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A structural shift in Austria's used car market

The 2026 NoVA reform and its impact on residual values, supply dynamics, and market segmentation through 2030

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A regulatory change reshaping market fundamentals. Reduced export flexibility is expected to increase domestic supply pressure and accelerate residual value divergence across vehicle segments.

Austria's Normverbrauchsabgabe (NoVA) is a core component of the country's automotive taxation framework. As a one-off registration tax primarily linked to vehicle CO_2 emissions, it directly influences vehicle pricing and shapes market dynamics throughout the lifecycle of automotive assets.

he reform coming into force on 1 July 2026 introduces a fundamental change to the tax reimbursement mechanism. Going forward, NoVA will only be refundable upon export if less than 48 months have passed since the vehicle's first registration. Beyond this threshold, the tax remains permanently embedded in the vehicle's value.

Historically, Austria's used car market has been closely integrated with intra-European export flows, allowing excess supply to be absorbed externally. Restricting this channel reduces market outflows and increases domestic supply pressure.

However, the impact is not purely linear. Lower domestic prices may partially restore export competitiveness, while more attractive price levels may stimulate demand. The overall effect will depend on demand elasticity and market adaptation.

As Yoann Taitz, Regional Head of Forecast and Market Expert at Indicata Global, explains:

"The 2026 NoVA reform introduces a structural shift in Austria's used car market. By reducing export flexibility for older vehicles, it increases the likelihood of domestic oversupply and creates sustained pressure on residual values — particularly in price-sensitive segments."

Market context and key figures

To assess the magnitude of the reform's impact, several key market indicators must be considered.

Austria registers approximately 250,000 to 300,000 passenger cars annually. A significant proportion of these vehicles—particularly those originating from fleet and leasing contracts—re-enter the used car market after three to four years. At the same time, NoVA can represent several thousand euros per vehicle, particularly for higher-emission models.

Crucially, the Austrian market has historically relied on strong integration with intra-European export flows, especially towards Central and Eastern Europe. This export channel has acted as a balancing mechanism, allowing surplus vehicles to be absorbed externally.

Even a partial disruption of this mechanism is therefore likely to have material consequences for domestic supply-demand equilibrium.

It should also be noted that light commercial vehicles (LCVs), which were subject to NoVA between 1 July 2021 and 1 July 2025, are equally impacted by the reform under the same export conditions. While volumes are lower than for passenger cars, this extends the scope of the reform across additional segments.

NoVA in the european context

The NoVA system is relatively unique within Europe. While many countries rely on recurring vehicle taxes, Austria concentrates a substantial portion of the fiscal burden at the point of first registration.

The tax level is primarily determined by CO_2 emissions measured under WLTP standards. High-emission vehicles are subject to progressive taxation, while electric vehicles benefit from full exemption.

This structure creates a dual effect: it increases the acquisition cost of internal combustion engine vehicles while simultaneously providing a structural advantage to electric vehicles.

Until now, the possibility of reclaiming NoVA upon export has prevented long-term price distortions. Vehicles could be transferred across borders without permanently carrying the domestic tax burden.

The 1 July 2026 reform

The reform introduces a clear time limitation on tax reimbursement. Going forward, a refund will only be possible for vehicles exported within 48 months of first registration.

From an economic perspective, this creates a structural disadvantage for vehicles exceeding this threshold. However, the effect is not absolute, as price adjustments in certain segments may still enable export activity.

What fundamentally changes is the efficiency of the export channel as a balancing mechanism.

In addition, the reform introduces a stepped pro-rata NoVA calculation for vehicles transferred to Austria from other EU/EEA countries for temporary use of up to 48 months. While this affects the tax treatment of inbound vehicles, it is not expected to materially alter the broader market dynamics.

Furthermore, refund claims above €5,000 require a formal appraisal report. This introduces additional administrative complexity, particularly for higher-value vehicles, and may impact the efficiency of export processes.

Quantified economic illustration

To better understand the magnitude of the reform, consider a simplified representative example.

A mid-range internal combustion vehicle is purchased new in Austria for €35,000, including €4,000 in NoVA—approximately 11% of the total price.

Before the reform, a portion of this tax—typically €1,500 to €2,000—could still be recovered upon export after five years. After the reform, this reimbursement disappears entirely, resulting in a price disadvantage of approximately 7% to 10%.

This level of difference is sufficient to significantly reduce export attractiveness or require price adjustments, often shifting vehicles towards domestic resale.

To further illustrate the range of impacts, two additional examples can be considered.

