CHAPTER 7.

SALES TAXES, VEHICLE INVENTORY TAXES, AND STANDARD PRESUMPTIVE VALUE

NOTE: This section is meant solely as an introduction and may not reflect the most recent law changes as Motor Vehicle Sales and Use Tax is regulated by the Texas Comptroller of Public Accounts. More detailed information may be obtained by calling 1-800-252-1382 or 512-463-4600. For Information regarding Vehicle Inventory Tax call 1-800-252-9121. For a complete list of motor vehicle sales and use tax forms, see www.window.state.tx.us/taxinfo/taxforms/14-forms.html.

7.1 Sales Tax. A sales tax, currently 6.25 percent, is levied on motor vehicle sales in the state of Texas. For sales tax purposes, the taxable total consideration of a motor vehicle is the sale price of the vehicle, less any trade-in allowance for a motor vehicle. It does not include documentary fees, inspection fees, finance charges or the title and registration fees. If the tax is submitted to the county tax assessor-collector more than 20 county working days after the sale, a penalty of 5 percent of the sales tax due is levied. If the tax is paid more than 30 calendar days after the date on which the tax was due, an additional 5 percent penalty is due.

7.2 Seller-financed Sales. If you are a dealer who offers consumers contracts to finance sales, you must be licensed by the Office of the Consumer Credit Commissioner. You must apply for and hold a permit from the Comptroller's Office. When the application for transfer of title is submitted, the dealer's seller-financed sales tax permit number from the Comptroller is placed on the application to defer the tax.

Sales tax is paid on the receipts collected during each reporting period at the time of filing the seller-financed report. The tax is paid only on the amounts collected. Sales tax on a down payment would be due when the dealer files his seller-financed sales report to the Comptroller. The remaining taxes would then be collected on a straight-line basis for the remainder of the note amount. If payments stop and the vehicle is repossessed, sales tax must be paid only on the actual payments received by the dealer. This method is preferred by most dealers.

In the event that sales tax is paid in full when the application for transfer of title is submitted or the sales tax is paid in full on the next seller-financed reporting period, then no refund is available if repossession occurs.

This right to defer sales taxes is canceled in two situations. If the dealer does not transfer title within 60 days of the sale, all the sales tax is due in the period in which the failure to transfer the title occurs. Further, if the sales contract is sold to an unrelated third party or a nonqualifying related third party, the full sales tax amount is due in the period in which the note transfer occurs. The ability to defer sales tax on the transaction no longer exists.

A seller-finance dealer may transfer a vehicle to a qualifying related finance company without accelerating and paying the tax. However, it only applies to qualifying transfers after a related finance company has registered with the Comptroller's office and paid a $600 registration fee. A qualifying related finance company is an entity that has at least 80 percent ownership identical to the ownership of the dealer.

The application for a seller finance permit is Form AP-169 and the seller finance report is Form 14-117. The application for a related finance company is Form AP-222.

7.3 Cash Sales and Third Party Finance Sales. The law requires the selling dealer in all cash sales (including bank-financed sales) to collect the sales tax from the customer and to pay it to the county tax office within 20 county working days. The failure to collect sales tax is not an excuse for failure to apply for transfer of title in a timely manner. The dealer may not give the title and transfer paperwork to the consumer and send the consumer to the tax office to apply for transfer of title. The dealer must handle the transaction. Even if no cash is received from a buyer, such as when a trade-in is used as the down payment on a replacement vehicle, the dealer must apply to transfer title in a timely manner and pay the applicable sales tax. To this day, tax offices statewide report dozens of dealers who do not collect the sales tax and rely on the buyer to handle the transfer themselves. These complaints result in warning letters and civil penalties assessed against the dealer by TxDMV. Failure to collect and pay tax may also result in actions by the Comptroller.

7.4 Exemption/Resale Certificates.

a. Texas Motor Vehicle Sales Tax Exemption Certificate – For Vehicles Taken Out of State. If the vehicle is to be transported immediately out of Texas for titling and registration, a motor vehicle sales tax exemption certificate Form 14-312 may be completed and signed by the buyer. To be a valid exemption, there must be no use of the vehicle in Texas other than the immediate transportation of the vehicle out of the state. This certificate should be furnished to the buyer and retained by the seller. The seller must also send a copy to the Comptroller's office and then forward a copy of that correspondence to the purchaser. A copy of the form is available on page 7-7. The address to send the form to is:

Texas Comptroller of Public Accounts
Business Activity Research Team
P. O. Box 13003
Austin, Texas 78711-3003

b. Texas Motor Vehicle Sales Tax Resale Certificate -For Wholesale Sales. If the vehicle is sold wholesale to another Texas dealer who is purchasing it for resale only, no sales tax is due. Note that a new motor vehicle may be purchased for resale only by a dealer franchised to sell that type of new vehicle, while a used vehicle may be purchased for resale by any dealer holding a GDN. This form is not filed with any government agency. It is retained by the dealer as proof that the transaction qualifies for sales tax exemption. A blanket form of the certificate may be used if multiple sales are anticipated. See form on Page 7-8.

c. Orthopedic handicap exemption - A dealer selling a motor vehicle may not collect motor vehicle sales tax from a person claiming the orthopedic handicap exemption. Claim for the exemption must be on Form 14-318 prescribed by the Comptroller, signed by the purchaser at the time of purchase and provided to the seller. See page 7-9 & 7-10 for a copy of this form. The Comptroller may require additional documentation by rule. The seller who obtains the required certificate is held harmless and has no responsibility to investigate.

Other exemptions such as gift and religious organizations are claimed on the title application.

7.5 Motor Vehicle Inventory Taxes. Since 1994, all motor vehicle dealers – except those selling trailers and those with wholesale licenses – have had to report and pay motor vehicle inventory taxes (VIT). This is a property tax on dealers who were in business on January 1 of a particular year. A Dealer's Motor Vehicle Inventory Declaration (VIT Declaration) form must be filed upon the opening of a dealership and annually thereafter, as detailed below. Dealer's Motor Vehicle Inventory Tax Statements (VIT Statements) detailing the prior month's sales must be filed monthly.

a. What to File.

