince Chinese companies from the automotive and renewable energy fields to invest in Spain. On September 10, Spain even announced that the Chinese "Envision" group signed an agreement to invest approximately one billion dollars in the country to establish a green hydrogen "Energy park", designed to help Spain achieve its goals in the area of reducing greenhouse gas emissions.

Italy calls the EU to reconsider the banning of ICE cars from 2035

Almost a year after the EU set 2035 as a "deadline" for stopping the marketing of new ICE vehicles, member states are trying to reverse the decision. In September, the Italian government called on the EU Commission to allow the member states to choose a more flexible route for the transition between propulsion technologies to achieve the goals of reducing carbon emissions.

On September 7, Italian Energy Minister Gilberto Pichetto said at a business forum in Italy that the EU's plan to ban the sale of new

vehicles with internal combustion engines starting in 2035 should be re-examined. According to him, this ban must change because the EU's decision was "Absurd" and driven by "Ideological visions". The minister added that the EU's plans to ban the sale of new ICE vehicles starting in 2035 "Must be updated to reflect the reality in various markets in light of the slowdown in EV sales in Europe".

The Italian Minister of Industry also called on the Union to advance the interim review of the program's progress from 2026 to 2025. He said, "In the current uncertain situation, we need to set clear directions to prevent the collapse of the European automobile industry... Europe needs a pragmatic vision, and we need to admit that the old ideas are no longer relevant".

According to the new regulation of the EU, after 2035, it will be possible to sell in Europe only zero-emission vehicles. However, the Italian government believes that different countries in the Union should be allowed to move forward the "Deadline" as needed. The ruling party, led by Deputy Prime Minister Matteo Salvini, plans to introduce legislation requiring the Italian government to reverse the EU ban.

Renault CEO: the European auto industry may be fined 15 billion euros for not meeting EURO 7 emission regulations

In an interview with the French media in September, the CEO of the Renault group, Luca de Meo, said: "The decline in demand for EVs may put the European automobile industry in front of fines of 15

billion euros (about 17.4 billion dollars) for exceeding the original carbon emission reduction targets".

It should be noted that according to the Euro 7 regulations, which were recently approved in the EU, by 2025, the vehicle manufacturers in the Union will be set strict targets for reducing average CO_2 emissions. From an average of 116 grams for each manufacturer's new model line today to only 93 grams in 2025. The threshold refers to a weighted average calculated according to the number of sales of each model the manufacturer sells in the EU. The most effective method of meeting the average is to produce and sell more EVs.

De Meo states, "If the demand for EVs remains at the current level, the European car industry may be required to pay a fine of 15 billion euros, or it will have to reduce production by more than 2.5 million vehicles... To achieve the new emission target and avoid fines, the growth rate of EVs in Europe should be doubled".

He added, "Everyone is talking about 2035, which is a decade from now. But we need to talk about 2025 because we are already in a difficult situation... We need more flexibility in the emission targets... Setting deadlines and fines without flexibility is very dangerous".

This position was reinforced by a study carried out by the consulting company "Dataforce", which stated that the European car manufacturers would have to significantly increase their sales of electric and hybrid vehicles and expressed doubt as to whether the

industry can meet the target set for 2025. The study states that Ford and the VW Group are the companies that are the most far from achieving the EU's carbon emissions target for 2025.

Following the drop in sales, the German government makes a "U-Turn" and returns some of the tax benefits for EVs

At the beginning of 2024, the German government canceled the local tax incentives for EVs due to a budget deficit. However, the move resulted in a sharp decrease in sales in the segment in Germany and a significant distancing of Germany from the emission reduction targets set by the government. This problem is intended to be solved by a new federal bill for the partial return of tax benefits for EVs in the coming years. The government estimates that the tax incentives will cost the country an average of 465 million euros annually between 2024 and 2028.

