Rwandan lower chamber of parliament is currently reviewing and scrutinizing a new draft law that aims to impose a motor vehicle tax of zero percent on electric vehicles (EVs), according to a copy of the draft seen Friday in Kigali.

The new regulation to be adopted by lawmakers stipulates that the zero percent tax will also be applied to the cost of transferring the ownership of such vehicles.

These incentives, according to the draft-law are only valid for battery-based EVs, not for EVs converted from fossil-based vehicles.

The United Nations Environment Programme (UNEP) has so far supported Rwanda's shift to electric vehicles, working with government officials to speed the rollout of electric motorbikes and three-wheelers.

The work in Rwanda is part of a broader UN agency effort to limit air pollution, which kills an estimated 7 million people a year, many in developing countries.

According to the Rwandan government, the cost of transitioning to e-mobility and the adoption of electric vehicles will be US $900 million.

However, transitioning to electric motorcycles alone, which is an important mode of transport, would save the Rwandan economy US $22 million in fuel imports every year.

Since April 2021, the Rwandan government introduced some incentives to encourage the production of electric vehicles, batteries, and other inputs1. These incentives include a 15% Corporate Income Tax (CIT) and tax holiday for companies manufacturing and assembling.

Latest estimates by Rwanda Environment Management Authority indicate that road transport contributes to 13 per cent of the country's greenhouse gas emissions.

The main greenhouse gas produced by vehicles, according to climate experts is carbon dioxide (CO_2), but they also produce nitrous oxide and methane.

By 2030, Rwanda is aiming to have 20 per cent of buses, 30 per cent of motorcycles and 8 per cent of cars electrified.

Rwanda has an ambitious target to reduce greenhouse gas emissions by 38% by 2030 compared to business as usual, equivalent to an estimated mitigation of up to

4.6 million tonnes of carbon dioxide equivalent (tCO2e).