1. Upon Becoming Licensed. In the dealer's first partial calendar year of business, he or she establishes a tax rate. This is done by filing a VIT Declaration with the county chief appraiser and sending a copy to the tax assessor-collector within 30 days of being licensed. The Declaration informs these offices that a new dealership has been established and a file must be started on the dealership. Thereafter, in the first partial calendar year of business, the dealer must complete and file monthly VIT Statements, filing the original with the county tax assessor-collector and a copy with the county appraisal district's chief appraiser. No VIT payments are due on these reports during the first calendar year. The monthly VIT Statements will be used to establish the tax rate for the following year.

2. VIT Declarations. The dealer's obligation to pay VIT payments begins on January 1 of the calendar year after the dealership is established. In January of each year, between January 1 and 31, the dealer must file an annual VIT Declaration, summarizing sales for the preceding calendar year.

3. VIT Statements. Each month in that first full calendar year of business the dealer must file a monthly VIT Statement and pay any VIT payments due.

Monthly VIT Statements and annual Declarations are due whether or not any motor vehicles have been sold. A copy of the forms may be found in this Manual on pages 7-19 through 7-22.

b. When to Report. Every licensed motor vehicle dealer in the state of Texas, with the exception of those holding trailer dealer and wholesale licenses, is required to file the Dealer Motor Vehicle Inventory Declaration form, which lists the total value of the dealer's motor

vehicle inventory sold during the previous year. This form must be filed with the county appraisal district each year between January 1 and January 31. **A copy must also be sent to the county tax assessor-collector's office**. New dealers must file a Declaration form within 30 days of opening their business to report their name, address and TxDMV license information.

Motor vehicle dealers must also file with the county tax assessor-collector's office the Dealer's Motor Vehicle Inventory Tax Statement, which lists the motor vehicles sold. **A copy must also be sent to the county chief appraiser's office.** The monthly VIT Statements and any VIT payments due are required to be filed by the 10th day of each month, reporting the previous month's sales.

c. Pay VIT Amounts Due. Multiply the total sales prices of taxable vehicles sold by the tax rate, called the "Unit Property Tax Factor" on the form, to calculate VIT due**.** Send the original monthly VIT Statement to your county tax assessor-collector, along with the tax payment. Send a copy of your monthly VIT Statement to your county appraisal district.

7.6 Penalties.

a. TxDMV Administrative actions. Dealers who do not file timely annual VIT Declarations or dealers who report the sale of fewer than five vehicles in a calendar year are reported to the TxDMV by the chief appraiser and the tax assessor-collector offices. The law requires TxDMV to initiate termination proceedings against any dealer who fails to file a timely annual VIT Declaration, or who reports selling fewer than five vehicles in a calendar year. Further the tax assessor-collector offices and county appraisal districts may file administrative complaints with DMV for failure to timely file monthly VIT Statements. For failure to file VIT Statements and Declarations and pay VIT, administrative actions can range from warning letters to civil penalties of $500 or more, or license cancellation. Furthermore, dealers who falsify VIT Statements and Declarations are subject to serious penalties for falsification of government records.

b. Failure to File a Monthly VIT Statement. In addition to the TxDMV penalties noted above, a dealer who does not file the monthly VIT Statement in a timely manner commits a misdemeanor punishable by a fine up to $100 per day until the VIT Statement is filed. A tax lien attaches to the dealer's business personal property to secure payment of the $100 penalty. A dealer forfeits an additional penalty of $500 for each month or portion of the months that the statement is not filed. Furthermore, a dealer who fails to remit the taxes due pays a 5 percent late fee, with another five percent if not paid within 10 days.

c. Failure to File Annual VIT Declaration. In addition to the TxDMV penalties noted above, a dealer who does not file an annual VIT Declaration in a timely manner commits a misdemeanor punishable by a fine up to $500 per day until the VIT Declaration is filed. A tax lien attaches to the dealer's business personal property to secure payment of the penalty. A dealer forfeits an additional penalty of $1000 for each month or portion of month that is not filed.

A very good form that explains the VIT procedure is attached to this section as an exhibit

starting on page 7-13. Anyone wishing to download a personal copy can find the form on the Comptroller's website at: http://www.window.state.tx.us/taxinfo/taxforms/14-forms.html

7.7 Standard Presumptive Value. The Standard Presumptive Value law (SPV) only applies to "private-party" sales. A private-party sale does not involve a licensed motor vehicle dealer. 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.

a. 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.

b. The law excludes some sales transactions. SPV procedures are not used on these types of transactions:

- Salvage vehicles;
- Abandoned vehicles;
- Vehicles sold through storage or mechanic's liens;
- 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;
- Governmental sales.

c. Certified Appraisals by Dealers. A purchaser who pays less than 80 percent of the vehicle's SPV can realize a tax savings if a certified appraisal for the used vehicle reflects a lesser value. For example, a used vehicle may be worth less if it has substantial body damage or needs major mechanical work. The purchaser must present the appraisal to the county on a Comptroller form within 20 county working days from the purchase date or within 20 county working days after bringing the vehicle into Texas.

There are two ways to get a certified appraisal: from a motor vehicle dealer licensed for that category of vehicle or from a licensed insurance adjuster. For example, a purchaser can request a car dealer to appraise a car, a motorcycle dealer to appraise a motorcycle or a trailer dealer to appraise a trailer.

Dealer fees for appraisals are set by law and Comptroller rules. For most vehicles, a dealer can charge from $100 to no more than $300 for a certified appraisal. A dealer's certified appraisal of a motorcycle can cost from $40 to $300, and a dealer appraisal of a house trailer, travel trailer or a motor home can cost from $100 to $500.

The law allows licensed insurance adjusters to determine the fees they charge. Purchasers should realize that an appraisal fee may offset any tax savings. For example, tax on $1,600 of value is $100. In other words, a $100 appraisal must reduce the vehicle's SPV by more than $1,600 to save money. A $300 appraisal fee would require almost a $5,000 reduction in value to offset the appraisal cost. Comptroller Form 14-128, Used Motor Vehicle Certified Appraisal Form, is available on Window on State Government at www.window.state.tx.us. Select "Texas Taxes." The Comptroller's office provides this form to licensed motor vehicle dealers and insurance adjusters. A copy of this form in on page 7-11 and further instructions are on the back of the form which appear on page 7-12

7.8 Gift tax. Effective September 1, 2009, transactions that qualify to be taxed as a gift ($10) are limited to those transactions where the vehicle is given to, or accepted from, a:

- parent or stepparent;
- grandparent or grandchild;
- child or stepchild;
- sibling;
- guardian; or
- Decedent's estate.
- A vehicle also qualifies to be taxed as a gift when it is donated to, or given by, a 501 (c)(3) nonprofit service organization.