According to the bill, which the government accepted on September 4, companies will be able to receive a tax exemption of up to 40% of the price of new EVs that they purchase or of other emission-free vehicles. This ratio will be reduced by about 6% every year. In addition, zero-emission commercial EVs, whose maximum price to the consumer is up to 95,000 euros, will be able to benefit from tax subsidies. The previous price ceiling for such vehicles was limited to 75,000 euros. The German Association of Automobile Industry VDA announced its support for the German government's plan, and a spokesperson on its behalf said: "This is an important and correct

sign, especially due to the sudden cancellation of EV subsidies at the end of last year, which led to a slowdown in demand for EVs."

2. Turkey

Turkey is striving for a collaboration with China to jointly develop a rare mineral industry for EVs

After "forcing" Chinese car manufacturers to produce vehicles in Turkey, the Turkish government is now trying to develop a battery industry within the country with the help of Chinese companies. During September, news agencies reported that Turkey was working with Chinese companies to mine essential minerals for the battery industry in its territory. The goal is to build an independent EV supply chain and upgrade the attractiveness of production in the country for Chinese car manufacturers.

According to the report, the Turkish government planned to send its energy minister to head a delegation to China in October for further discussions on the issue. In the past, Turkey submitted an official request to join the BRICS bloc (Brazil. Russia, India, China, and South Africa), which includes developing countries with anti-Western policies led by China and Russia.

People familiar with the subject said that Turkey hopes that a potential cooperation with China could encourage Chinese companies, including BYD, to produce batteries in Turkey. Turkey

recently reached an agreement with BYD to manufacture EVs in the country.

In August, Turkey's Minister of Industry and Technology said, "We will continue to build industrial infrastructure, which will allow Turkey to take an important role in the global supply chain of rare elements... from raw materials to EVs and finished batteries".

Two years ago, Turkey discovered a significant deposit of rare minerals in central Anatolia, but today, it does not have the appropriate infrastructure to mine and extract the raw materials.

3. USA

After a long delay, the US administration imposed high protective tariffs on vehicles imported from China

On September 27th, after a delay of almost two months after the original "Deadline", the American administration imposed 100% "Protective tariffs" on EVs made in China that are imported into the US. The decision was postponed to allow discussion of more than 1,100 appeals and objections received during the public hearing held by the US Department of Commerce on the subject.

The new tariffs—which will be imposed not only on EVs but also on several other products from China—include a sharp increase from 24% today to 100% when the rate of customs duty on lithium-ion batteries for EVs made in China rises from 7.5% to 25%.

A similar tariff rate should come into effect on January 1, 2026, also on battery components imported from China, such as natural graphite and permanent magnets. Even before that, the tariff will also be imposed on several other critical materials for the production of batteries, and all this as part of the American effort "To reduce dependence on products that China wants to control or products in fields, in which the US has recently made significant investments in developing".

A previous announcement by the Ministry of Commerce stated that the tariff increases would affect products imported from China worth 18 billion dollars a year. Most of them are lithium-ion batteries, not only for EVs but also for the volume of imports from China to the US in 2023, which amounted to approximately 13.2 billion dollars. The US Department of Commerce representative said: "The final tariffs that came into effect are aimed at China's offensive trade policy, which continues to harm American workers and businesses". Now, many are waiting to see what retaliatory measures the Chinese government will take and how they will affect Tesla, which has extensive operations in both rival markets.

California approves a new act to "Prevent domestic violence using connected vehicles"

One of the interesting advantages of "Connected" vehicles of the current generation is their ability to monitor what is happening in their surroundings and inside the vehicle and transmit data, images, and location in real-time to a remote destination via the network.

However, it turns out that these abilities can also be used for harassment and harming privacy within the family by remote monitoring and control.

Regulators around the world are beginning to be aware of these risks, and in September the state of California passed a precedent-setting bill of its kind in the world, requiring manufacturers of networked vehicles to take steps "To protect victims of harassment and domestic violence".

The proposal, accepted by most of the state's legislators, was forwarded to the state's governor, Gavin Newsom, for final approval. When drafting the decision, the administration tried to conduct a dialogue on the issue with leading companies in the field, including Tesla. Still, it is not known whether the dialogue yielded any results. The media in the US reports that in the past, car manufacturers refused to provide data to women (or their representatives), who claimed that their partners were pursuing them through the vehicles' tracking capabilities. A lawsuit was even filed against Tesla by a woman, who claimed that the company did nothing despite repetitive complaints that her husband is violating a restraining order and uses the technology embedded in the Tesla car in which she drives to stalk and harass her.

