

Buying a Used Motor Vehicle?

Effective October 1, 2006, state law changes the method to calculate motor vehicle sales and use tax due when you buy a used vehicle. The tax will continue to be due when you title and register the vehicle at the county tax office. A purchaser must pay the tax within 20 county working days from the date of purchase or the date the vehicle was brought into Texas for use.

How much tax is due?

If you buy the vehicle from a licensed dealer, the tax is 6.25% of the sales price. If you buy from a private party, such as a friend or relative, the tax is 6.25% of:

- the sales price, if you paid 80% or more of the vehicle's standard presumptive value (SPV);
- 80% of the vehicle's SPV, if you paid less than that amount; or
- the certified appraised value, if you paid less than 80% of the vehicle's SPV and you get a certified appraisal.

What is a vehicle's Standard Presumptive Value (SPV)?

The law requires the Texas Department of Transportation (TxDOT) to determine and publish a SPV data base for used vehicles. Check the TxDOT Web site at www.txdot.gov.

Where do you get a certified appraisal?

You have two options. Get a certified appraisal from a licensed dealer for your vehicle type. Depending on the type of vehicle (car, truck, motorcycle), a dealer's fee can range from \$40 to \$500, with most fees from \$100 to \$300. Or get an appraisal from a licensed insurance adjuster for a fee to be determined by the adjuster. Submit the appraisal with your title application within 20 county working days of purchase or the date the vehicle was brought into Texas for use. *Be aware that an appraisal fee may offset any tax savings. For example, tax on \$1,600 of value = \$100. In other words, a \$100 appraisal must reduce the vehicle's SPV by more than \$1,600 to save money.*

Questions?

Contact the Comptroller's office at 1-800-252-1382 or your local county tax office for more information. For more details, see Comptroller publication 96-1219, *Motor Vehicle Tax: Standard Presumptive Value and Calculating Tax Due on a Used Vehicle Purchase*.