INDICATA
PART OF AUTOROLA GROUP

INDICATA Market Watch

White Paper - Businesses forced to pay new LCV taxes in The Netherlands

Assessing the impact on the country's new and used LCV sectors in 2025 and beyond

Business users set to pay BPM tax on LCVs in The Netherlands from 1.1.2025

The BPM exemption for entrepreneurs in the Netherlands operating Light Commercial Vehicles (hereafter referred to as LCV) with a combustion engine are set to disappear from the beginning of 2025. The government made the decision in their 2023 Tax Plan to abolish the exemption for an entrepreneur's van (grey license plate scheme) with effect from 1 January 2025.

The amount BPM entrepreneurs will pay depends on the CO_2 emissions of the LCV, which is calculated per gram of CO_2. That means tax on new LCVs will be brought into line with that of new passenger cars.

Therefore the price of an average petrol or diesel LCV across the top 20-best-selling models will be more expensive by around €12,300. The only exception after 1 January 2025 will be for electric vans. In this White Paper we will investigate the impact on used van prices in The Netherlands based on different on historic data from Austria, where they have had a similar situation in 2021.

Austria - Introducing Nova tax on LCVs from 1 July 2021

The Austrian government introduced the Nova luxury tax on LCVs in 2021 and we have taken these valuable insights learnt from Austria on how the introduction of the BPM luxury tax will impact LCV business operators in the Netherlands.

The Nova tax (standardized consumption tax) is a tax that was introduced on 1 July 2021 that applies to vehicles in Austria based on their CO_2 emissions and fuel consumption. The tax rate and calculation method vary depending on the type and category of the vehicle, as well as the date of registration or purchase[1] [2].

The result is companies have had to pay thousands of additional Euros to buy vehicles, which has impacted on Total Cost of Ownership figures which have in turn increased delivery and collection costs to customers.

The only exemptions from Nova tax are electric LCVs.

For diesel and petrol LCVs, the Nova tax was introduced on July 1, 2021. Before that date, vans were exempt from the Nova tax. The initial tax rate for vans is determined by the following formula[3]: Nova tax rate = (C02-165)/ 5 emissions in g/km.

The maximum tax rate is 50%, and the minimum tax rate is 0%. There is also a penalty amount of 50 EUR for each gramme of CO_2 emissions above 253 g/km, and a deduction amount of 350 EUR for vehicles with low emissions.

The Nova tax rate and penalty amount for vans increases every year between 2021 and 2025, while the CO_2 reference value decreased in each of those five years.

Table 1: Austrian Nova tax developments

Year	Actual CO_2 (example)	CO_2 deduction amount	Penalty amount	Discount	Nova tax rate (percentage)	
2021	208	165	50	-350	9	Example of Calculation (208-165)/5=9
2022	208	160	60	-350	10	
2023	208	155	70	-350	11	
2024	208	150	80	-350	12	
2025	208	147	80	-350	12	

Source [1] NOVAa.pdf (bmf.gv.at)

Measuring the impact of Nova tax on LCVs in Austria

We have produced an Econometric Analysis of Light Commercial Vehicle Pricing Dynamics in Austria which unravels the effect of the microchip shortage and introduction of the Nova taxation.

