

Motor Vehicle Sales and Use Tax

Susan Combs, Texas Comptroller of Public Accounts

March 2009

County Procedures for Standard Presumptive Value and Used Motor Vehicles

The law requires that a “standard presumptive value” (SPV) be used to determine the tax base for calculating motor vehicle sales tax due.

This publication explains the SPV procedures that county tax offices should follow in collecting the motor vehicle sales tax on sales of used motor vehicles.

Apply law only to “private-party” sales. A private-party sale does not involve a licensed motor vehicle dealer. A sale between neighbors, relatives or strangers, for example, is a private-party transaction that triggers the SPV procedures.

If a licensed motor vehicle dealer sells the used vehicle, tax is due based on the sales price. The county does not have to check the used vehicle’s SPV if the seller is a licensed dealer. The selling dealer’s signature on the title application is an acceptable record of the sales price. The county tax assessor-collector, at his or her option, may request the dealer’s invoice or sales receipt from any purchaser.

Note the law includes all motor vehicles with a few exceptions. The SPV law applies to all types of used motor vehicles. Basically, a motor vehicle is a self-propelled vehicle designed to transport persons or property, or a vehicle designed to carry property while being towed by another vehicle, on the public highways.

Off-road vehicles, such as dirt bikes and all-terrain vehicles (ATVs), are not considered motor vehicles for motor vehicle sales tax purposes. They are not subject to the SPV calculation.

Note the law excludes some sales transactions. Do not use the SPV procedures on these types of transactions, which the law excludes:

- salvage vehicles;
- abandoned vehicles;
- vehicles sold through storage or mechanic’s liens;
- vehicles sold by a governmental entity at auction;



If a licensed motor vehicle dealer sells the used vehicle, tax is due based on the sales price.

For more information, visit our Web site www.window.state.tx.us. Receive tax help via e-mail at tax.help@cpa.state.tx.us.

Motor Vehicle Sales and Use Tax

- vehicles eligible for classic car and classic truck license plates (whether or not the vehicles use those plates);
- even trade of vehicles, which has a \$5 motor vehicle tax, or
- the gift of a vehicle, which has a \$10 motor vehicle tax.

Determine the vehicle's SPV if the transaction is a private-party sale and not an excluded one. For a private-party sale, the county must determine the vehicle's SPV to use in calculating the tax base for the used vehicle at the time of titling and registering the vehicle.

The Texas Department of Transportation (TxDOT) supplies the SPV data through its Registration and Title System (RTS). See TxDOT's updated information about accessing the SPV data through RTS.

A purchaser can check a used vehicle's SPV online at www.txdot.gov.

Determine the tax base and tax due on the used vehicle. For a private-party sale of a used vehicle purchased or brought into Texas on or after October 1, 2006, determine the tax due from one of the following:

Examples

Example #1: Curt bought a used motor vehicle from Tim for \$17,000. When Curt registers and titles the vehicle, he showed the selling price on the title application as \$17,000. The county tax clerk found that the used vehicle's SPV on the TxDOT system was \$20,000; 80 percent of \$20,000 is \$16,000.

Answer: Tax is based on sales price because Curt paid more than \$16,000, which is 80 percent of the vehicle's SPV. Curt has to pay \$1,062.50 in motor vehicle sales tax, or 6.25 percent of the \$17,000 sales price. The sales price is stated on the application for certificate of title, which both the buyer and seller sign to certify the statements are true and correct.

Example #2: Joe bought a used motor vehicle from Mary for \$2,000, which he showed as the selling price on the title application as \$2,000. The county tax clerk determines that the vehicle's SPV is \$5,000; 80 percent of \$5,000 is \$4,000.

Answer: Tax is based on 80 percent of the vehicle's SPV. The purchaser paid less than 80 percent of the vehicle's SPV and did not provide a certified appraisal. Joe pays \$250 in motor vehicle sales tax, based on the \$4,000 SPV value.

