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A JOINT LAW VENTURE

NAVIGATING THE CHARGE:
EV Regulatory Compliance Across Latin America and the United States

INTRODUCTION

In response to the rapid growth of the electric vehicle (EV) market across Latin America and the United States, Duane Morris has partnered with esteemed law firms in Argentina, Chile, Colombia, Costa Rica, Mexico, Ecuador, Peru, Uruguay and Venezuela to produce this comprehensive EV regulatory compliance publication.

As EV demand rises, navigating the complex regulatory landscape becomes increasingly challenging. This publication aims to provide clear, actionable insights on environmental standards, safety requirements and incentives, helping businesses comply with evolving regulations.

This publication offers an in-depth analysis of current policies, tax incentives, import regulations and sustainability measures across key Latin America markets. By examining each country's framework and leveraging local experience and insight, this guide aims to empower businesses to make informed decisions and identify emerging opportunities in Latin America's evolving EV landscape.

At Duane Morris, we are committed to supporting our clients in achieving their business goals while navigating the intricacies of EV regulations.

CONTENTS

LEGAL FRAMEWORK FOR IMPORTATION OF EVS AND HEVS

SUBJECT	ARGENTINA	BRAZIL	CHILE	COLOMBIA	COSTA RICA	ECUADOR	MEXICO	PERU	URUGUAY	USA	VENEZUELA
General Import Duties for New Automobiles	35%	Rates will be increased in stages until July 2025 to 35%	6%[1]	35%	Varies depending on the vehicle and its usage (between 45%-80%)	15-40%	20%	Varies depending on the vehicle and its usage	35% diesel cars 6% gasoline cars	Base tariff of 2.5% but varies depending on the country of origin of the imported vehicle	20%
Special Lower EV or HEV Import Duties	No	Yes (gradual ascending rates until 2026)	No	0% EVs 0% HEVs (until 2027) import quota: 3,000 vehicles per year (2025, 2026 and 2027)	EVs = yes (gradual exemption leading to 0% in 2034) HEVs = no	0% EVs & HEVs	General Import Tax (GIT) for new EV/HEVs from 2022 and older: 15% (exempt with Certificate of Origin if EV/HEV is manufactured or assembled in Mexico, USA or Canada). GIT for new EV/HEV: exempt	Range from 0% to 6% (depending on usage of EVs/HEVs)	0% EVs 1-3% HEVs	No	No
Special Benefits Apart from Import Duties to Promote EV Usage	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	No
VAT and Excise Taxes on EV and HEV Importation	21% VAT (general rate applicable)	VAT varies by state (ranges from 12% to 18%)	19% VAT (general rate applicable)	5% VAT for EVs and HEVs (general rate is 19%)	Gradual VAT exemption only for EVs (13% VAT in 2022, which leads to 1% in 2034)	0% VAT for EVs and 15% VAT for HEVs	16% VAT (general rate applicable)	16% VAT and 2% Municipality Promotion Tax (both apply jointly), plus an Advance VAT Payment of 10% for the first import and 3.5% for following imports of new EVs and HEVs	22% VAT, yet vehicles not used for recreational purposes may be exempted from VAT when imported by companies if they qualify for a special investment promotion regime	The USA does not have a VAT system. Instead, it uses sales taxes, which are imposed at the state and local levels. The rates and application of sales taxes vary by state. In some states, EVs and HEVs may be eligible for sales tax exemptions or reductions	VAT exemption for definitive imports of tangible personal property carried out by legal entities whose purpose is the assembly of certain motor vehicles destined to produce units in Venezuela (general VAT rate is 16%)

1 In this case, import taxes apply due to the rules of origin, as some components of the EV and HEV, such as the batteries, are not manufactured in the country of origin and therefore cannot benefit from the tariff exemption established in the respective Free Trade Agreements.

										to encourage adoption of environmentally friendly vehicles	
	25% excise taxes on luxury automobiles priced between ARS 19,826,151 and ARS 36,602,126, 53.84% on luxury automobiles priced above ARS 36,602,126	18.81% for EVs and HEVs (but reductions may apply if certain conditions are met)	No excise taxes on imported EVs and HEVs	8% excise taxes on luxury vehicles priced below USD 30,000. 16% excise taxes on luxury vehicles priced over USD 30,000.	Gradual exemption only for EVs of 100% in 2022 to 0% in 2034 (the exempted tax rate varies depending on the price and usage of the vehicle)	Exemption of excise taxes for EVs and HEVs (ranges from 5% to 35% for imported vehicles)	New Automobile Tax (NAT): Both used EV/HEV and new EV/HEV are exempt	Up to 40% excise taxes on used EVs and HEVs (depending on their characteristics)	No excise taxes on imported automobile vehicles	Taxes vary state by state	15% excise tax added to the value of goods on luxury automobiles priced above USD 40,000
Customs Unions (Common External Tariff and Tariff Benefits among Members States)	MERCOSUR[2]	MERCOSUR	No	CAN[3]	No	CAN	No	CAN	MERCOSUR	No	MERCOSUR (indefinitely suspended)
Free Trade Zone (Tariff Benefits among Member States)	MERCOSUR	MERCOSUR	Pacific Alliance[4] CPTPP[5]	Pacific Alliance CAN	MCCA[6] CAFTA-DR[7]	CAN	Pacific Alliance UMSCA[8] CPTPP	Pacific Alliance CAN CPTPP	MERCOSUR	UMSCA CAFTA-DR	MERCOSUR (indefinitely suspended)
FTA with an Asian country	No	No	China, Hong Kong SAR, Indonesia, Japan, Malaysia, South Korea, Thailand, Vietnam	South Korea, Singapore	China, Singapore, South Korea	China, South Korea	Japan	China, Japan, South Korea, Singapore, Thailand	No	South Korea, Singapore	No

2 Mercado Común del Sur (MERCOSUR) Member States: Argentina, Brazil, Paraguay, Uruguay, Venezuela (indefinitely suspended). Recently announced, MERCOSUR and the European Union have concluded negotiations for a Free Trade Agreement. Although not yet ratified, the agreement aims to establish a stronger economic partnership by gradually reducing tariffs, fostering investments, and simplifying trade processes. For Asian companies seeking to export EVs and HEVs to Europe, MERCOSUR countries will offer strategic opportunities for investment and production, along with the potential to a simplified access to European markets.