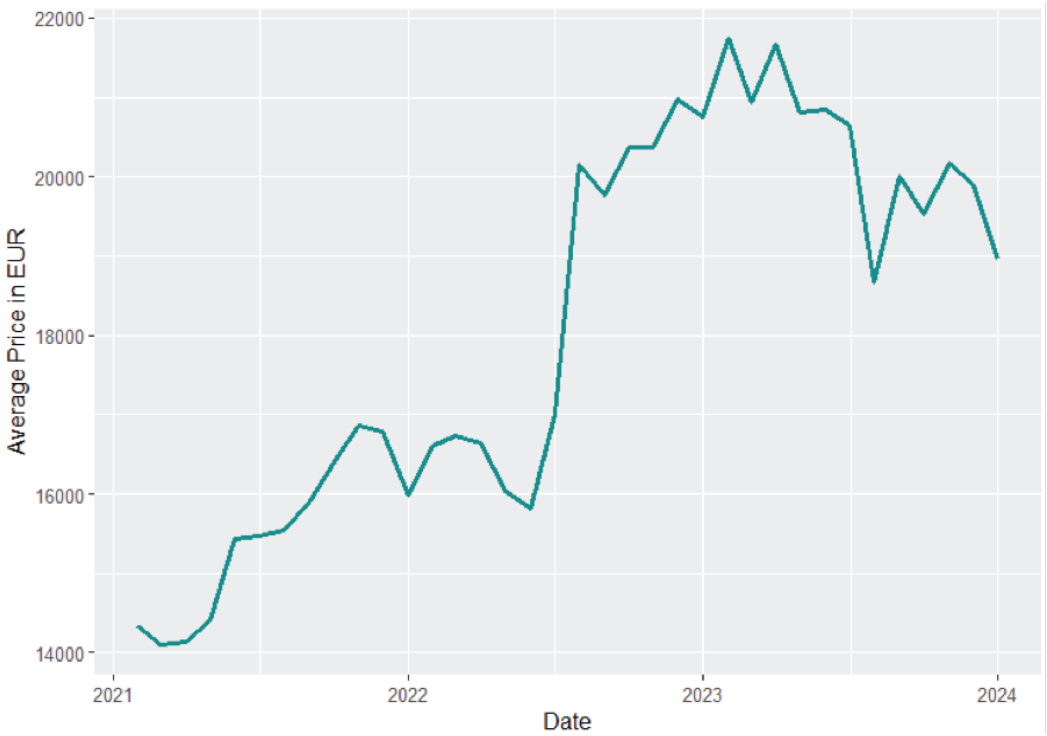
The primary objective is to examine the trends in average prices for LCVs. This takes into consideration the influence of chip shortage and inflation utilising the Semiconductor Producer Price Index as a proxy variable to capture the heightened demand caused by the chip shortage due to Covid induced supply chain difficulties.

In **figure 1**, we have observed the development of the average prices for LCVs in Austria. The data reveals a steady price development prior to the onset of the chip shortage, with a significant spike in evidence from Q2 2021 onwards. Additionally, there are minor price increases in Austria during Q2 2021, just before the full impact of the chip shortage took effect. A slight upward trend is also noticeable around Q1-Q2 2023, following the stabilisation of the chip shortage ***(see figure 4).***

The use of the Producer Price Index as a proxy variable clearly indicates that chip shortage is the primary driver behind the observed price developments.

The observed minor rise in average prices in Austria around the implementation of the Nova taxation diverges from trends in other nations, suggesting the potential for estimating the impact of the Nova taxation specifically within the Austrian context. Moreover, the uniform manifestation of the chip shortage effect across countries is particularly high in the Netherlands, where the impact is most observed. This may be attributed to the heightened inflation rate in the Netherlands, acting as a catalysing factor that has intensified the impact of the chip shortage on pricing.

Figure 1: Average Price (EUR) for LCVs in Austria



Source Indicata data

It is worth noting that inflation follows a similar pattern during the observed period. Our analysis showed the fluctuations in inflation are directly tied to the chip shortage factor, which is in line with other related studies[4].

This suggests that inflation is driven by the chip shortage phenomenon rather than influencing it.

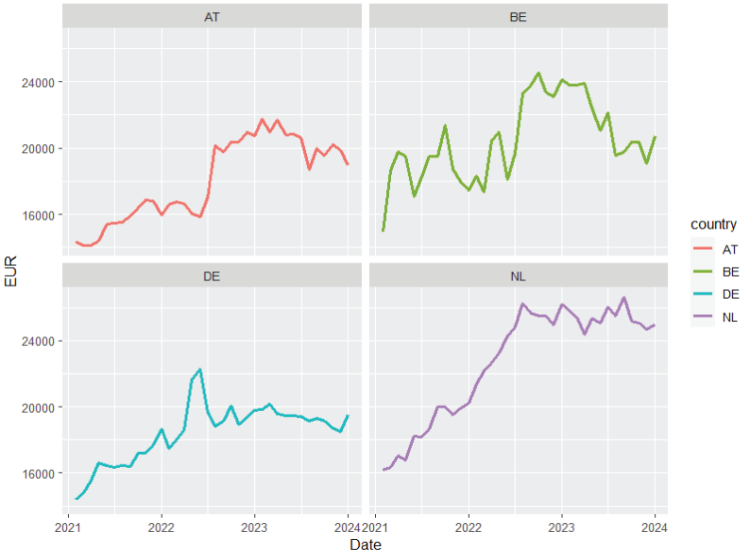
To isolate the impact of Nova taxation on LCV prices, we conducted an analysis controlling for both chip shortage and inflation. The estimated results indicate that Nova taxation exerts a consistent influence, causing a 2.5% increase in prices each time the taxation is implemented annually. This finding underscores the significance of Nova taxation as an independent factor affecting the LCV market in Austria.