Otherwise, transactions without consideration are a sale and will be subject to tax calculated on the vehicle's standard presumptive value (industry book value).

To document a gift, the donor and person receiving the vehicle must complete a joint notarized affidavit of fact describing the transaction and the relationship between the parties.

14-312
(Rev.12-12/4)

Texas Motor Vehicle Sales Tax Exemption Certificate
— *for Vehicles Taken Out of State*

Name of purchaser	
Address *(Street & number, P.O. Box or route number)*	Phone *(Area code and number)*
City, state and ZIP code	

I, the purchaser named above, claim an exemption from payment of motor vehicle sales tax for the purchase of the motor vehicle described below:

Vehicle identification number	Make of vehicle	Model year	State or country where vehicle will be used/registered

Seller

Street address

City, state and ZIP code

I claim this exemption because the vehicle is to be transported outside this state, prior to any use in this state other than the transportation of the vehicle out of state, for use exclusively outside this state. I understand that, if I register the vehicle in Texas, the exemption I am claiming will be presumed invalid.

By signing below, I hereby authorize the Comptroller to provide a copy of this certificate to the state or country in which the vehicle will be titled, registered and used. I understand that I will be liable for payment of motor vehicle sales or use taxes that may become due if I fail to comply with the provisions of the Texas Tax Code, Chapter 152, *Taxes on Sale, Rental, and Use of Motor Vehicles*.

I understand that it is a criminal offense to give a Texas Motor Vehicle Sales Tax Exemption Certificate to the seller for a motor vehicle that I know, at the time of purchase, will be used in a manner other than that expressed in this certificate and that the offense is a felony punishable by imprisonment for not more than 10 nor fewer than 2 years, or a fine of not more than $10,000, or both.

	Purchaser	Title	Date
sign here			

Blanket exemption certificate. A purchaser may provide a blanket Motor Vehicle Sales Tax Exemption Certificate to a seller when purchasing motor vehicles to be used exclusively outside of Texas. The seller may rely on the blanket certificate until it is revoked in writing. The Vehicle Identification Number (VIN), make and model year are not required on this form when being used as a blanket exemption certificate; instead, enter "Blanket Certificate."

When this form is used as a blanket certificate, the seller must retain the following information for each transaction purchased under the certificate, as required by Texas Tax Code Section 152.063, including:

- Vehicle Identification Number
- make of vehicle
- model year
- state or country where vehicle will be used/registered

NOTE: This certificate does NOT require a taxpayer number to be valid.

This certificate should be furnished to, and retained by, the seller.
Do **not** send the completed certificate to the Texas Comptroller of Public Accounts.

Comptroller of Public Accounts FORM 14-313 (Rev. 12-95/2)

PRINT FORM CLEAR FIELDS

TEXAS MOTOR VEHICLE SALES TAX RESALE CERTIFICATE

Name of purchaser, firm or agency	Dealer number
Address *(Street & number, P.O. Box or Route number)*	Daytime phone *(Area code and number)*
City, State and ZIP code	

I, the purchaser named above, claim the right to make a non-taxable purchase for resale of the motor vehicle described below:

Vehicle identification number	Make of vehicle	Year model

Seller

Street Address

City, state and ZIP code

Purchaser claims this vehicle is being purchased for resale purposes *ONLY*.

I understand that I will be liable for payment of motor vehicle sales or use taxes which may become due if I fail to comply with the provisions of the Tax Code: Chapter 152. Taxes on Sale, Rental, and Use of Motor Vehicles.

I understand that it is a criminal offense to give a Texas Motor Vehicle Sales Tax Resale Certificate to the seller for a motor vehicle that I know, at the time of purchase, will be used in a manner other than that expressed in this certificate and that the offense is a felony punishable by imprisonment for not less than two nor more than five years or a fine of not more than $1,000, or both.

sign here ▶ Purchaser	Title	Date

This certificate should be furnished to the seller. Do **not** send the completed certificate to the Comptroller of Public Accounts.

14-318
(Rev.6-11/2)

PRINT FORM | CLEAR FORM

Texas Motor Vehicle Orthopedically Handicapped Exemption Certificate

Complete this certificate to claim an exemption of motor vehicle sales tax for a vehicle that will be modified for an orthopedically handicapped person or persons.

Section 1

Purchaser: Complete this certificate and provide to selling dealer or County Tax Assessor-Collector.

Purchaser

Name of purchaser		Name of eligible orthopedically handicapped person
Purchaser mailing address		Purchaser phone *(Area code and number)*
City	State	ZIP code

Selling dealer: Retain a copy of this certificate and provide the original certificate and related required documents to the County Tax Assessor-Collector at time of title transfer.

Seller

Name of seller		Texas dealer number
Mailing address		
City	State	ZIP code

Vehicle

Make of vehicle		Vehicle Identification Number (VIN)
Year model	Body style	License number

I, the purchaser, claim exemption from payment of motor vehicle sales and use tax on the purchase of the vehicle described above. The vehicle is/will be modified and will be operated primarily (80% of operating time) by or to transport an eligible orthopedically handicapped person. I am providing ☐ a copy of the restricted Texas Driver License indicating required modification; or ☐ a practitioner's statement below.

Definitions of eligible person and vehicle modifications are on back of certificate.

sign here ▶ Purchaser's signature	Date

Section 2 - Practitioner of Healings Arts Statement

Name of practitioner		Professional license number
Mailing address		
City	State	ZIP code

I certify that the person named in Section 1 is orthopedically handicapped, and in order to operate or be transported in a motor vehicle in a reasonable manner, the vehicle must be modified with qualifying adaptive devices/modifications.

sign here ▶ Practitioner's signature	Date

Tax Code §152.101 provides a penalty to a person who signs a false statement. An offense under this section is a felony of the third degree.