3 Andean Community (CAN) Member States: Bolivia, Colombia, Ecuador, Peru

4 Pacific Alliance Member States: Chile, Colombia, Mexico, Peru

5 Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP) Member States: Australia, Brunei, Canada, Chile, Japan, Malaysia, Mexico, New Zealand, Peru, Singapore, Vietnam

6 Central America Common Market (MCCA) Member States: Costa Rica, El Salvador, Guatemala, Honduras, Nicaragua, Panama

7 Dominican Republic-Central America Free Trade Agreement (CAFTA-DR) Member States: Costa Rica, Dominican Republic, El Salvador, Guatemala, Honduras, Nicaragua, USA

8 United States-Mexico-Canada Agreement (UMSCA) Member States: United States, Mexico, Canada

Additional duties	No	No	No	No	No	No	No	No	No	Yes - EVs imported from China are subject to an additional 25% tariff	No

ARGENTINA

As of this publication, there are no special regimes in effect that reduce electric (EV) and hybrid (HEV) import tariffs in Argentina. During the period from May 2017 to May 2020, under Decree No. 331/2017, Mercado Común del Sur (Mercosur) intra zone tariffs for certain EVs, HEVs and fuel cell (hydrogen) vehicles were reduced to rates of 5%, 2% and zero percent. The maximum number of units that could be imported was 6,000. Decree No. 846/2020 extended the benefit until May 2021, and Decree No. 617/2021 further extended it for an additional 18 months and increased the import quota to 4,500 units for this new period. This special regime expired in March 2023 and was not renewed.

General import tariffs are categorized mainly in Mercosur intra zone tariffs and Mercosur extra zone tariffs. Although Mercosur is a free trade zone, one of the very few exceptions is the automobile industry. The current tariff and tax treatment of imported vehicles for transportation of merchandise, both HEVs (positions 8704.42.00.000V; 8704.43.00.000G; 8704.51.00.100C; 8704.51.00.200H; 8704.51.00.900W; and 8704.52.00.000J) and EVs (position 8704.60.00.000Z), is the following:

1. Import duties: intra zone (35%) and extra zone (3%)
2. Statistics tax: 3% (capped at US$150,000)
3. Value added tax (VAT): 21%
4. There are collection regimes for gross turnover tax (2.5%) and income tax (6%).

Argentina is commencing a process of opening its economy. Decree 70/2023 and Law 27,742 made significant steps towards a freer international trade regime. The rules governing the payment of imports of goods were also significantly amended following the change of administration in December 2023. The SIRA regime (prior governmental clearance of the services payment) has been eliminated and restrictions on access to the foreign exchange market to pay imports have been lifted, except for compliance of certain minimum terms.

Some provinces have granted specific tax exemptions for HEVs and EVs. The city of Buenos Aires and the province of Santa Fe grant a complete exemption to HEVs and EVs. The provinces of Mendoza and Río Negro reduced the automobile tax by half. The province of Neuquén grants an exemption from gross turnover tax to the sale of EVs and HEVs and also a stamp tax exemption.

BRAZIL

Imports of vehicles into Brazil are subject to several taxes levied on the import value. These taxes may vary depending on the type of vehicle (Harmonized System Code, or NCM in Portuguese), its origin (whether there is a trade agreement between Brazil and the exporting country) and other factors.

Hybrid (HEV) and electric (EV) vehicles are imported under the following NCM: 8703.40.00; 8703.50.00; 8703.60.00; 8703.70.00; and 8703.80.00.

The main taxes levied upon the imports are: import duty (I.I.), IPI (Federal Excise Tax), PIS/COFINS (Federal Social Contributions) and ICMS (State Value-Added Tax).

Trading Taxes

Import Duty (I.I.)

I.I. is a federal tax levied on the customs value of the vehicle (the vehicle's value plus international freight and insurance costs). The tax rates vary according to the NCM and, in recent years, EVs and HEVs have benefited from reduced rates across various categories to encourage their use in Brazil.

However, the taxation on these vehicles has recently been reinstated, and the forecast for the coming months is that the rate will be adjusted to the following scenario:

Propulsion	Hybrid Electric Vehicles (HEVs)	Plug-in Hybrid Electric Vehicles (PHEVs)	Battery Electric Vehicles (BEVs)
jan/24	12%	12%	10%
jul/24	25%	20%	18%
jul/25	30%	28%	25%
jul/26	35%	35%	35%

Federal Excise Tax (IPI)

The IPI is a federal excise tax imposed on (i) the import (customs clearance) of industrialized products; (ii) the first remittance of imported goods; and (iii) the remittance of products subject to manufacturing. It is a non-cumulative (value-added) tax, meaning that the IPI levied on the acquisition of imported or local goods, raw materials or other inputs can be recorded as a credit to offset IPI debits on the sale of manufactured or imported products.