In summary, the primary driver of the observed fluctuations in average LCV prices in Austria is the chip shortage phenomenon. However, when controlling external factors such as chip shortage and inflation, the analysis reveals the effect of Nova taxation on LCV prices. This effect would have been higher had it not been for the chip shortage phenomenon.

The estimated results indicate that Nova taxation exerts a consistent influence, causing a 2.5% increase in prices each time the taxation is implemented annually. This reinforces the significance of Nova taxation as an independent factor affecting the LCV market in Austria.

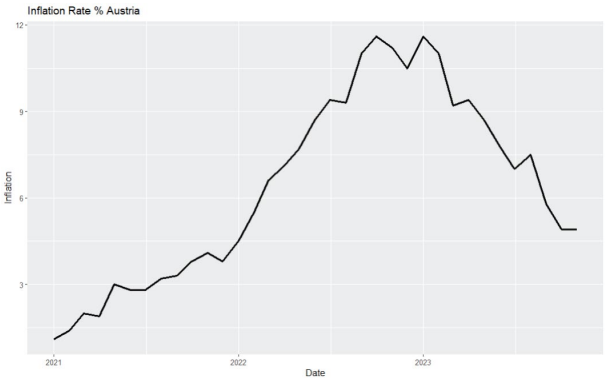
Source[4] https://www.stlouisfed.org/on-the-economy/2022/may/did-computer-chip-shortage-affect-inflation

Figure 2: Average Price (EUR) for LCVs by Country



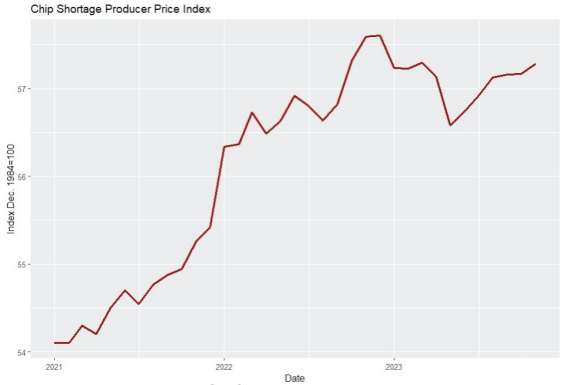
Source: Indicata data

Figure 3: Austria's Inflation Rate



Source: ECB Inflation rate
https://ec.europa.eu/eurostat/databrowser/product/page/PRC_HICP_MANR__custom_3761882

Figure 4: Producer Price Index by Industry: Semiconductor and Other Electronic Component Manufacturing



Source: U.S. Bureau of Labor Statistics
https://fred.stlouisfed.org/series/PCU33443344

Impact of BPM on new LCV prices and residual values

The Dutch government's decision to increase legislation on business user vehicles could be catastrophic from both a new vehicle perspective, while advantageous to used vehicles with residual values set to rise.

Our White Paper looks at how the Austrian legislation impacted the market including vehicle purchasing and operating costs as well as residual values, and using this experience on what the likely impact of the Netherlands will be on the LCV sector once it is introduced on 1 January 2025.

The impact of the Nova taxation on new car prices in Austria from 2021-2023, revealed a 10% average increase in list prices, with an estimated 2.5% effect on used car prices. This resulted in a 1:4 ratio between new and used vehicle pricing.

Considering the forthcoming BPM taxation changes in the Netherlands in 2025, an average 50% price increase is calculated for the 20 best-selling LCVs in 2023 in The Netherlands as our table shows. The average price increase translates to €12,300 per vehicle.

This is likely to have a negative impact on new LCV sales as businesses choose to run their current vehicles for longer or buy hundreds of new LCVs prior to the 1 January 2025 deadline.

This in turn is likely to have a potential positive impact on used LCV prices in 2025 beyond as businesses prefer to buy a used vehicle rather than a new one to avoid paying the new tax.

By applying the 1:4 ratio derived from the Austrian case study, this would correspond to an 12.5% increase in used LCV prices in 2025. However, we anticipate that such a substantial price surge may not be appealing to prospective buyers of used commercials, leading to a decline in demand and consequently tempering the effect.

Therefore, we expect a moderate impact ranging from +8% to +12.5% on used LCV prices in 2025.

