

Abstract

This thesis investigates the effect of registration tax and fuel prices on the car market in Slovakia. Using the dataset provided by the Department of Evidence and Papers of Slovak Police Force with information about vehicles that entered the national car evidence, we compute monthly registrations of passenger vehicles. Given the nature of our data, we estimate pooled OLS model with fixed effects, focusing on different vehicle segments. We also analyse fuel price elasticity when prices were mostly decreasing or increasing to examine asymmetric response of car buyers. Results suggest a negative impact of the registration tax on the number of registrations of petrol vehicles with a stronger response of fuel efficient cars compared to less efficient. In the segment of diesel vehicles, only registrations of used and less efficient cars are affected by the tax. The elasticity of registrations with respect to fuel costs is negative for all car segments except for the new efficient petrol-fueled vehicles. Registrations of diesel vehicles are more sensitive with respect to fuel price changes than petrol cars in most segments. We also find an asymmetric response to fuel prices during the periods of price increases and decreases and declining responsiveness over time.

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