In imports, the tax basis is the customs value plus the import duty. The tax rate varies according to the NCM. For EVs and HEVs, the IPI rate is 18.81%, but some reductions may apply depending on the compliance with requirements related to energy efficiency, structural performance and the availability of assistive technologies for driving vehicles (Law 14,902/2024).

PIS/COFINS

PIS and COFINS are two federal social contributions due in imports and sales of goods. The tax basis in imports is the customs value (same basis of import duty).

The tax rates are generally 11.75% (2.1% of PIS and 9.65% of COFINS). However, for EVs and HEVs, the combined rate is 15.19% (2.62% of PIS and 12.57% of COFINS).

Depending on the tax regime of the importer, PIS/COFINS paid in imports can be registered as credits to offset the debits due on subsequent sales.

Value Added Tax (ICMS)

ICMS is a state VAT imposed on (i) imports of goods; (ii) sales, transfers and remittances of goods; and (iii) the rendering of specific services.

In the case of imports, the tax basis is the customs value plus the import duty, IPI, PIS/COFINS and other expenses. The tax rate varies according to the state where the importer is located, but is generally between 12% to 18%.

Tax Reform

Recently, Constitutional Amendment No. 132/2023 (EC 132) was enacted, establishing tax reform. The primary purpose of this reform is the simplification and unification of the ICMS and ISS taxes into the Tax on Goods and Services (IBS), as well as the merging of PIS/COFINS into the Contribution on Goods and Services (CBS), and the transformation of the IPI into the Selective Tax (IS).

Brazil’s Congress is voting on the Bill of Law No. 68/2024 (PLP 68/2024), which has already been approved by the Deputies House, and it is still awaiting deliberation by the Senate.

Hence, there is no definition on the applicable rates and the rules that will effectively come into force in the near future.

The transition period to the new tax system will begin in 2026, with completion expected by 2033, when the taxes currently levied on consumption will be fully replaced by CBS, IBS and IS. In 2026, the transition will start by adding the tax rates and conducting system tests.

Therefore, the scenario considered here will be substantially modified in the coming years.

CHILE

Currently, Chile does not have specific regulations for the importation of electric vehicles (EVs). Therefore, they are subject to the general vehicle import regulations. Nevertheless, there is a strong interest on the part of the Chilean authorities to promote electromobility, which has gradually incorporated a series of advantages for these vehicles, leading to an increased demand in the Chilean market.

However, once imported, there are some specific regulations to encourage the use of this type of vehicle, which we will discuss below.

Common Regulations on the Import of Vehicles

Customs

A vehicle entering the country must pass through customs. The applicable ad valorem duty is 6% of the CIF value of the vehicle.

Taxes

VAT: 19% on the CIF value + ad valorem duty. This tax will be charged immediately upon the completion of a sale and assumed by the purchaser.

Green tax: New motorized vehicles are typically subject to this tax, which is calculated based on the emissions of the vehicle in question. However, EVs are exempt from this tax.

Registration Certificate

For vehicles to be sold in Chile, they must be registered and homologated. The Vehicle Control and Certification Centre is responsible for certifying that all construction, safety, gas emissions and energy efficiency aspects comply with the regulations set by the Ministry of Transportation and Telecommunications. Regarding EVs, a catalogue produced by the Electromobility Platform provides a comprehensive list of all electric and plug-in hybrid vehicles that have been approved by the Vehicle Control and Certification Centre.

Energy-Efficiency Labelling

New cars put on the market, whether they are conventional fuel, hybrid or electric, must carry the energy efficiency label in accordance with the regulations of the Ministry of Energy.

Extended Producer Responsibility Law

In Chile, the subjects covered by this law depend on the definition of priority products by the Ministry of the Environment. Currently, tires and lubricants are considered priority products when it comes to importing vehicles. Therefore, since cars contain these products, the importer must comply with the law.

Specific Regulations for EVs

Circulation Fee

In general, vehicles are subject to an annual registration fee. As an exception, electric and plug-in hybrid vehicles will be exempt from registration fees until 2025, after which they will only pay a proportion of the registration fee value that would apply to a conventional vehicle for a period of six years.

Traffic Restriction

EVs and hybrid cars are exempt from the pollution control vehicle restriction.

Energy Efficiency Law

Among other things, the law sets energy efficiency standards for the new car fleet. These standards are average energy efficiency targets. Compliance or non-compliance is measured against the average (power and weight) of a brand/importer's sales. It also mandates the Ministry of Energy to issue a regulation on the interoperability of EV chargers, which is currently being drafted.

Regulation of EV Charging Infrastructure

There are some specific regulations on infrastructure safety requirements, as well as some permits that need to be issued for the use of specific products. However, current regulations are few and far in between, as most of the regulations required for EV charging are in the process of being issued.

Extended Producer Responsibility Law

Lithium batteries will be considered a priority product in the future, as the Ministry of the Environment is working on the regulation of these products. Future EV sellers should be aware of this developing regulation.

COLOMBIA

Electric Vehicles

Under Decree 2051 of 2019, electric vehicles (EVs) are entitled to a permanent zero percent import tariff. This decree specifically applies to vehicles that are entirely powered by electric motors, supporting a range of vehicle types intended for the transportation of people and goods. The classifications of these vehicles under the tariff regime are detailed across several subheadings, which include 8702.40.10.00; 8702.40.90.10; 8702.40.90.90; 8703.80.10.00; 8703.80.90.00; 8704.90.51.00; and 8704.90.59.00.