The new proposal will require vehicle manufacturers to conduct an orderly investigation within two business days regarding complaints on the subject. Suppose they are presented with a restraining order or other relevant documents against a third party who misuses the

vehicle. In that case, they must cancel the remote access rights of the harassing party to the vehicle. In addition, manufacturers will be required to allow drivers to easily disable the access of external parties to the vehicle's location while driving it.

4. Canada

Canada continues to promote the imposition of protective tariffs on Chinese cars, even more extremely than its' neighboring US

In August, the Canadian government announced its intention to impose 100% protective tariffs on Chinese-imported electric, hybrid, and plug-in vehicles. Following that, the government announced in September the holding of a "Public consultation" on the subject, which should end on October 10. At the same time, the government announced that it is considering expanding the scope of the additional tariffs that will be imposed on products made in China and include in the list also steel, aluminum, critical minerals, batteries and components for batteries, solar products, and chips.

Canada has committed to achieving a zero carbon emissions economy by 2050, and to do so, it has made. It is making significant investments in developing manufacturing capacity in the fields of batteries, semiconductors, solar products, and critical minerals. The government statement stated that: "Canada has a proud industrial history, rich resources of critical minerals, a skilled workforce and

high standards in the field of environment, society and governance... At the global level, Canada is seen as a strategic partner that possesses high-quality critical minerals which are essential for the transition to a carbon-free economy in her territory ...Because of this, the government decided to take targeted actions to continue strengthening the local supply chains".

The Canadian Minister of Energy and Natural Resources even added, “We are supporting our industries and workers in building strong, reliable, and competitive supply chains of critical minerals, EVs, and clean technology... We are taking the actions necessary to protect Canadian workers in sectors critical to our economy, environment, and energy security”.

If Canada ultimately decides to impose additional tariffs on key Chinese minerals, batteries and components, solar products, and chips, the Chinese government may take significant economic retaliatory measures against it.

5. South-Korea

South Korea announcing new and comprehensive legislation to improve EV safety

In August, it was reported that the Korean government is formulating new and comprehensive legislation which will upgrade the safety of EVs and batteries which are marketed in the country. This is partly due to a public uproar, which arose in Korea following

a huge fire in July, which was sparked by a malfunction of an EV in the parking lot of a residential complex in Seoul and caused hundreds of vehicles to burn.

In September, the issue moved to official legislative procedures in Korea, which should end by the end of October. According to a statement from the Ministry of Transportation of South Korea, "The new legislation is intended to inform the public about the safety level of EVs that they purchase".

As part of the September 6th move, the government announced that the schedule for introducing the new safety regulations for EV batteries, originally planned to enter into force only in February 2025, had been brought forward. The legislation will be introduced as early as October of this year alongside new regulatory measures to prevent fires in EVs, which will oblige all local and foreign car brands. At the same time, the South Korean government will publish public information about battery manufacturers, battery types, and key raw materials used in the batteries of the EVs sold in the country.

The government will also expand the scope of mandatory tests of batteries in EVs and upgrade their testing infrastructure throughout the country. In the first stage, the high-voltage insulation of the battery will be tested. In the future, tests and records of the battery voltage, temperature, and state of charge will also be required, as well as cumulative records of the state of charge and discharge.

The government also decided to expand the insurance liability of EV manufacturers and the operators of public charging stations to protect consumers and their vehicles against fire damage in EVs. Among other things, the government is promoting the imposition of mandatory fire damage insurance, without which manufacturers and marketers of EVs will not be able to receive subsidies for EVs starting next year. The operators of the charging stations will also be required to purchase "Liability insurance" to compensate for damages that will be caused as a result of EV fires.

The South Korean government also intends to launch in the first half of next year a "Pilot" of a warning system, which is connected to the battery management system in EVs. This will automatically notify fire services in high-risk situations. Hyundai and Kia have already announced that they will install upgraded battery management software in old EVs at their own expense.