Under Ch. 559, Government Code, you are entitled to review, request and correct information we have on file about you, with limited exceptions in accordance with Ch. 552, Government Code. To request information for review or to request error correction, contact the public information coordinator at the office where you submit this form.

An orthopedically handicapped person is an individual who has limited movement of body extremities and/or loss of physical function. The physical impairment must be such that the person is either unable to operate or be transported in a reasonable manner in a motor vehicle that has not been specially modified.

A motor vehicle is exempt from sales and use tax if:

- it has been or will be specifically modified for operation by or for the transportation of a person who is orthopedically handicapped at the time of purchase; and
- is primarily driven by, or primarily used for the transportation of, an orthopedically handicapped person.

Eligible purchasers are individuals, partnerships, corporations or associations who may purchase vehicles under this exemption if the requirements are satisfied. An institution, facility or retirement community is not required to identify a particular eligible orthopedically handicapped person or to provide a practitioner's statement.

A motor vehicle modified for operation by an orthopedically handicapped person is a vehicle that has been permanently modified by altering such items as the conventional brake, acceleration system or steering system to facilitate the operation of the vehicle by an orthopedically handicapped driver.

A motor vehicle modified for transportation of an orthopedically handicapped person is a vehicle that has been permanently modified by the installation of such items as a wheelchair lift, hoist, attached ramp, wheelchair hold-down clamps, raised roof or special seat restraints other than conventional seat belts to allow for the transportation of an orthopedically handicapped person in a reasonable manner.

Primarily driven by or primarily used for the transportation of an orthopedically handicapped person means that the motor vehicle must be driven by or used for the transportation of an orthopedically handicapped person at least 80 percent of the motor vehicle's operating time.

Modifications that *DO NOT* qualify a motor vehicle for exemption include, but are not limited to:

- installation of standard factory options, such as an automatic transmission, power seats, power windows or adjustable pedals;
- installation of weight-bearing grab bars or handicap assist handles;
- installation of running boards or steps;
- installation of steering wheel spinner knobs;
- installation of nonelectrical carriers designed for bicycles or wheelchairs;
- installation of standard trailer hitches; or
- the addition of ramps, including bi-fold ramps, that are not permanently attached to the vehicle.

A person claiming this exemption must present to the seller or County Tax Assessor-Collector:

- a properly completed Comptroller Form 14-318, Texas Motor Vehicle Orthopedically Handicapped Exemption Certificate; and
- a restricted Texas driver license, issued to the qualified orthopedically handicapped person, which requires a modification restriction on the vehicle and verifies that the orthopedically handicapped driver is so physically impaired as to be unable to operate a motor vehicle that has not been modified; or
- a statement from a licensed practitioner of the healing arts that the qualified orthopedically handicapped person requires adaptive devices and/or modifications necessary to reasonably operate or transport the orthopedically handicapped person. This requirement is satisfied by the practitioner's signature on the Texas Motor Vehicle Orthopedically Handicapped Exemption Certificate.

If you have questions or need additional information, please call (800) 252-1382 or visit the Comptroller's website at www.window.state.tx.us.

S U S A N

C O M B S

Used Motor Vehicle Certified Appraisal Form

TEXAS COMPTROLLER *of* PUBLIC ACCOUNTS

INSTRUCTIONS

Any change to this form after completion voids the form in its entirety.

A licensed motor vehicle dealer or licensed insurance adjuster uses this form exclusively for the purposes of Section 152.0412, Tax Code and 34 T.A.C. § 3.79 concerning Standard Presumptive Value. The form must be filled out in full and be typed or legibly printed after the appraiser views the motor vehicle in person. A dealer may only provide an appraisal for the types of motor vehicles which the dealer is licensed to sell. The purchaser files this form with the county tax assessor-collector at the same time of titling and registering the vehicle. Do **not** send the completed form to the Comptroller of Public Accounts.

Under Ch. 559, Government Code, you are entitled to review, request, and correct information a governmental body has on file about you, with limited exceptions in accordance with Ch. 552, Government Code. To request information for review or to request error correction, contact the county tax assessor-collector where this form is filed.

PURCHASER INFORMATION

Name

Phone *(Area code and number)* – –

Address

City

State

ZIP code

MOTOR VEHICLE INFORMATION

Odometer reading

Year

Make

Model

VIN

APPRAISER INFORMATION

Motor Vehicle Dealer or Licensed Insurance Adjuster Name

Motor Vehicle Dealer or Licensed Insurance Adjuster Number

Address

City

State

ZIP code

Printed Name of Appraiser

Phone *(Area code and number)* – –

APPRAISAL INFORMATION

Retail value ..... $

Explanation for appraised retail value (e.g., identify mechanical, appearance, or other factors that affect the appraised retail value)

Appraisal fee ..... $

See the other side of this form for details on appraising and fees.

SIGNATURE

I hereby certify that I have seen this vehicle and all the statements in this document are true and correct to the best of my knowledge and belief.

Signature of Appraiser

Date of appraisal

sign here

If you make a false statement on this document, you could be found guilty of a Class A misdemeanor or state jail felony under Texas Penal Code Section 37.10.

14-128 (Rev.5-13/3)

Motor Vehicle Tax: Appraising Used Motor Vehicles in Private-Party Sales by Licensed Motor Vehicle Dealers and Insurance Adjusters

Effective October 1, 2006, Tax Code Section 152.0412 allows a purchaser of a used motor vehicle in a private-party sale to get an appraisal to establish the amount of motor vehicle sales tax due. A private-party sale is one that does not involve a licensed motor vehicle dealer. This appraisal process does not involve dealer sales.

Eligible appraisers

Licensed Texas motor vehicle dealers can appraise the categories of motor vehicles that they are licensed to sell. That is, automobile dealers can appraise automobiles, motorcycle dealers can appraise motorcycles and trailer dealers can appraise trailers. Licensed dealers include new and used vehicle dealers, wholesale dealers, wholesale auction dealers, motorcycle dealers, trailer dealers and any other dealers licensed by Transportation Code, Chapter 503, Subchapter B, but not a drive-a-way operator.