Hybrids

Under the framework established by Decree 1116 of 2017, which was later amended by Decree 2213 of 2023, hybrid vehicles in Colombia are managed through an annual import quota system with a zero percent tariff rate that will remain in effect until 2027. The regulations specify that each year, 3,000 units are available for import under this preferential tariff. The distribution of these quotas is structured to allocate 90% of the units to historical users and the remaining 10% to new users, as detailed in Circular 012 issued on December 26, 2023.

The hybrid vehicles eligible for this importation under the quota system fall under several tariff subheadings, including 8702.20.10.00; 8702.30.10.00; 8703.40.10.00; 8703.40.90.00; 8703.50.10.00; 8703.50.90.00; 8703.60.10.00; 8703.60.90.00; 8703.70.10.00; 8703.70.90.00; 8704.90.11.00 (now 8704.51.10.00); 8704.90.21.00 (now 8704.41.10.00); 8704.90.31.00 (now 8704.51.10.00); and 8704.90.41.00 (now 8704.41.10.00). These classifications cover a wide array of hybrid vehicles designed for the transportation of both people and goods.

Should the volume of imported hybrid vehicles exceed the allocated quotas in any given year, these additional imports are subject to a 35% tariff rate, as reaffirmed by Decree 1881 of 2021.

Value Added Tax

A reduced 5% rate (general rate is 19%), as stipulated by Article 468-1 of the Colombian tax code, applies to a diverse array of electric and hybrid vehicle components, including motors, generators, accumulators, battery chargers, charge inverters, vehicles for passenger and goods transport, and specific parts like chassis and bodies, along with high-value electric motorcycles and bicycles.

Moreover, pursuant to Article 512-5 (8) of the Colombian tax code, non-armored EVs under tariff headings 87.02, 87.03 and 87.04 are exempt from the national consumption tax, except for pickup trucks, which are subject to special rates.

Special Programs

The Promotion Program for the Automotive Industry (PROFIA) was established under Decree 1567 of 2015, targeting legal entities engaged in manufacturing vehicles and auto parts as specified under certain tariff subheadings. PROFIA allows the importation of 538 inputs for the production of 274 final goods with a zero percent tariff. These imports must be integrated into the production of vehicles or auto parts for either the domestic or international market.

Within the framework of the Andean Community (CAN), the Regime for Assembly in the Automotive Industry facilitates the duty-free importation of “completely knocked down” materials for the production of vehicles and auto parts. These materials can be assembled in Private Depots for Transformation and Assembly or in Free Trade Zones. Vehicles produced under this regime can be sold to CAN member countries with a zero percent customs tariff, provided they meet certain minimum levels of sub-regional content.

COSTA RICA

In Costa Rica, there is a broad legal framework to encourage the import, sale and use of electric vehicles (EVs), approved by Law No. 9518 and extended until the year 2034 by Law No. 10209. Although in 2006 a regime of incentives was approved for hybrid and hydrogen vehicles, it was repealed in 2019, so the current regime only benefits 100% electric vehicles.

Import Incentives

According to Law No. 9518, EVs, as well as their spare parts, batteries and charging systems, are exempted upon entering the country from (1) the selective consumption tax, and (2) the tax on customs value (a total of 52.28%). This incentive is granted progressively according to the following schedule:

2022-2024	2025-2027	2028-2030	2031-2033	2034
100%	75%	50%	25%	0%

The exemption from the customs value tax applies equally to all vehicles. However, the exemption from the selective consumption tax applies 100% for vehicles valued under US$30,000, 75% for vehicles valued between US$30,001 and US$45,000, 50% for vehicles valued between US$45,001 and US$60,000, and zero percent for vehicles valued over US$60,000.

The tariff headings to which these benefits apply are: 8702.40.00.00.10; 8703.10.00.00.10; 8703.80.00.00.00; 8704.90.00.00.10; and 8711.60.00.00.10.

VAT

In addition to the incentives applicable to import taxes, EVs also benefit from an exemption from the value-added tax (13% under regular circumstances), according to the following schedule:

2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
13%	12%	11%	10%	9%	8%	7%	6%	5%	4%	3%	2%	1%

These exemptions are also granted progressively, depending on the value of the vehicle, providing a 100% exemption for the first US$30,000 of its value and dropping to zero percent for values over US$60,000.

Additionally, Law No. 9518 contemplates other benefits such as exemptions from property taxes, reduced parking fees and unlimited circulation rights.

These benefits have proven to be powerful incentives to promote the import and purchase of EVs in Costa Rica, making it the Latin American country with the highest EV penetration rate. By 2023, the EV market share reached 11.6% of all vehicles imported into the country that year, and in the first quarter of 2024, the EV market share exceeded 15%.

ECUADOR

To promote the use of clean energy and electric (EV) and hybrid vehicles (HEV), Ecuador has implemented a series of tax incentives for investors who import these types of vehicles into the country. Ecuadorian law provides specific definitions for these vehicles, clearly establishing the criteria that qualify them for these incentives. Additionally, Ecuadorian legislation includes specific provisions for developing the necessary infrastructure for zero-emission mobility. These provisions encompass mandates for decentralized autonomous governments (GADs)[9], benefits for EV owners and drivers, and the implementation of mandatory quotas for zero-emission public transportation in the coming years.

Definitions

Electric Vehicles (EV)

Under Ecuadorian regulations[10], EVs are defined as those powered *solely by electric energy sources*. These sources must supply energy to the vehicle's battery, which cannot be charged by any self-generating system involving internal combustion, regardless of its configuration.