In addition, a significant expansion of the subsidy for "Smart" and network-managed charging stations is expected, which makes it possible to remotely monitor overloads and malfunctions and synchronize the vehicles' advanced battery management system to reduce the chance of fires. The plan also includes the obligation to install automatic fire extinguishing systems (Sprinklers) in the parking lots of new houses to prevent fire spread between vehicles.

In the long term, the South Korean government will fund research and development of chemical "Stability additives" to prevent battery fires, development of internal fire extinguishing technology inside

battery cases, and accelerated development of solid-state batteries, which can withstand higher temperatures and have higher thermal stability which makes them a safer alternative to existing lithium-ion batteries.

6. China

The Chinese government is applying a "pressure press" in Europe until the last moment to stop the imposition of tariffs

In September, the Chinese government held intensive talks with EU representatives to stop or mitigate the EU's intention to impose heavy tariffs on EVs imported from China. On September 18, the Chinese Minister of Commerce held a symposium in Brussels with several international companies operating in the supply chain of EVs to "Exchange views" on the correct solution to the tariff problem and to deepen the cooperation between China and the EU.

The meeting was attended by representatives of almost 30 companies in the field of components and batteries for EVs, as well as relevant industry bodies. At the meeting, the Chinese minister said, "Cooperation is critical to the development of the automobile industry of China and Europe. Forty years of cooperation between the automobile industry of China and the EU have produced deep integration... The investments of companies from the EU in China have driven the development of the automotive supply chain in China. The Chinese government has provided an open market and a fair competition environment for companies from the EU". He

reiterated the claim that the investigation opened by the Union on the subject "Does not make sense" and assessed the move "Will inhibit the cooperation between the automobile industry of China and the EU and harm the willingness of Chinese companies to invest in Europe", in addition, “It will harm global cooperation in the fight against climate change and will significantly harm international trade that is based on the rules of the WTO”.

The representatives who participated said there is a large scope for cooperation in the industrial chain of EVs between China and the EU. According to them, "European Union companies are not afraid of competition, do not need the protection of tariffs, and support free trade, the opening of markets and fair competition." The meeting closed with the call of those present that "China and the EU will properly resolve the dispute through dialogue and prevent the commercial frictions from getting out of control and escalating".

Before that, the Chinese minister met with German Chancellor Schmidt and according to the Chinese press, "The two sides exchanged views on various issues concerning the automobile industry”. Schmidt said that Germany hopes the EU and China will resolve the dispute through dialogue. He said, "We have always believed that imposing tariffs is not a solution, and we have shared his position with the EU Commission many times. The solution proposed by the Chinese industry provides a good basis for both sides to reach an agreement". According to recent information, the

EU is supposed to make a final decision on the issue at the beginning of October.

The Chinese government recommends that Chinese auto manufacturers settle for establishing car assembly lines (CKD) outside of China instead of complete manufacturing facilities.

In September, news agencies reported that the Chinese government instructed Chinese car manufacturers who aspire to establish production plants outside of China to reduce the chance of sensitive technologies "Leakage" to foreign countries, mainly technologies related to EV production.

As an alternative, the government directed the manufacturers to set up assembly plants for disassembled and packaged "Kits" of vehicles, which include components pre-produced in China and only assembled in the destination country. This method, known as CKD (Completely Knocked Down), is quite old and has been used in the automotive industry for decades, mainly in developing countries.

The issue arose after several manufacturers requested government approval to set up production plants in Europe to circumvent the tariffs imposed by the EU on EVs imported from China. This is in addition to establishing factories in India and Asia. Among other things, BYD announced that it has started to build a factory in Hungary and is looking for a site for another factory in Turkey, while

Chery, SAIC, Dongfeng, and other manufacturers are preparing to build factories in Europe and India.

The news agencies reported that the Chinese Ministry of Commerce held meetings with over ten car manufacturers in July and informed them that certain regions of the world, such as India, are "Out of bounds" regarding establishing "Full" factories. Regarding the possibility of opening factories in Turkey, manufacturers were told that any such move requires close coordination with China's Ministry of Industry and Information Technology (MIIT).

