



Motor Vehicle Tax Reform

2012 House Bill 386 Title Ad Valorem Tax (TAVT)

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House Bill 386

Tax Reform Legislation

*Title Ad Valorem Tax (TAVT)
is one part of a larger initiative to
spur economic growth*



Title Ad Valorem Tax (TAVT)

- Titled vehicles which are **self-propelled**, will be subject to a one time 6.5% TAVT due at the time of title and registration.
- Includes cars, trucks, vans, SUVs, motorhomes, motorcycles, straight-trucks, truck-tractors.
- **ALL** changes in ownership on or after March 1, 2013 trigger payment of TAVT



What happens March 1, 2013 ?

- Titled motor vehicles purchased on or after March 1, 2013
 - Exempt from sales and use tax
 - Exempt from annual ad valorem tax (birthday tax)



What happens March 1, 2013 ?

- Titled as required in Title 40
 - Subject to traditional title & registration fees in Title 40
 - \$18 title fee
 - \$20 registration fee
- Subject to TAVT
 - Alternative ad valorem tax in the form of a state and local title fee



Title Ad Valorem Tax Rates

- 2013 TAVT Rate 6.5%
- 2014 TAVT Rate 6.75%
- 2015 TAVT Rate 7.0%

Every three years starting in 2015 the state revenue commissioner will analyze revenue being generated by TAVT



Dealer/Business Purchase

- After March 1, 2013, new or used vehicles purchased from a dealership or business will no longer be subject to 7% sales and use tax nor “birthday” ad valorem tax.
- Subject to TAVT



Dealer/Business Purchase Example

Current – Ad Valorem

\$35,000 sale price

- \$15,000 trade-in allowance

\$20,000 taxable value

- 7% Sales Tax = \$1,400
- Ad Valorem based on 26.59 mills
\$372 ($\$35,000 \times 40\% \times 26.59$)
- Year One Taxpayer Pays: \$1,772



Dealer/Business Purchase Example

New - TAVT

\$35,000 sale price

- \$15,000 trade-in allowance

\$20,000 taxable value

- TAVT = \$1,300
(6.5% TAVT x 20,000)

Result: \$472 savings in year 1 plus annual ad valorem tax in future years



Non Dealer/Private Purchase

- Currently vehicles transferred between individuals are not subject to sales and use tax.
- Under TAVT, ALL changes in title ownership trigger the 6.5% TAVT which is collected at time of initial registration. The “birthday” ad valorem tax goes away.



Non Dealer/Private Purchase Example

Current – Ad Valorem	New – TAVT
\$35,000 value	\$35,000 value
\$372 annual ad valorem tax <i>(\$35,000 x 40% x 26.59 mills)</i>	\$2,275 TAVT <i>(6.5% TAVT x 35,000)</i>

Result: \$1,903 additional cost to the taxpayer



Non Dealer/Private Purchase Example

\$18 Title Fee + \$20 Registration = \$38

$$\$2,500 \times 6.5\% = \$162 \text{ TAVT}$$

$$\$7,000 \times 6.5\% = \$455 \text{ TAVT}$$

$$\$15,000 \times 6.5\% = \$975 \text{ TAVT}$$

$$\$20,000 \times 6.5\% = \$1,300 \text{ TAVT}$$



Opt-In Provisions

- Vehicles purchased in Georgia between January 1, 2012 and February 28, 2013 may Opt-In to TAVT prior to December 31, 2013.



Opt-In Provisions

Compare:

- (1) Actual sales tax paid plus prior year ad valorem
- (2) TAVT that would be due

If (1) is greater than (2) no additional amount is due

If (2) is greater than (1) the owner may remit difference and Opt-In



Family Transfers/Inheritance

Applies to spouse, parent, child, sibling, grandparent, grandchild or stepchildren.

Affidavit to certify family member

- For vehicles owned prior to March 1, 2013
 - Vehicles may remain in “birthday” ad valorem system
- OR**
- Opt-in to TAVT by paying full TAVT
- For vehicles purchased after March 1, 2013
.5% TAVT applies



Leased Vehicles

- Full 6.5% TAVT applies to full Fair Market Value (FMV)
- 7% sales tax remains on monthly lease payment



Veterans

- Certain veterans who are exempt from motor vehicle ad valorem tax will also be exempt from TAVT



New Residents to Georgia

- New residents to Georgia are subject to pay TAVT.

Example: A family that has 4 cars that are worth \$55,800 will owe \$3,779

- 50% must be paid at time of initial registration
- 50% remainder may be paid within 12 month period



New Residents to Georgia

Example

2011 Ford Explorer (\$26,875)	\$18 + \$20 + \$1,747
2006 Ford F250 (\$12,575)	\$18 + \$20 + \$817
2004 Honda Accord (\$7,850)	\$18 + \$20 + \$510
2003 Toyota Tundra (\$8,500)	<u>\$18 + \$20 + \$553</u>
	\$72 + \$80 + \$3,627

All ad valorem tax is paid up front-no "birthday" tax will come due.



Vehicles Purchased From Out of State Dealers

- Currently Georgia has a reciprocity agreement with other states for state sales tax paid in their state.
- Any sales tax paid would be credited to the amount of sales tax due in Georgia.

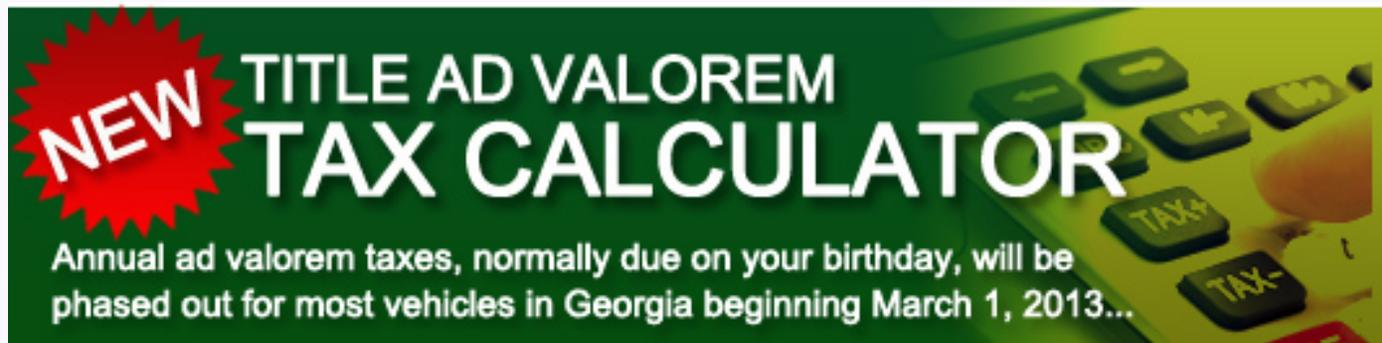


Vehicles Purchased From Out of State Dealers

- TAVT is not sales tax; therefore, if a vehicle is purchased from an out of state dealer, any sales tax paid will NOT be credited toward the 6.5% TAVT.



TAVT Online Calculator



NEW TITLE AD VALOREM
TAX CALCULATOR

Annual ad valorem taxes, normally due on your birthday, will be phased out for most vehicles in Georgia beginning March 1, 2013...

www.hallcounty.org



What are we doing to Prepare ?

- Press releases to radio and local papers
- Update hallcounty.org website
 - Launched web calculator for estimating TAVT
 - Publish Q&A
 - Publish Overview of Bill 386
- Radio Spots/Interviews
- Attending schools by the GA DOR
- In House training of personnel