Hybrid Electric Vehicles (HEV)

HEVs are defined as those capable of being powered by both an electric motor and internal combustion engine. This category includes plug-in hybrid electric vehicles, which allow for external charging of their batteries.

Tax Incentives

Ecuador offers various tax benefits to facilitate and promote the import and commercialization of EVs and HEVs. These benefits aim not only to reduce environmental impact but also to support investors interested in introducing more sustainable transportation technologies into the Ecuadorian market.

Income Tax

Income tax is imposed on revenue from all sources and applies to natural persons residing in Ecuador and national or foreign companies that do business in Ecuador. The general corporate income tax is capped at 25%.

Ecuadorian legislation[11] offers a specific tax benefit in the promotion and advertising of EVs. Advertising expenses are generally deductible up to 20% of a company's total income; however, in the case of EV advertisements, these expenses are not subject to this limit.

Additionally, the regulations set a price limit of US$35,000 for expenses related to vehicle activation to be deductible; 100% electric vehicles or other zero-emission technologies for public transportation, commercial transport and private commercial use are exempt from this limit.[12]

Value Added Tax (VAT)

In Ecuador, VAT for imports and ownership transfers of EVs is subject to a zero percent rate.

Additionally, this benefit extends to batteries, domestic chargers and chargers for charging stations intended for HEVs.

Imports and ownership transfers of HEVs are subject to a 15% VAT rate.

Excise Tax

9 These are mainly municipal or provincial governments

10 Fourth numeral of Article 211 of the Regulation for the Application of the Law on the Internal Tax Regime

11 Article 28 – 11.1 of the regulations for the application of the Internal Tax Regime Law

12 Article 10 – 18 of the Internal Tax Regime Law

The Excise Tax (ICE, by its acronym in Spanish) is a tax applied to various kinds of goods and services, in the case of imported vehicles it ranges from 5% to a maximum of 35% depending on the retail price

However, import and ownership transfers of EVs and HEVs are exempt of this tax.

Foreign Currency Outflow Tax (ISD)

This tax applies to the transfer or movement of currency abroad and is seat at a rate of 5%. Dividends distributed to foreign shareholders are exempt from this tax.

Import Duties

Import duties for EVs and HEVs are set at a zero percent tax rate, which contrast significantly with combustion engine vehicles, for which import duties can vary between 15% and 40%.

Development of Infrastructure for Electric Mobility and Renewal of Land Transportation

Ecuadorian legislation on land mobility establishes that it is the responsibility of the GADs to plan and approve projects and regulate and control the installation, operation and functioning of self-sustaining charging points for EVs13. Additionally, each electric power distribution company[14] is responsible for the commercialization of electricity for charging EVs. This activity can also be carried out by duly authorized individuals or companies[15] through the execution of an EV Charging Electricity Commercialization Contract with the electricity distribution companies.

Starting in 2030, all vehicles incorporated into urban, inter-parish and commercial public transportation services in continental Ecuador must be exclusively electric or zero-emission[16].

Additional Benefits for Electric Mobility

The legislature has included certain additional incentives to promote private electric mobility. Among these benefits for electric or zero-emission vehicles, the following stand out: i) exemption from vehicular circulation restrictions in any form established by local or national transit authorities[17]; and ii) free use of metered public parking spaces within the jurisdiction of the GADs[18].

13 Fifty-Second General Provision of the Organic Law of Land Transportation, Traffic and Road Safety (LOTTTSSV)

14 In Ecuador, there are a little over 13 electricity distribution companies acting in their relevant jurisdictions.

15 Unnumbered Article following Article 43 of the Organic Law of Public Electric Power Service

16 Article 14 of the Organic Law of Energy Efficiency

17 Article 214.c of the LOTTTSSV

18 Article 214.d of the LOTTTSSV

MEXICO

In recent years, Mexico has made notable advancements in the electric vehicle (EV) industry, driven by both government initiatives and growing consumer interest. As Mexico progresses toward a more sustainable future, the regulatory framework governing EVs is also evolving. This framework includes a variety of laws, standards and strategies designed to embrace the evolution of the mobility sector and to position Mexico as a leader in environmental and climate change protection.

Mexico has not yet enacted specific laws and regulations for the import of EVs. However, any importer or manufacturer of EVs should consider the following rules and regulations as Mexico's general legal framework to develop a sustainable strategy to face climate change.

In 2012, Congress approved and enacted the General Climate Change Law (*Ley General de Cambio Climático*). This law aims to reduce greenhouse gas emissions. However, it did not—and still does not—focus exclusively on EVs. Its emphasis on emission reduction indirectly encourages the adoption of cleaner technologies and energy sources, such as EVs. Furthermore, in 2015, Mexico enacted the Energy Transition Law (*Ley de Transición Energética*), which paves the way for a more sustainable energy system. This law promotes the use of renewable energy sources and clean technologies and establishes a framework to create incentives and benefits for the use of EVs. Although these two laws do not yet contain specific provisions applying directly to EVs, it is clear that their goal is to raise awareness of cleaner technologies and promote sustainable consumer practices, which implies the use of EVs.

Moreover, the existence the Official Mexican Standards (*Normas Oficiales Mexicanas* or NOM), demonstrates that Mexico is committed to contributing to environmental protection and addressing global climate change. Several NOMs regulate specific aspects of EVs, such as NOM-163-SEMARNAT-ENER-SCFI-2013, which sets maximum permissible pollutant emissions for new vehicles, pushing the automotive industry to produce more EVs. The automobile sector is a crucial part of the Mexican economy and is increasingly focusing on EVs. A number of foreign automakers (including Chinese manufacturers) have or plan to establish production facilities in Mexico to manufacture EVs and their components.