Example #3: Sally sees a classified ad in her newspaper and buys a car from Dan for \$10,000. She checks the TxDOT Web site, which shows the SPV as \$25,000; 80 percent of SPV is \$20,000. Since the car had some major body damage, Sally pays a local used car dealer \$300 for a certified appraisal that sets the car's value at \$12,000. Sally registers and titles the vehicle, indicating the selling price on the title application as \$10,000, and includes the dealer's \$12,000 appraisal.

Answer: Tax is based on the vehicle's certified appraised value. Sally paid less than 80 percent of the vehicle's SPV but provided a certified appraisal that indicated a lower value. Sally's tax is 6.25 percent of \$12,000, or \$750. If she had not gotten the appraisal, her tax would have been 6.25 percent of \$20,000 (80 percent of SPV), or \$1,250. So, even after paying \$300 for the appraisal, Sally saves \$200.

For more information, visit our Web site www.window.state.tx.us. Receive tax help via e-mail at tax.help@cpa.state.tx.us.

Motor Vehicle Sales and Use Tax

- the vehicle's sales price, if the purchaser paid 80 percent or more of the vehicle's SPV;
- 80 percent of the vehicle's SPV, if the purchaser paid less than 80 percent of the vehicle's SPV; or
- the vehicle's certified appraised value, if the purchaser paid less than 80 percent of the vehicle's SPV *and* provides a certified appraisal.

Be aware that the vehicle's SPV available on TxDOT's Web site to the purchaser is 100 percent of the SPV, not 80 percent. The county clerk will see the 80 percent of SPV on the RTS screen.

Check the certified appraisal if the purchaser provides one.

A purchaser may provide a certified appraisal for the used vehicle to calculate the tax due. The purchaser has to obtain the appraisal on a Comptroller form within 20 county working days after purchase date or within 20 county working days after bringing the vehicle into Texas. The purchaser presents the certified appraisal to the county at the time of titling and registering the vehicle.

Active duty personnel of the U.S. military, the reserves of the U.S. military, of the National Guard or of another state's National Guard has 60 county working days from the date of sale or, if acquired out of state, from the date of first use in Texas to obtain a certified appraisal of a used motor vehicle.

The county must retain the appraisal form for four years from the end of the current fiscal year in which the appraisal was presented and accepted.

If the purchaser has a certified appraisal, the county clerk should do the following:

- Check the date of the certified appraisal to see if it meets the 20 (or 60) county working day deadline noted above.
- Check to see that the certified appraisal is on Comptroller Form 14-128, *Used Motor Vehicle Certified Appraisal Form*.
- Be sure that the appraisal form is filled out in full. Check for any alterations to the items entered by the appraiser on the appraisal form.
- Note whether a motor vehicle dealer

licensed for that category of used vehicle or a licensed insurance adjuster did the appraisal. If in doubt, check with the state licensing agencies through the license number shown on the appraisal. For licensed dealers, check with TxDOT's Motor Vehicle Division.

For licensed insurance adjusters, check with the Texas Department of Insurance.

If a purchaser asks about the appraisal process, be sure to explain that a licensed Texas motor vehicle dealer can only charge an appraisal fee from \$40 to \$500, depending on the vehicle category. A licensed insurance adjuster determines the fee without limitation. Purchasers should realize that an appraisal fee may offset any tax savings. For



Check the date of the certified appraisal to see if it meets the 20 (or 60) county working day deadline noted above.

For more information, visit our Web site www.window.state.tx.us. Receive tax help via e-mail at tax.help@cpa.state.tx.us.

Motor Vehicle Sales and Use Tax

example, tax on \$1,600 of value is \$100. In other words, a \$100 appraisal must reduce the vehicle's SPV value by more than \$1,600 to save money. A \$300 appraisal fee requires almost a \$5,000 reduction in value to offset the cost.