Table 2: BPM changes on Van's

Make and Model of LCV	Current price €	Price increase - Post BPM Tax Changes €	% price increase	New price from 1.1.25
Mercedes-Benz Sprinter 2.1 CDI MANUAL DIESEL	€ 26,650	€ 15,188	57%	€ 41,838
VW Caddy 2.0 TDI Blue Motion MANUAL DIESEL	€ 17,600	€ 7,828	44.4%	€ 25,428
Mercedes-Benz Sprinter 2.1 CDI AUTOMATIC DIESEL	€ 26,650	€ 15,188	56.9%	€ 41,838
VW Transporter 2.0 TDI Blue Motion MANUAL DIESEL	€ 24,500	€ 12,177	49.7%	€ 36,677
Ford Transit Custom 2.0 EcoBlue MANUAL DIESEL	€ 34,425	€ 11,909	34.5%	€ 46,334
VW Crafter 2.0 TDI MANUAL DIESEL	2€ 8,500	€ 14,586	51.1%	€ 43,086
VW Transporter 2.0 TDI Blue Motion AUTOMATIC DIESEL	€ 24,500	€ 12,177	49.7%	€ 36,677
VW Caddy 1.6 TDI MANUAL DIESEL	€ 32,090	€ 9,300	28.9%	€ 41,390
Ford Transit 2.2 TDCi MANUAL DIESEL	€ 23,650	€ 12,712	53.7%	€ 36,362
Ford Transit 2.0 EcoBlue MANUAL DIESEL	€ 34,425	€ 11,909	34.5%	€ 46,334

What does the future look like for LCVs in The Netherlands?

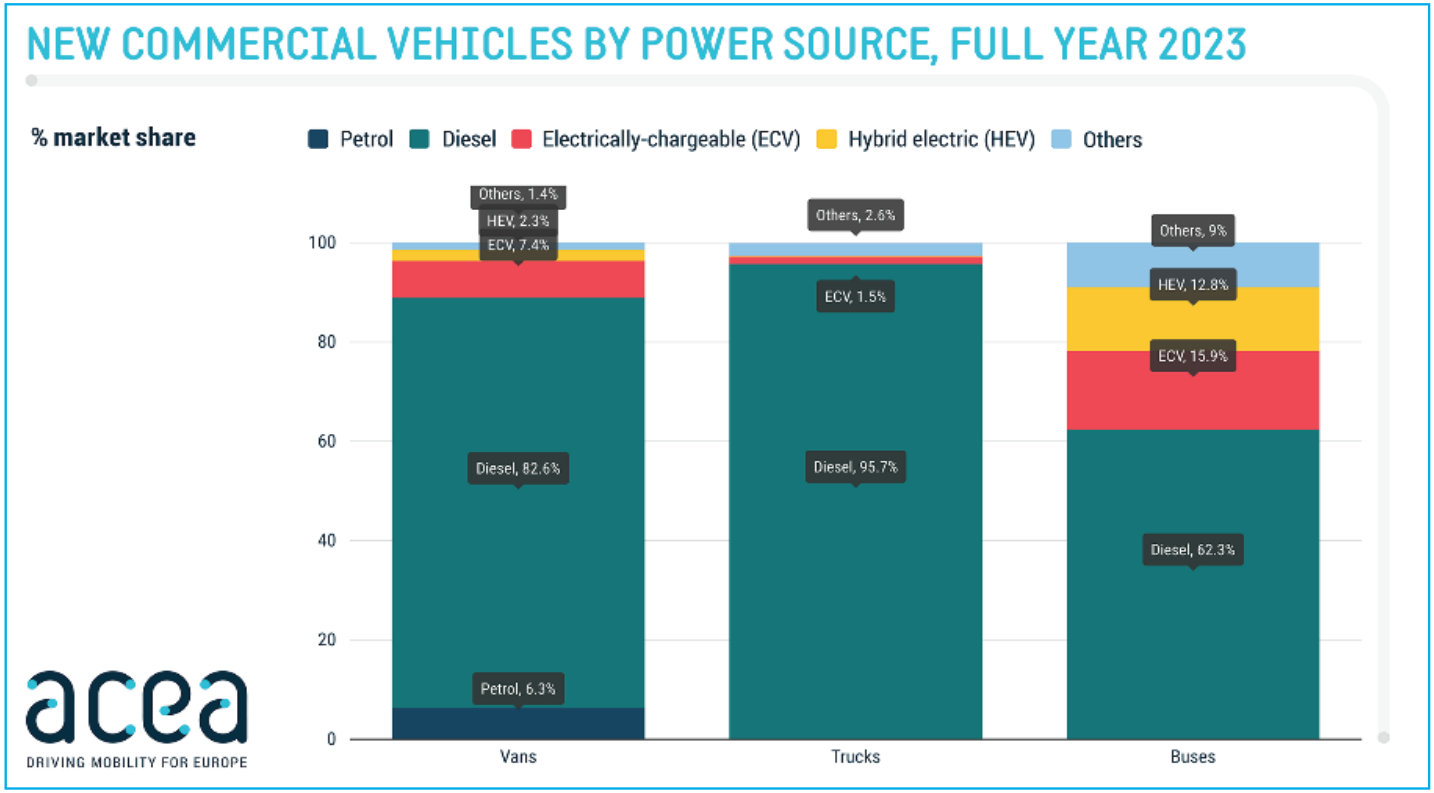
Light Commercial Vehicles (LCVs) are the lifeblood for many companies transporting smaller goods around the country. They do not have any legislative restriction on driver hours and do not require a driver with special qualifications, only a driving licence at the wheel, therefore are very flexible and less restrictive for businesses when compared with medium to heavy trucks.