In addition to the NOMs, the Energy Regulatory Commission (*Comisión Reguladora de Energía* or CRE) has developed regulations and standards for EV charging infrastructure. These guidelines ensure that the installation and operation of charging stations meet quality and safety standards, facilitating a reliable and efficient charging network across Mexico.

In 2020, Mexico introduced the National Electric Mobility Strategy (*Estrategia Nacional de Movilidad Eléctrica*), which was recently amended and updated in May 2024. The purpose of this strategy is to promote the use and adoption of EVs. This comprehensive plan includes targets for increasing the number of EVs in Mexico, enhancing charging station infrastructure and offering fiscal incentives to encourage manufacturers and consumers to invest in this mobility sector.

Additionally, federal and state governments are offering various incentives to support the acquisition of EVs, such as tax exemptions, discounts on registration fees and financial benefits for the automotive industry.

Mexico's regulatory landscape for EVs is dynamic and expanding, reflecting the country's commitment to sustainable transportation.

Finally, it should be noted that Mexico has a free trade agreement with the United States and Canada (USMCA). Under the USMCA, vehicles manufactured in Mexico must comply with specific rules of origin, including stringent North American regional value content requirements that vehicles must meet to qualify for preferential duty treatment when entering the U.S. market. The upcoming renegotiation of the USMCA is expected to focus heavily on foreign direct investment in Mexico's EV industry, particularly from China.

PERU

For the purposes of the information provided below, the term "electric vehicles" also refers to hybrid vehicles.

General Information on the Customs Value for the Calculation of Import Taxes

The tax base for calculation of ad valorem duties (customs value of the imported goods or customs duty) is determined according to the Agreement on Implementation of Article VII of the General Agreement on Customs Tariffs and Trade of 1994 of the World Trade Organization. Customs value determination should be done on a case-by-case basis (adjustments may apply to the customs value of the imported goods, increasing the corresponding tax base).

In Peru, the customs value includes the cost, insurance and freight delivery expenses at the place of importation. As a general rule, the cost of the imported goods is determined by considering the price actually paid or payable for the imported goods when sold for export to the country of importation.

Import Taxes for Imported Electric Vehicles in Peru

Duties and taxes applied to import of electric vehicles are: i) ad valorem duties; ii) Selective Consumption Tax (SCT); iii) Value Added Tax (VAT); iv) Municipality Promotion Tax (MPT); and v) Advance VAT Payment (AVP).

Ad Valorem Duties

Ad valorem tariffs can be reduced (even up to 100%) in accordance with the Free Trade Agreements (FTA) signed by Peru and Asian countries such as China, Korea, Japan, Singapore and Thailand.

For this, electric vehicles must: (i) have been considered in the FTA negotiation; (ii) transported directly from the country of origin to Peru (exceptions may apply); and (iii) comply with the relevant rules of origin. A Certificate of Origin issued by an authorized Asian entity may be required.

In general, electric vehicles have been considered by FTAs signed by Peru and Asian countries. However, a specific review should be carried out taking into account the technical characteristics as well as the relevant applicable tariff subheading.

SCT

SCT applies only to a certain group of products: petrol (gasoline), gas-oil (diesel), spirits, cigars, tobacco and certain vehicles*. The rate or amount will depend on the type of product involved. The tax base for the calculation of SCT is the customs value of the imported goods plus the ad valorem duties.

*SCT is *not applicable for imports of new electric vehicles* but only applicable for imports of used electric vehicles.

VAT and MPT

VAT and MPT apply jointly to most imported goods. There is only a limited group* of products that are tax exempt, according to the type of merchandise or the place to where the goods are imported (e.g., import benefits in the Amazon region). VAT rate is 16% and MPT rate is 2%. The tax base for the calculation of both taxes is the customs value of the imported goods plus the ad valorem duties plus the SCT.

*This limited group of goods do not include electric vehicles, so import of any type of electric vehicle will be taxed on VAT and MPT.

AVP

AVP applies, as a general rule, in the importation of all types of goods (however, there are cases in which said system does not apply). The applicable rate is: (i) 10% when, among other cases, the importer carries out for the first time an operation and/or customs regime; (ii) 5% when the importer nationalizes used goods; and (iii) 3.5% in all other cases (e.g. new goods). The tax base for the calculation of AVP is the customs value of the imported goods plus the ad valorem duties plus the SCT plus the VAT and MPT.

Specific Import Tax Rates

The tax rates applicable to the importation of electric vehicles are as follows:

Vehicles for the Transport of People

- New imported electric vehicles* (classified from Peruvian subheading 8703.40.10.00 up to 8703.80.90.90)

Ad Valorem Duties	6% (could be reduced under FTA regulations)
SCT	0%
VAT	16%
MPT	2%
AVP	10% for the first import 3.5% for following imports

*Technical import restrictions may apply

- Used imported electric vehicles* (classified from Peruvian subheading 8703.40.10.00 up to 8703.80.90.90)

Ad Valorem Duties	6% (could be reduced under FTA regulations)
SCT	Up to 40% (it depends on the technical characteristics as well as the applicable subheading)
VAT	16%
MPT	2%
AVP	10% for the first import 5% for following imports

*Technical import restrictions may apply

Vehicles for the Transport of Goods

- New imported electric vehicles* (classified from Peruvian subheading 8704.41.10.00 up to 8704.90.90.00)

Ad Valorem Duties	0%
SCT	0%
VAT	16%
MPT	2%
AVP	10% for the first import 3.5% for following imports

*Technical import restrictions may apply

- Used imported electric vehicles* (classified from Peruvian subheading 8704.41.10.00 up to 8704.90.90.00)

Ad Valorem Duties	0%
SCT	40% (it depends on the technical characteristics as well as the applicable subheading)
VAT	16%
MPT	2%
AVP	10% for the first import 5% for following imports

*Technical import restrictions may apply.