Call or e-mail with questions or for more information. For any questions about SPV data from TxDOT, contact your local Vehicle Titles and Registration Division Regional Office.

For any questions about the motor vehicle sales tax, contact the Comptroller's office toll-free at (800) 252-1382 or e-mail tax.help@cpa.state.tx.us.

Applicable Comptroller publications, the appraisal form and the SPV rule are available on the Comptroller's *Window on State Government* at www.window.state.tx.us. Under "Texas Taxes" select "Motor Vehicle Sales and Use" to find:

- 96-116, *Motor Vehicle Sales, Use and Rental Tax*, a publication for the general public that explains the law and its provisions;
- 98-807, *Buying a Used Motor Vehicle?*, a poster for the county to use in its office and local public areas;
- Comptroller Form 14-128, *Used Motor Vehicle Certified Appraisal Form*, including instructions; and
- Comptroller Rule 3.79, Standard Presumptive Value (34 T.A.C. § 3.79).

We're Here To Help! *Call Toll-Free!*

If you have questions or need information on a specific tax, please call our toll-free numbers:

(800) 252-5555

911 Emergency Service/Equalization Surcharge
Automotive Oil Fee
Battery Fee
Boat and Boat Motor Sales Tax
Customs Broker
Fireworks Tax
Mixed Beverage Tax
Off-Road, Heavy-Duty Diesel Equipment Surcharge
Oyster Fee
Sales and Use Taxes
Telecommunications Infrastructure Fund

(800) 531-5441

Cement Tax
Inheritance Tax
Local Revenue
Miscellaneous Gross Receipts Taxes
Oil Well Servicing Tax
Sulphur Tax

(800) 531-5441, ext. 3-3630

WebFile Help

(800) 252-1381

Bank Franchise
Franchise Tax

(800) 252-7875

Spanish

(800) 531-1441

Fax on Demand (Most frequently requested Sales and Franchise tax forms)

(800) 252-1382

Clean Vehicle Incentive Program
Manufactured Housing Tax
Motor Vehicle Sales Surcharge,
Rental and Seller Financed Sales Tax
Motor Vehicle Registration Surcharge

(800) 252-1383

Fuels Tax
IFTA
LG Decals
Petroleum Products Delivery Fee
School Fund Benefit Fee

(800) 252-1384

Coastal Protection
Crude Oil Production Tax
Natural Gas Production Tax

(800) 252-1387

Insurance Tax

(800) 252-1385

Coin Operated Machine Tax
Hotel Occupancy Tax

(800) 252-1386

Certificates of Account Status/Good Standing
Officer and Director Information

(800) 862-2260

Cigarette and Tobacco

(888) 4-FILING (888-434-5464)

TELEFILE: To File by Phone

(800) 252-1389

GETPUB: To Order Forms and Publications

(800) 654-FIND (800-654-3463)

Treasury Find

(800) 321-2274

Unclaimed Property Claimants
Unclaimed Property Holders
Unclaimed Property Name Searches
(512) 463-3120 in Austin

(877) 44RATE4 (877-447-2834)

Interest Rate

**Texas Comptroller of Public Accounts
Publication #96-1220
Revised March 2009**

For additional copies write:

Texas Comptroller of Public Accounts
111 East 17th Street
Austin, Texas 78711-1440

For more information, visit our Web site

www.window.state.tx.us

Receive tax help via e-mail at
tax.help@cpa.state.tx.us



Sign up to receive e-mail updates on the Comptroller topics of your choice at www.window.state.tx.us/subscribe.

The Texas Comptroller of Public Accounts is an equal opportunity employer and does not discriminate on the basis of race, color, religion, sex, national origin, age or disability in employment or in the provision of any services, programs or activities.

In compliance with the Americans with Disabilities Act, this document may be requested in alternative formats by calling the appropriate toll-free number listed at left, or by calling:

(512) 463-4600 in Austin
(512) 475-0900 (FAX).