An insurance adjuster can appraise any type of used motor vehicle.

Appraisal fee

Under the new law, the Comptroller sets the fee for a certified appraisal by a licensed Texas motor vehicle dealer. Comptroller Rule 3.79 (34 T.A.C. §3.79) states that the fee can be no less than $100 and no more than $300, except for appraisals of motorcycles, house trailers, travel trailers and motor homes.

A licensed motorcycle dealer can charge no less than $40 and no more than $300 for a certified appraisal of a motorcycle. For a certified appraisal of a house trailer, travel trailer or motor home, the fee can be no less than $100 and no more than $500.

The law allows that licensed insurance adjusters set their own fees for a certified appraisal.

Appraisal form

The appraiser must use Comptroller Form 14-128, *Used Motor Vehicle Certified Appraisal Form*, on the other side of this page. The form is available online at www.window.state.tx.us under "Texas Taxes." You can also call the Comptroller's office at 1-800-252-1382 or 512-463-4600, or write the Comptroller of Public Accounts, P.O. Box 13538, Austin, TX 78711-3528.

Appraisal standards

The appraiser must view the motor vehicle in person and provide all the information requested on the appraisal form. The appraiser should identify mechanical, appearance or other factors that affect that retail value.

The form must be filled out in full. If an item does not apply, note "not applicable." Since any change to the appraisal form after completion voids the form in its entirety, please refrain from using crossed-out information.

The appraiser should keep a copy of the appraisal.

Questions

If you have questions or need more information, visit the Comptroller's website, *Window on State Government*, at www.window.state.tx.us, or call the Comptroller's office at 1-800-252-1382 or 512-463-4600.

Publication 96-116, *Motor Vehicle Sales, Use and Rental Tax*, explains the law and its provisions and is available at www.window.state.tx.us.

Susan Combs
Texas Comptroller of Public Accounts

Motor Vehicle Dealer's Special Inventory

Instructions for Filing Forms and Paying Property Taxes

Texas Property Tax

October 2007

Motor Vehicle Dealer's Special Inventory

Instructions for Filing Forms and Paying Property Taxes

For property tax purposes, Texas law requires that a motor vehicle dealer's inventory is appraised based on the total sales of motor vehicles in the prior year. Dealers must file with the county appraisal district a *Dealer's Motor Vehicle Inventory Declaration* form listing the total value of the inventory sold in the prior year. Also, the dealer must file with the county tax office a monthly form — *Dealer's Motor Vehicle Inventory Tax Statement* — listing the motor vehicles sold, and prepay their property taxes for each vehicle. Instructions for filing both forms follow.

Texas law permits the Comptroller's office to act only as an advisory agency with regard to property taxes. The Comptroller helps property owners and tax officials interpret the property tax laws. Texas law also requires the Comptroller to adopt forms for filing the motor vehicle dealer's inventory.

Steps to calculate, report and pay dealer's inventory property taxes:

Step 1 – A dealer files the *Dealer Motor Vehicle Inventory Declaration* form.

- file one declaration per year;
- file each January, between January 1 and 31;
- file with the county appraisal district and send a copy to the county tax office; and
- if you are a new dealer, file a declaration form within 30 days of the issuance of the dealer's general distinguishing number (GDN). A chief appraiser has the discretion to designate a different date.

Step 2 – A dealer reports current year's inventory market value.

Complete the following items on the *Dealer's Motor Vehicle Inventory Declaration* form:

- breakdown of sales for prior year (January – December);
- breakdown of sales amounts for prior year (January – December); and
- other general information about the retail business — mailing address, name and business location.

Divide sales amounts for inventory sales by 12 for current year's market value:

- the current year's tax bills received in October will be based on this market value and the current year's tax rates; and
- the inventory's market value is not the value of the dealer's motor vehicles on January 1 but an average of the regular monthly inventory sales from the preceding year.

Penalties

The chief appraiser of the county appraisal district must report to the Texas Department of Transportation any dealer that sells fewer than five vehicles in a prior year. The Department will begin dealer license termination proceedings.

A dealer who does not file a declaration form by February 1 of each year commits a misdemeanor punishable by a fine of up to $500 per day until filed. A tax lien can be attached to the dealer's business personal property to secure payment of the penalty. A dealer forfeits an additional penalty of $1,000 for each month or portion of month that it is not filed.

Step 3 – A dealer files the *Dealer's Motor Vehicle Inventory Tax Statement*:

- file 12 statements per year;
- file each month by the 10th of the following month. For example, file January inventory tax statement by February 10th.
- file with the county tax office, including a check for prepayment of taxes. Send a copy of the form to the county appraisal district. If you do not sell a motor vehicle during the month, you must file a tax statement indicating no sales; and
- if a new dealer, file each month, but do not send a prepayment of taxes.

Step 4 – A dealer makes a prepayment of taxes.

Calculate the unit property tax factor.

- Find the aggregate tax rate by adding the preceding year's tax rates for each taxing unit that taxes the retail business. Look either at the preceding year's tax bills or call the county tax collector. Each property is taxed by a county and by a school district. It also may be taxed by a city and special districts (such as a junior college and/or hospital district, depending on where the business is located).

Example of 2004 tax rates:

County tax rate	=	$0.40	
School tax rate	=	$1.40	
City tax rate	=	$0.60	
Special district tax rate	=	$0.05	
Aggregate rate	=	$2.45	per $100 of value

- Divide the aggregate tax rate by 12 for a tax rate per month.
  Example: $2.45/12 = $0.20417 per $100 of value.
- Divide the aggregate tax rate per month by $100 for a tax rate per $1.00 of sales price.
  Example: $0.20417/$100 = $0.0020417 rate per $1.00 (unit property tax factor).
- Change the unit property tax factor each January to use the preceding year's tax rates.
  Example: Use the 2004 adopted rates to determine the unit property tax factor for January through December 2005.

Report and pay the unit property tax payment.

- Multiply the sales price of the motor vehicle by the unit property tax factor. Subtract the motor vehicle's manufacturer's rebate from the sales price, but do not subtract the trade-in.
  Example: $20,000 x $0.0020417 = $40.83 in tax prepayment.