Applicable Penalties

An incorrect or incomplete declaration of customs value is considered an infraction applicable to the importer and is penalized with a fine of 200% of unpaid import taxes. A reduction of 75% of this fine would apply if it is paid before the customs authority takes any action in relation to the acts considered as an infraction.

Likewise, not using payment instruments provided by the financial systems for the payment of the purchase price of the imported goods is penalized with a fine applicable to the importer that amounts to 30% of the FOB value of the imported goods.

Goods could be confiscated if the importer does not have the relevant documents necessary to carry out the import procedure.

UNITED STATES

The import of electric vehicles (EVs) into the United States is heavily regulated by various federal agencies and local governments. As EVs continue to grow in popularity, companies looking to import EVs into the U.S. must navigate a complex regulatory landscape. The purpose of this chapter is to *generally* outline some of the key regulatory requirements and tariff rates importers should be aware of to ensure compliance with U.S. laws. This document is not meant to be comprehensive guide for the import of EVs.

National Highway Traffic Safety Administration (NHTSA) Compliance

To import EVs into the U.S., they must comply with Federal Motor Vehicle Safety Standards (FMVSS), which include essential safety measures such as crashworthiness, braking and electronic stability control. Manufacturers must certify that imported EVs meet FMVSS standards before they are cleared for sale.

- Labeling requirements: Vehicles must be properly labeled, indicating compliance with FMVSS.
- Exemptions: Non-compliant vehicles may be imported for specific purposes, such as research or testing, but must meet certain conditions.

Environmental Protection Agency (EPA) Standards

While EVs are emission-free at the tailpipe, they still must meet EPA Clean Air Act regulations, including standards related to the environmental impact of manufacturing and battery disposal.

- Certificate of conformity: Manufacturers or importers must obtain this certification from the EPA, indicating that the vehicle complies with environmental standards.
- Exemptions: Certain low-volume or specialty vehicles may qualify for exemptions from some EPA requirements.

U.S. Customs and Border Protection (CBP) Documentation and Tariffs

Importers must comply with CBP regulations, including submitting appropriate documentation and paying any applicable tariffs or duties.

- Documentation: Importers must file documents including a bill of lading, invoice and DOT declaration forms with CBP. Importers should also include the applicable six-digit Harmonized Tariff Schedule (HTS) number. The HTS determines the requirements of PGAs (participating government agencies) under the Automated Commercial Environment (ACE) system through which the government decides if goods are admissible. The HTS for EVs is *generally* 8703.80.0000, although exact HTS code varies depending on specific circumstances.
- Customs duties: The base tariff rate for passenger vehicles imported into the U.S. is 2.5%. However, tariff rates vary based on the country of origin:
    - Mexico and Canada: EVs imported from Mexico and Canada under the USMCA trade agreement may be exempt from duties if they meet specific content requirements[19].
    - China: EVs imported from China are subject to additional tariffs, including a 100% Section 301 tariff[20], due to the ongoing trade dispute.

19 At the time of this publication, President-elect Trump has announced intentions to impose a 25% tariff on Mexican and Canadian goods and an additional 10% tariff on Chinese goods. These statements reflect the current political climate and may be subject to change.

20 https://www.federalregister.gov/documents/2024/09/18/2024-21217/notice-of-modification-chinas-acts-policies-and-practices-related-to-technology-transfer

Federal Trade Commission (FTC) Labeling Rules

The FTC mandates that EVs display energy efficiency labels that provide information on energy consumption and the estimated driving range. Non-compliance with these labeling rules can lead to penalties.

State-Specific Regulations

Certain states have additional requirements for EVs. EVs sold in California must comply with the California Air Resources Board (CARB) and its stricter emissions and safety standards. Several other states have adopted the CARB standards as well.

Battery and Hazardous Materials Regulations

The U.S. Department of Transportation regulates the import of lithium-ion batteries, which are classified as hazardous materials. These batteries must be properly packaged and documented during transit. EV batteries are also subject to disposal and recycling requirements under the Resource Conservation and Recovery Act.

Consumer Product Safety Commission (CPSC)

Any consumer electronics or accessories that come with the EV, such as charging cables, must comply with CPSC safety standards.

Additional Considerations

The Defense Production Act has been invoked to promote domestic production and processing of strategic and critical materials necessary for the clean energy transition, including the production of large-capacity batteries used in electric vehicles. Furthermore, the Creating Helpful Incentives to Produce Semiconductors and Science Act of 2022 (the CHIPS and Science Act) was passed to promote greater self-sufficiency in U.S. semiconductor manufacturing, which is crucial for electric vehicles.

Successfully importing EVs into the U.S. requires a thorough understanding of the various regulatory requirements, including those from the NHTSA, EPA, CBP and FTC, as well as an awareness of state-specific standards and battery-handling regulations. Additionally, importers should assess tariff rates based on the country of origin, particularly in light of ongoing trade disputes.

URUGUAY

Uruguay has a substantial beneficial regime for the import of electric (EV) and hybrid (HEV) vehicles.

EVs are defined as motor vehicles that have one or more electric motor(s).