In the case of light commercial vehicles (LCVs), which were subject to NoVA between 2021 and 2025, the relative tax burden is typically lower. As a result, the loss of reimbursement has a more limited effect on pricing and export competitiveness, although the direction of impact remains the same.

At the other end of the spectrum, premium vehicles with high emissions can be subject to significantly higher NoVA rates—reaching up to around 60% under the 2022 regulatory framework, with additional surcharges (Malus) potentially applying. Since then, tax parameters have been further tightened. In such situations, the tax component can represent a substantial share of the vehicle's value. The inability to reclaim this amount upon export may therefore lead to significantly larger price differentials, substantially reducing export viability and further increasing domestic price pressure.

Market model

Austria's used car market can be analysed as the interaction of three key dynamics: inflows from the new car market, outflows via export or scrappage, and domestic demand.

Inflows are driven primarily by new registrations and leasing returns, the latter representing a major source of supply. Outflows have historically relied heavily on export markets.

Domestic demand, while more stable, is not entirely inelastic. Lower prices may stimulate demand and create substitution effects between new and used vehicles.

As Yoann Taitz highlights:

> "The key question is not whether supply will increase, but how efficiently the market will be able to absorb it. Price adjustments alone may not be sufficient to rebalance the system in the short term."

The reform primarily affects the export channel, reducing outflows and increasing domestic supply. This effect is particularly relevant in segments where supply volumes are already structurally elevated, notably in the 4–8 year vehicle range.

As Andreas Steinbach, Head of Indicata Austria, highlights:

> "From a local market perspective, the restriction of export flows is likely to reinforce existing supply-side pressures, particularly in the 4–8 year vehicle segment where volumes are already structurally high."

Residual value formation

Residual values are influenced by multiple factors, including vehicle characteristics, brand perception, and market conditions. However, at a macro level, the balance between supply and demand remains the dominant driver.

An increase in supply exceeding demand typically leads to price pressure. This process is dynamic and includes adjustments such as demand stimulation and partial export rebalancing.

In Austria, existing trends—including rising leasing volumes and longer vehicle lifecycles — are already contributing to increased supply. The reform amplifies these effects.

Residual value scenarios through 2030

In a base scenario, moderate supply growth combined with stable demand leads to gradual residual value erosion, particularly in the four- to eight-year segment.

In a more adverse scenario, characterised by increased leasing returns and sustained export constraints, structural oversupply may emerge. In this case, additional price declines of 5 to 10 percentage points appear plausible.

Conversely, successful adaptation—through alternative export channels or regulatory adjustments—could mitigate these effects.

The specific case of electric vehicles

Electric vehicles occupy a distinct position. Their exemption from NoVA removes the tax-related disadvantage in export markets.

However, they remain exposed to other pressures. Rapid technological progress, particularly in battery performance, accelerates the relative obsolescence of older models. At the same time, increasing EV registrations will inevitably translate into higher used vehicle supply.

As a result, EV residual values may also come under pressure, independent of the reform.

Market segmentation

The reform is expected to reinforce segmentation by vehicle age. Vehicles under four years retain export flexibility and remain aligned with European pricing levels.

Older vehicles become increasingly dependent on the domestic market, leading to widening price differentials across age segments.

Risks and uncertainties

Several factors may influence the magnitude of the impact, including demand elasticity, export channel adaptation, regulatory developments, and strategic responses from market participants.

These introduce uncertainty into the market outlook.

Strategic implications

The reform requires adjustments across the automotive value chain. Dealers may need to adapt inventory strategies, while leasing companies will need to reassess residual value assumptions. OEMs will be required to strengthen remarketing strategies and optimise distribution channels.

Beyond strategic considerations, the reform also introduces greater operational complexity in cross-border transactions.

As René Buzek, Managing Director of Autorola Austria, notes:

> "In practice, export processes will become more complex and require greater operational discipline, particularly for higher-value vehicles where compliance requirements are more stringent."

This additional complexity underscores the need for more structured management of vehicle inventories and remarketing processes, as well as continuous market monitoring with regard to residual values and forecasts.

As Yoann Taitz emphasises:

> "For market participants, this is not just a pricing issue—it is a structural shift that requires adjustments in asset management, remarketing strategies, and residual value assumptions."

Conclusion

The NoVA reform represents a structural transformation of Austria's used car market. By limiting tax reimbursement upon export, it alters long-standing market balancing mechanisms.

While the direction of impact is clear, its magnitude will depend on market adaptation. In this environment, strategic flexibility will be a key differentiator through 2030.

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