However, it is not certain that the "Exporting car assembly kits" policy will overcome Europe's regulatory barriers. Valdis Dombrovskis, Vice President of the EU Commission, has recently warned that the exemption from tariffs for Chinese vehicles produced in Europe will only be granted if the manufacturers meet the condition of minimum value creation within the EU. This means hiring employees, investing in infrastructure, hiring European spare parts suppliers, etc.

It should be noted that the binding vote of the EU countries on making the tariffs on Chinese-made EVs permanent (for five years) was supposed to be held in October but was brought forward to the end of September.

7. India

India launches a plan for EV subsidies and is promoting scrapping of old trucks

The Indian government is determined to adopt the Chinese model and simultaneously develop demand in the country's EV market and the local EV industry. In September, the government announced the allocation of 109 billion rupees (about 1.3 billion dollars) to encourage the penetration of EVs into the Indian market. The program includes, among other things, subsidies of approximately 36.79 billion rupees for the purchase of electric motorcycles, electric tricycles, electric ambulances, and electric trucks.

In the area of light and heavy trucks, which are one of the main sources of air pollution in Indian cities, the Indian government allocated 5 billion rupees to subsidize the purchase of electric trucks by private customers and additional subsidies for the scrapping of old gasoline and diesel trucks. Public transportation bodies will receive another 43.91 billion rupees in grants to purchase approximately 14 thousand electric buses.

The new plan also allocates budgets to improve India's charging infrastructure and promote research and development of new technologies in the field. The government spokesman stated that the program's main goal is to "Accelerate the demand for EVs through incentives for consumers and promoting the establishment of a basic charging infrastructure for EVs".

In early September, the Indian Transport Minister also called on car manufacturers to set up scrapping centers aimed at getting polluting vehicles off the road. According to him, the move will increase total vehicle sales by up to 20%. EVs accounted for less than 2% of the 4.2 million private and commercial vehicle sales sold in India last year, excluding two-wheelers and rickshaws. The Indian government aims to increase their relative share to 30% by 2030.

8. Global

Global EV sales kept rising in August thanks to the Chinese market and despite the moderation in demand in Europe

In August of this year, sales of electric and "Electrified" vehicles worldwide totaled approximately 1.47 million units, a 20% increase compared to August last year. This is according to a new study by the consulting company RhoMotion, published at the beginning of September. The study states that although sales of electric and plug-in vehicles in Europe fell sharply in August, they recorded an increase in the global summary following record sales of electric and plug-in vehicles in China.

According to the data, sales in these two segments in China increased by 42% in August to a record of more than one million units, while sales of electric and plug-in vehicles in the United States and Canada increased in the same period by 8% compared to August last year and reached 160,000 units. However, sales of EVs

in Europe fell by 33%, reaching the lowest monthly level since January 2023.

Cumulatively, between January and August, sales in Europe's "Electric and electrified" segment decreased by 4% compared to last year. This is partly due to a 23% drop in sales of EVs in Germany compared to the same period last year after the government subsidy was cut.

According to the authors of the study, subsidies given in China to owners of old, polluting vehicles to switch to green vehicles boosted sales of EVs in August. This is in addition to strong seasonal sales towards the end of the year. The study estimates that sales of EVs in China, which is the largest EV market in the world, will increase by a third this year compared to last year and will reach 10.5 million, while their sales in Europe this year will be almost the same as last year and will amount to 3.1 million units.

9. Israel

The Ministry of Finance formulated a draft budget proposal for 2025 that includes moves in the automotive sector

In September, the Israeli Ministry of Finance presented a new draft budget proposal that aims to significantly increase the state's revenues in the 2025 budget year in light of the growing war expenses and the growing deficit in the state budget.

For the automotive sector, the draft includes three proposed moves that will have a lateral impact on the market.

The first move includes reducing the "Green tax" benefit ceiling, which is currently given to vehicles with pollution levels between 1 and 14. According to the proposal, the ceiling, which currently stands at about 18 thousand NIS, will be reduced to about NIS 3,990. The practical meaning is an average effective purchase tax increase on most vehicles by approximately 7%. In vehicles belonging to the 14 pollution group, the tax benefit will be zeroed out and even become negative, meaning they will be subject to a NIS 1,535 additional tax.