HEVs are defined as motor vehicles that, for their mechanical propulsion, are powered by energy from both consumable fuel and an electrical power or battery storage device, located in the vehicle itself.

The tax structure for the import of vehicles comprises the following taxes and fees:

- Import tax (intra zone),
- Overall tariff rate (extra zone),
- VAT,
- Consular fee,
- Extraordinary services fee, and
- Customs service fee.

EVs have a zero percent import tax rate and HEVs are taxed at rates between 1% and 3%. This is compared to traditional vehicles with internal combustion engines, which have 35% (diesel) and 6% (gasoline) tax rates[21].

Regarding the overall tariff rate, a promotional regime existed from 2017 to 2022 that provided for zero percent taxes for EVs. However, this regime expired and was not renewed, so EVs now receive the same tax treatment as internal combustion engines of 23%.

The remaining taxes must be paid equally by all kinds of vehicles (VAT 22%, consular fee 5%, extraordinary services fee (fixed amount between USD 12 and 600), and customs service fee 0.2%).

However, another notable exception is that utility vehicles (i.e., those not used for recreational purposes), either electric or of internal combustion, may be imported VAT-exempt by companies if they qualify for a special investment promotion regime.

In conclusion, electric and hybrid vehicles have an advantageous import regime in Uruguay that ensures at least an exception of the intra zone tax rate, which if coupled with an Investment Project may result in a sizeable discount vis-à-vis market prices for internal combustion engines. This factor, together with the reality that gasoline prices in Uruguay are among the most expensive in the region, makes electric and hybrid vehicles a very interesting alternative for car buyers.

This has not gone unnoticed in Uruguay: Sales of electric vehicles year-on-year have increased by 80% in 2023, now representing over 3% of the market. Currently, more than 20 brands are present in the country, offering 32 different models, according to information provided by the Uruguayan Automotive Trade Association.

21 Section 35 of Decree No. 96/990, as amended by Decree No. 390/021

VENEZUELA

In order to provide adequate information on electric (EV) or hybrid (HEV) vehicles, we offer the following comments on Venezuelan regulations regarding EVs or HEVs:

Absence of Regulation on EVs & HEVs

In Venezuela there is no specific regulatory framework related to EVs or HEVs. Electric mobility is not regulated in the current legal system. This extends to a complete absence from a legal or even technical definition of EVs or HEVs, much less regulatory norms or guidelines governing import, distribution, sale, manufacturing or export.

It does not seem likely that Venezuela will legislate on this matter in the near future since the 2024 legislative agenda issued by the Venezuelan National Assembly (*Asamblea Nacional* in Spanish) includes no debate or project on any law on this matter. However, based on how Venezuela has approached the challenge of regulating new services and/or projects, we believe it likely that EVs and HEVs in Venezuela will first be addressed with technical regulations or guidelines, rather than a specific piece of legislation from the legislative branch. Those anticipated technical regulations or guidelines could include a possible tax incentive, even though that incentive would have to be granted by the competent authorities. For example, an exemption on import tax could be granted by the executive branch.

In 2007, Venezuela decided to push for a natural gas vehicles program as part of its policies on "rational use of liquid fuels." This program was intended to allow the creation and use of new technologies for mobility; however, the regulation did not expressly mention EVs or HEVs.

General Regulations for Importing Vehicles

By means of the Official Gazette No. 6,454 of 29 April 2019, the payment of VAT has been exempted for the definitive imports of tangible personal property carried out by legal entities whose purpose is the assembly of motor vehicles destined for the production of units in the national territory.

However, per the previously cited regulation, importing assembled vehicles was only allowed on the condition of importing for non-commercial purposes. What is certain, however, is that as of this moment there are imports being conducted regardless of the legal in-force status of this regulation.

The process for importing EVs and HEVs follows the same requirements and steps as for regular automobiles, per the instructions of the Ministry of Industry and National Production. In summary, interested companies for import require to obtain the following permits:

1. Registration of Manufacturers, Assemblers, Body Shops, Importers, Distributors and Workshops Specializing in Vehicle Reforms (REFECIV), granted by the National Institute of Land Transportation (INTT)
2. Registration of Vehicle Identification Number (NIV), granted by the National Autonomous Service of Normalization, Quality, Metrology and Technical Regulations (SENCAMER)
3. Certificate of Compliance on Homologation for Imported Vehicles, granted by the INTT
4. Certificate of Compliance on the composition and location of the Vehicle Identification Number (NIV), granted by the INTT
5. Certificate of Emissions from Mobile Sources, granted by the Ministry for Ecosocialism
6. Certificate of No Production or Insufficient National Production, granted by the Ministry of Industries and National Production

Presence of EVs and HEVs in the Venezuelan Market

Despite the total absence of regulation, to the date of submission of this working paper there are EVs circulating in Venezuela. However, the number is extremely low and virtually insignificant compared to the current automobile fleet in Venezuela, and it is difficult to report on the numbers with accuracy, given the lack of public registries on it. The first imports made to Venezuela of EVs were carried out not by car dealers, but rather private consumers who would import them not for sale but for personal use. The first reported EV imported into the Venezuelan market by an automobile brand was the Hyundai Kona for 2022, and companies such as Changan (Benni model) and Fiat have brought a few for to the public.

Venezuelan companies have also emerged to provide services related to EVs and HEVs, such as construction, sale and installation of EV charging stations.

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	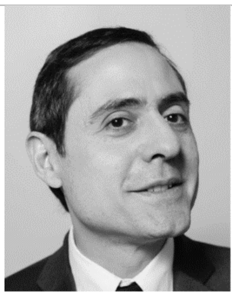	
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