- Apply unit property tax factor to each motor vehicle sold in a month and report to the county tax office, along with the tax prepayment. Send a copy of the monthly tax statement to the county appraisal district. Remember, it is considered a sale, even if the motor vehicle is taken out of Texas.

Step 5 – A dealer files a report of inventory sales monthly.

Report the following on the *Dealer's Motor Vehicle Inventory Tax Statement*:

- date of sale;
- model year of motor vehicle;
- make of motor vehicle;
- vehicle identification number;
- purchaser's name;
- type of sale:
  A. MV — regular motor vehicle inventory sale — a motor vehicle is a fully self-propelled vehicle with at least two wheels which has the primary purpose of transporting people or property and includes a towable recreational vehicle. Motor vehicle does not include equipment or machinery designed and intended for a specific work-related purpose other than transporting people or property;
  B. FL — fleet sale — sales of five or more motor vehicles from the dealer's inventory to the same buyer within one calendar year;
  C. DL — dealer sales — sales of vehicles to another Texas dealer or a dealer who is legally recognized in another state as a motor vehicle dealer;
  D. SS — subsequent sales — dealer-financed sales of motor vehicles that, at the time of sale, have dealer financing from the inventory in this same calendar year. The first sale is reported as a motor vehicle inventory sale, with sale of this same vehicle later in the year classified as a subsequent sale;
- sales price — is set forth on the application for Title, or would appear if that form was used;
- unit property tax value;
- total unit property tax value for each page and for the total report; and
- total sales — number of vehicles for each type of sale and by total sales amounts.

The chief appraiser may examine the books and records of the dealer by personally delivering a written request to the custodian of the records at the dealer's location. The request must be delivered at least 15 days prior to the date of the request to view the records and must contain a statement notifying the dealer that he or she may seek judicial relief from compliance with the request.

File the report and payment by the 10th day of the following month.

Step 6 – On behalf of the dealer, the county tax collector pays the annual inventory taxes from the dealer's escrow account and bills the dealer for any additional amount due.

Receives annual property tax bills, usually in October and November:

- taxing units send a copy of the dealer motor vehicle inventory tax bill to the county tax assessor-collector;
- dealer pays all other tax bills to the taxing units;
- county tax assessor-collector pays the inventory tax bill from the escrow account — usually in early January after the dealer's December payment — to the taxing units.

Receive tax receipt for payment and any additional tax bill from county tax assessor-collector for any deficiency in the escrow account:

- dealer must pay the deficiency by January 31 to avoid delinquent penalty and interest;
- if taxes become delinquent, dealer pays each taxing unit, plus penalty and interest;
- taxing units receive any excess taxes that remain in escrow account;
- the dealer may not withdraw funds from the escrow account; and
- the escrow account begins with a zero balance for the next tax year's prepayments.

Penalties

A dealer who does not file the monthly tax statement by the 10th day of the following month commits a misdemeanor punishable by a fine up to $100 per day until filed. A tax lien can be attached to the dealer's business personal property to secure payment of the $100 penalty. A dealer forfeits an additional penalty of $500 for each month or portion of month that it is not filed. Furthermore, a dealer who fails to remit the taxes due pays a 5 percent late payment, with another 5 percent due if not paid within 10 days.

Questions

- Call the local county appraisal district for specific questions on the declaration form;
- call the local county tax office for specific questions on the monthly tax statement form; and
- call the Comptroller's Property Tax Division Information Services Team at (800) 252-9121 for general questions on the declaration or monthly tax statement forms. You may also contact us by e-mail at ptd@cpa.state.tx.us.

Remember

A dealer must list the property tax separately because it cannot be included in the sales price and sales tax assessed against it.

Motor vehicle dealer's special inventory laws are found in Property Tax Code Sections 23.121 and 23.122. You may view these sections on the Comptroller's Web site, Window on State Government at http://www.window.state.tx.us/taxinfo/proptax/tc04/ch23b.htm.

CONFIDENTIAL

Dealer's Motor Vehicle Inventory Declaration

Property Tax
Form 50-244

Year

Send Original to: Appraisal District Name and Address

Phone *(area code and number)*

Send Copy to: County Tax Office and Address

Phone *(area code and number)*

INSTRUCTIONS: If you own an inventory subject to the provisions of Sec. 23.121, Tax Code, you must file this dealer's motor vehicle inventory declaration with the chief appraiser and a copy with the county tax assessor-collector not later than February 1 of each year. If you were not in business on January 1, you must file this statement not later than 30 days after starting business. Failure to file this form is a misdemeanor offence punishable by a fine not to exceed $500. Each day during which you fail to comply is a separate offence. **SEE BACK OF FORM FOR MORE INFORMATION ON FILING AND PENALTIES.**

STEP 1: Provide Name and Mailing Address of Property Owner and Identity of Person Preparing Application

Name of Property Owner

Mailing Address

City, State, ZIP Code

Phone *(area code and number)*

Name of Person Preparing this Application

Title

STEP 2: Required Information about the Business

Name of Each Business at One Location (attach additional pages if necessary)

Address of this Location *(street, number, city, state and ZIP code) (attach additional pages if necessary)*

Name of Each Business at One Location (attach additional pages if necessary)

Address of this Location *(street, number, city, state and ZIP code) (attach additional pages if necessary)*

Property Owner's General Distinguishing Numbers(s) (GDN) Issued by the Texas Department of Transportation *(attach additional pages if necessary)*

STEP 3: Information about the Business

Appraisal District Account Number (if known) or attach tax bill or copy of appraisal or tax office correspondence concerning this account *(attach additional pages if necessary)*

Starting Date of Business (if not in business on January 1 of this year)

STEP 4: Ownership Statement

(Property Owner's Name) is the owner of a dealer's motor vehicle inventory.

STEP 5: Breakdown of Sales and Sales Amounts

Breakdown of sales (number of units sold) for the previous 12-month period corresponding to the prior tax year. If you were not in business for the entire 12-month period, report the sales for the months you were in business.

Net Motor Vehicle Inventory	Fleet Sales	Dealer Sales	Subsequent Sales

Breakdown of sales amounts for the previous 12-month period corresponding to the prior tax year. If you were not in business for the entire 12-month period, report the sales for the months you were in business.