LCVs of all shapes and sizes below 3.5 tonnes Gross Vehicle Weight (GVW) are seen travelling up and down motorways every day delivering goods nationally, while many also undertake local and final mile deliveries in cities as the vehicles are compact and generally very efficient on fuel and emissions when compared with heavy trucks.

LCV registrations grew in Europe to nearly 1.5m according to the ACEA with 1.2m LCVs diesel and just 7.4% electric. This shift was driven by substantial gains in key markets, including The Netherlands (+110.4%), Spain (+100.3%), and France (+76.7%).

The Netherlands registered 10,000 electric LCVs in 2023 out of a total of 69,000 vehicles, but with a total LCV parc of 1m in the country it means the majority of the country's LCVs will not be allowed inside the new zero emission zones which will compromise businesses to deliver at the same time compromising those business trading inside the zones. Just 7.4% of LCVs registered in Europe during 2023 were zero emissions which shows just how much work has to be done over the coming years to reduce businesses' reliance on diesel fuel.

Figure 3: New commercial vehicle by power source, full year 2023



The Netherlands government believes the only way to speed up onboarding of electric LCVs is to punish operators who continue to run ICE LCVs whilst rewarding businesses that embrace electric vans to support the introduction of zero emission zones in towns and cities.

In The Netherlands, municipalities can introduce zero-emission zones for trucks and vans in their city from January 1, 2025, which means that all vehicles travelling inside them will need to be emission-free by this date. The following 28 municipalities have announced a proposed date when their Zero Emission Zone goes live:

The rules with regards to the zero emission rules in the city centres can be found here: https://ondernemersplein.kvk.nl/vanaf-2025-zero-emissiezone-in-veel-steden/

These rules state that vehicles need to have zero CO2 emission, but there are exemptions (temporary until 2027 and 2028) for euro 5 and euro 6 LCVs.

Date of Zero Emission Zone launch from 1.1.2025	Cities/regions of The Netherlands
1 January 2025	Haarlem, Amersfoort, Amsterdam, Assen, Apeldoorn, Leiden, Delft, Maastricht, The Hague, Nijmegen, Deventer, Rotterdam, Tilburg, Eindhoven, Utrecht, Gouda and Zwolle
1 March 2025	's Hertogenbosch
1 April 2025	Groningen
1 July 2025	Enschede
1 January 2026	Hilversum, Dordrecht, Schiphol and Ede
1 July 2026	Alphen aan den Rijn
In Research Phase	Almere, Hoorn and Zaanstad

That means in just 23 months ICE vans will not be allowed to travel inside 20 of those 28 zero emission zones launched in 2025.

Currently electric LCVs are plated at 4.25 tonnes GVW, which means that only drivers with a B-licence can drive them. If sales in The Netherlands of new electric LCVs take off very quickly, then there is likely to be a shortage of drivers with truck licences who can drive them – that will require businesses having to invest in training new drivers, which adds a further cost to the BPM tax changes.

Although in countries like the United Kingdom the government has introduced dispensation for drivers to drive the heavier weight electric LCVs. It has said that MOTs on heavier GVW electric LCVs could be aligned with combustion vehicles to reduce the testing burden on them and help encourage take-up.

For further information about the INDICATA Forecasting contact:

Frank Tanke
Country Director - AUTOROLA The Netherlands
www.indicata.nl
M: +31 (0)6 86815250
E: ft@autorola.nl

www.indicata.nl