



Ministry of Environment

Press Release

다시 대한민국!
새로운 국민의 나라

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Government Subsidies for Electric Cars Increase, Depending on Year-End Vehicle Price Discounts

On September 25, the Ministry of Environment (Minister Han Wha-jin) released a plan to expand subsidies for the purchase of electric cars. The purpose is to promote the distribution of electric cars and revitalize domestic demand.

Although the total number of electric vehicles distributed this year has increased compared to the same period last year (January to August), electric cars, which account for the largest proportion of electric vehicles, currently show stagnation*. In response to the increased need for government measures to promote the distribution of electric cars, a proposal to expand purchase subsidies was prepared.

* (January-August 2021) 39,409 cars → (January-August 2022) 71,744 cars → (January-August 2023) 67,654 cars

First, considering that vehicle price is a major factor when deciding to purchase an electric vehicle, a plan was prepared to differentially expand government subsidies in proportion to the vehicle discount amount of the car manufacturer. This measure applies only to electric cars with a base price of KRW 57 million or less. The government subsidies that the vehicle can receive shall increase from a maximum of KRW 6.8 million to a maximum of KRW 7.8 million,* depending on the manufacturer's vehicle price discount.

* Government subsidies for electric cars (current maximum KRW 6.8 million → **maximum KRW 7.8 million**) = Performance subsidies (maximum KRW 5 million) + [supply target subsidies (maximum KRW 1.4 million) + charging infrastructure subsidies (KRW 200,000) + innovative technology subsidies (KRW 200,000)] × **[1 + discount amount (Unit: Ten thousand won)/900 (Unit: Ten thousand won)]**

For example, if an electric car manufacturer discounts the vehicle price by KRW 3 million on a model eligible for KRW 6.8 million in government subsidies, buyers can receive a total of KRW 7.4 million in government support. This is achieved by receiving additional government subsidies of KRW 600,000.

This proposal to expand subsidies for the purchase of electric vehicles will be reflected in the '2023 Guidelines for Electric Vehicle Supply Project Subsidies.' The plan will be implemented on September 25, and will be applied until December 31 of this year. In addition, the plan is to recalculate and support the government subsidies for the vehicle type. This will be done after reviewing the documentary evidence of price reduction for each vehicle type submitted by the electric car manufacturer wishing to participate.

Moreover, the Ministry of Environment has also expanded the number of purchase support vehicles for corporations and individual businesses. Individual businesses, whose number of electric car purchase support was initially limited to one within two years (re-support limitation period), and corporations that received local government subsidies within less than two years (re-support limitation period), are also eligible to receive subsidies for the simultaneous purchase of multiple electric vehicles. In addition, electric vehicles for testing and research, which were not previously eligible for purchase subsidies, can receive subsidies through local government subsidy projects.

The Ministry of Environment plans to form a 'Special Task Force for Promoting Electric Vehicle Supply' in which the Korea Environment Corporation, the National Institute of Environmental Research, and related associations participate. The aim is to closely analyze the effects of electric vehicle market trends and support measures for expansion, and reflect these findings when setting the direction of future electric vehicle supply policy.

Minister Han Wha-jin stated, "In response to stagnant demand for electric vehicles, it is time for the government to take proactive measures to secure the competitiveness of the domestic electric vehicle industry. We will continue to consult with industry leaders to accelerate the supply of electric vehicles." She added, "We will steadily promote this plan to expand purchase subsidies to maximize the supply of electric cars and reorganize the electric car supply policy for 2024."