$	$	$	$
Net Motor Vehicle Inventory	Fleet Sales	Dealer Sales	Subsequent Sales

STEP 6: Market Value of your Motor Vehicle Inventory

State the market value of your motor vehicle inventory for the current tax year, as computed under Sec. 23.121, Tax Code (total annual sales from the dealer's motor vehicle inventory for the previous 12-month period corresponding to the prior tax year divided by 12 equals market value). If you were not in business for the entire 12-month period, report the number of months you were in business and the total number of sales for those months. The chief appraiser will determine your inventory's market value.

Dealer's Net Motor Vehicle Inventory Sales for Prior Year — Market Value for Current Tax Year

$ _____ ÷ 12 = _____

STEP 7: Read, Sign, and Date

If you make a false statement on this report, you could be found guilty of a Class A misdemeanor or a state jail felony under Texas Section 37.10, Penal Code.

sign here ➡ Authorized Signature

Date

The Property Tax Assistance Division at the Texas Comptroller of Public Accounts provides property tax information and resources for taxpayers, local taxing entities, appraisal districts and appraisal review boards.

For more information, visit our Web site:
www.window.state.tx.us/taxinfo/proptax

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Instructions

Filing deadlines. You must file this declaration not later than February 1 each year. If you were not in business for the entire year, you must file this declaration not later than 30 days after starting your business. You are presumed to have started your business on the date you were issued a dealer's general distinguishing number. The chief appraiser, however, has discretion to designate a different starting date. Be sure to keep a completed copy of this declaration for your files and a blank copy of the form for next year's filing.

Filing Places. You must file the original completed declaration with the county appraisal district's chief appraiser. You must file a copy of the original with the county tax assessor-collector. The addresses and phone numbers for both offices are at the top of the form.

Filing penalties. Failure to file this form is a misdemeanor offense punishable by a fine not to exceed $500. Each day that you fail to comply is a separate offense. In addition, a tax lien attaches to your business personal property to secure the penalty's payment. The district attorney, criminal district attorney, county attorney, chief appraiser, or person designated by the chief appraiser shall collect the penalty, with action in the county in which you maintain your principal place of business or residence. You also will forfeit a penalty of $1,000 for each month or part of a month in which this declaration is not filed after it is due.

GDN Termination. If you report fewer than five sales of motor vehicles, the chief appraiser must report this fact to the Texas Department of Transportation (TxDOT). TxDOT has authority to view this form in auditing dealer license compliance. TxDOT must initiate termination proceedings.

Review of records. The chief appraiser may examine your books and records for (1) the document issued by Texas Department of Transportation for your general distinguishing number; (2) documents to determine if this declaration applies to you; and (3) sales records to check information on this declaration. To examine your records, the chief appraiser must deliver personally a written request to your records custodian. You have at least 15 days to respond to the request, or you may seek court action for relief from complying with the request. Failure to comply with the request is a misdemeanor punishable by a fine not to exceed $500. Each day that you fail to comply is a separate violation.

Step 1. Propery Owner's name and address. Give the corporate, sole proprietorship or partnership's name, including mailing address and telephone number of the actual business location require by the inventory declaration (not the owner).

Step 2. Required information about the business. Give the name of the business if different from the corporation or individual's name. The address here is the actual physical location of the business.

Step 3. Information about the business. Include your business' account number from the appraisal district's notice of appraised value. Give the date your business opened if not in business January 1 of this year.

Step 4. Ownership statement. Give the owner's name.

Step 5. Breakdown of sales and sales amounts. Complete the boxes on number of sales and sales amounts for the preceding year. The top row of boxes is the number of units sold in each category. The bottom row of boxes is the dollar amount sold in each category. The categories include:

- **Motor vehicle inventory** – sales of motor vehicles. A motor vehicle is a fully self-propelled vehicle with at least two wheels which has the primary purpose of transporting people or property and includes a towable recreational vehicle. Motor vehicle does not include equipment or machinery designed and intended for a specific work-related purpose other than transporting people or property.
- **Fleet sales** – motor vehicles included in the sale of five or more motor vehicles from your inventory to the same buyer within one calendar year.
- **Dealer sales** – sales of vehicles to another Texas dealer or a dealer who is legally recognized in another state as a motor vehicle dealer.
- **Subsequent sales –** dealer-financed sales of motor vehicles that, at the time of sale, have dealer financing from your motor vehicle inventory in this same calendar year. The first sale of a dealer-financed vehicle is reported as a motor vehicle inventory sale, with sale of this same vehicle later in the year classified as a subsequent sale.
- **Net motor vehicle inventory** – Motor vehicle inventory less fleet sales, dealer sales and subsequent sales.

Step 6. Market value of your motor vehicle inventory. Enter the dollar sales amount in the net motor vehicle inventory breakdown (see Step 5, the first box in the second row) and divide by 12 to yield your market value for this tax year. If you were not in business for the entire preceding year, the chief appraiser will determine your inventory's market value using the sales information that you do report in Step 5.

Step 7. Read, sign, and date. Sign and enter the date if you are the person completing this declaration.

CONFIDENTIAL

Dealer's Motor Vehicle Inventory Tax Statement

Property Tax
Form 50-246

See Page 3 for Instructions

_____ Month and Year

Page _____ of pages _____

Send Original with Payment to: County Tax Office Name and Address

Phone *(area code and number)*

Send Copy to: Appraisal District Name and Address

Phone *(area code and number)*

STEP 1: Provide Name and Address of Property Owner and Identity of Person Completing Statement

Name of Property Owner

Phone *(area code and number)*

Mailing Address

City, State, ZIP Code

Name of Person Completing Statement

Title

STEP 2: Information about the Business

Appraisal District Account Number (if known) (or attach tax bill or copy of appraisal or tax office correspondence concerning your account)
If unavailable, give the street address at which the property is located.

Name of Each Business

Account Number

Inventory Location *(number, street, city, state, ZIP Code)*

STEP 3: Provide the Following Information about Each Vehicle Sold During the Reporting Month (continue on additional sheets as needed)

Description of Vehicle Sold				Purchaser's Name	Type of Sale[1]	Sales Price[2]	Unit Property Tax[3]
Date of Sale	Model Year	Make	Vehicle Identification Number		(See last page for footnotes.)		