The second move is the imposition of a "Pollution tax" on vehicles from pollution group 15 when the group will be divided into three subclasses according to the "Green score" of each of the vehicle models. The additional purchase tax will range from NIS 2,455 to NIS 7,500 for the most polluting vehicles.

The third move is the cancellation of the special tax benefit on EVs, and as "Compensation," they will be excluded from the reduction of the ceiling of the green tax benefit that applies to the other categories and will continue to benefit from it until the end of 2027. The bottom line is that this is only a secondary offset of the effect of the increase in the purchase tax on EVs, which is from 35% today to 83% at the beginning of January, according to the proposal.

In explaining the budget proposal, the Treasury writes, "The purchase tax on private vehicles is a significant source of income for the State of Israel when in 2023, 13.95 billion NIS will be collected through the purchase tax. Besides the fiscal aspect, the purpose of the tax is to make consumers internalize the external costs arising from using a private vehicle, mainly due to road congestion, traffic accidents, air pollution, greenhouse gas emissions, and noise.

The current purchase tax rate is 83%, but there are tax reductions depending on the level of safety equipment and the vehicle's air pollution level. Also, there is a unique taxation outline for EVs under which the vehicle purchase tax was 35% in 2024. In addition to the purchase tax, private vehicles are also subject to customs duty and a luxury tax on vehicles whose price to the consumer exceeds NIS 300,000.

Since November 2009, following Government Resolution No. 2395 of January 2008, a "Green taxation" program has been implemented in Israel that provides benefits in the purchase tax on private vehicles. As part of the program, the purchase tax on all vehicles in Israel increased from 72% to 83%, and at the same time, a tax benefit was introduced that reflects the vehicle's air pollution level. To maintain fiscal balance, the tax benefits according to the level of air pollution were determined so that although the statutory tax rate increased by 11%, the effective tax rate to be paid in practice was supposed to remain 72% even after the reform.

The value of the benefit under the green taxation program is determined so that every vehicle imported to Israel has a green score that reflects the vehicle's air pollution level. The lower the vehicle's air pollution level, the lower its green score. To encourage the importation of vehicles with low air pollution, it was determined that the purchase tax applicable to the vehicle would be reduced by an amount that will vary according to the vehicle's green score - while vehicles with reduced pollution will receive a higher benefit. Thus, in 2024, vehicles with air pollution levels 1 and 2 will receive a tax benefit of 18,417 NIS; vehicles with air pollution level 8 will receive a benefit of 8,901 NIS; and for vehicles with air pollution level 15, the most polluting level, no benefit applies.

Although the value of the benefit under the program was determined so that the effective purchase tax rate would remain 72%, as a result of the reform, the effective tax rate decreased much higher. According to the data of the Tax Authority, the average effective purchase tax rate in the years 2018-2023 was 57%, and in no year did it exceed 62%, where a decrease of only 2.5% can be attributed to the tax benefit for equipping safety components. It appears that the amount of the tax benefit in respect of the "Green taxation" program was expressed in the reduction of the effective tax significantly more than expected when there is a deviation of about 12% in the effective tax rate compared with the purchase tax rate of 72% that was customary on the eve of the program and which was expressed in 2023 in a loss of income of about 3 billion NIS.

In light of this and for the benefit of convergence with the fiscal frameworks, it is proposed to reduce the amount of the tax benefit within the framework of green taxation. To maintain the relative incentive for buying vehicles with low air pollution, the proposal reduces the benefit for all types of vehicles in pollution levels 1 to 14 in the same way so that the absolute difference in price between different vehicles will remain similar. To create an incentive for buying less polluting vehicles even within the group of the most polluting vehicles, it is proposed to split group 15 into three different taxation levels. Since currently, no tax reduction applies to vehicles with air pollution level 15; it is proposed to establish that the purchase tax on these vehicles will increase by a fixed NIS increase in an upward outline.

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