The Property Tax Assistance Division at the Texas Comptroller of Public Accounts provides property tax information and resources for taxpayers, local taxing entities, appraisal districts and appraisal review boards.

For more information, visit our website:
www.window.state.tx.us/taxinfo/proptax

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STEP 3: (continued)

Description of Vehicle Sold				Purchaser's Name	Type of Sale[1]	Sales Price[2]	Unit Property Tax[3]
Date of Sale	Model Year	Make	Vehicle Identification Number		(See last page for footnotes.)		
						Total Unit Property Tax this month[4]	

Unit Property Tax Factor You Used

Your General Distinguishing Number(s) (GDN)

STEP 4: Total Sales

Breakdown of Sales (number of units sold) for This Month

Net Motor Vehicle Inventory | Fleet Sales | Dealer Sales | Subsequent Sales

Breakdown of Sales Amounts for This Month

Net Motor Vehicle Inventory | Fleet Sales | Dealer Sales | Subsequent Sales

STEP 5: Sign and Date on Last Page Only

sign here

Authorized Signature

Date

If you make a false statement on this report, you could be found guilty of a Class A misdemeanor or a state jail felony under Section 37.10, Penal Code.

For more information, visit our website: **www.window.state.tx.us/taxinfo/proptax**

Instructions

If you are an owner of an inventory subject to Sec. 23.121, Tax Code, you must file this dealer's motor vehicle inventory tax statement as required by Sec. 23.122.

Filing deadlines: You must file this statement on or before the 10th day of each month regardless of whether a motor vehicle is sold. If you were not in business for the entire year, you must file this statement each month after your business opens, but you do not include any tax payment until the beginning of the next calendar year. You are presumed to have started business on the date you were issued a dealer's general distinguishing number. The chief appraiser, however, has sole discretion to designate a different starting date. However, if your dealership was the purchaser of an existing dealership and you have a contract with the prior owner to pay the current year motor vehicle inventory taxes owed, then you must notify the chief appraiser and the county tax assessor-collector of this contract and continue to pay the monthly tax payment. Be sure to keep a completed copy of the statement for your files and a blank copy of the form for each month's filing.

Filing places: You must file the original statement with your monthly tax payment with the county tax assessor-collector. You must file a copy of the original completed statement with the county appraisal district's chief appraiser. Texas Department of Transportation has authority to view this form in auditing dealer license compliance.

Filing penalties: Late filing incurs a penalty of 5 percent of the amount due. If the amount is not paid within 10 days after the due date, the penalty increases for an additional penalty of 5 percent of the amount due. Failure to file this form is a misdemeanor offense punishable by a fine not to exceed $100. Each day that you fail to comply is a separate offense. In addition, a tax lien attaches to your business personal property to secure the penalty's payment. The district attorney, criminal district attorney, county attorney, collector or a person designated by the collector shall collect the penalty, with action in the county in which you maintain your principal place of business or residence. You also will forfeit a penalty of $500 for each month or part of a month in which this statement is not filed after it is due.

Annual property tax bill: You will receive a separate tax bill(s) for your motor vehicle inventory for each taxing unit that taxes your property, usually in October. The county tax assessor-collector also will receive a copy of the tax bill(s) and will pay each taxing unit from your escrow account. If your escrow account is not sufficient to pay the taxes owed, the county tax assessor-collector will send you a tax receipt for the partial payment and a tax bill for the amount of the deficiency. You must send to the county tax assessor-collector the balance of total tax owed. You may not withdraw funds from your escrow account.

Step 1: Property owner's name and address. Give the corporate, sole proprietorship or partnership's name, including mailing address and telephone number of the actual business location required by the monthly statement (not of the owner). Give the person's name and title that completed the statement.

Step 2: Information about the business. Give the address of the actual physical location of the business. Include your business' name and the account number from the appraisal district's notices.

Step 3: Information on each vehicle sold during the reporting month. Complete the information on each motor vehicle sold, including the date of sale, model year, model make, vehicle identification number, purchaser's name, type of sale, sales price and unit property tax. The footnotes include:

1 **Type of Sale:** Place one of the following codes by each sale reported:

MV – motor vehicle inventory – sales of motor vehicles. A motor vehicle is a fully self-propelled vehicle with at least two wheels which has the primary purpose of transporting people or property and includes a towable recreational vehicle. Motor vehicle does not include equipment or machinery designed and intended for a specific work related purpose other than transporting people or property. Only this type of sale has a unit property tax value (see below).

FL – fleet sales – motor vehicles included in the sale of five or more motor vehicles from your inventory to the same buyer within one calendar year.

DL – dealer sales – sales of vehicles to another Texas dealer or dealer who is legally recognized in another state as a motor vehicle dealer.

SS – subsequent sales – dealer-financed sales of motor vehicles that, at the time of sale, have dealer financing from your motor vehicle inventory in this same calendar year. The first sale of a dealer-financed vehicle is reported as a motor vehicle inventory sale, with sale of this same vehicle later in the year classified as a subsequent sale.

2 **Sales Price:** The price as set forth on the Application for Certificate of Title, or would appear if that form was used.

3 **Unit Property Tax:** To compute, multiply the sales price by the unit property tax factor. For fleet, dealer and subsequent sales that are not included in the net motor vehicle inventory, the unit property tax is $-0-. The unit property tax factor is the aggregate tax rate divided by 12 and then by $100. Calculate your aggregate tax rate by adding the property tax rates for all taxing units in which the inventory is located. Use the property tax rates for the year preceding the year in which the vehicle is sold. If the county aggregate tax rate is expressed in dollars per $100 of valuation, divide by $100 and then divide by 12. Dividing the aggregate rate by 12 yields a monthly tax rate and by $100 to a rate per $1 of sales price.

4 **Total Unit Property Tax for This Month:** Enter only on last page of monthly statement.

Step 4: Total sales. Provide totals on last page of statement of the number of units and the sales amounts for vehicles sold in each category.

Step 5: Sign the form. Sign and enter the date if you are the person completing this statement.