

Transition from the Current Ad Valorem Tax to the New Title Ad Valorem Tax on March 1, 2013

Beginning March 1, 2013, state and local sales tax will no longer apply to the purchase of a motor vehicle (except for the 1% TSPLOST on the first \$5,000 of any vehicle sale in regions that have this tax). In addition, all vehicles purchased or transferred into ownership after this date will no longer be subject to the annual ad valorem tax. Instead, these vehicles will be subject to a new, one-time state and local title ad valorem tax (TAVT) that is paid at the time owner registers the vehicle and applies for the title with the county.

The new system for taxing vehicles will only apply to a vehicle when the ownership of the vehicle is transferred through a title exchange on or after March 1, 2013. All other vehicle owners will continue to operate under the current system and pay the annual ad valorem taxes. There is one exception for any vehicles purchased between January 1, 2012 and March 1, 2013. Owners of these vehicles are eligible to opt-in to the new system. To convert to the new system for free, the owner must prove that the taxes (sales and property) already paid exceed what the owner would have paid in TAVT. If the amount of taxes paid is less than the TAVT owed, the owner can pay the remaining difference and convert to the new system. This one time option to convert must be exercised by the vehicle owner before December 31, 2013 at their county tax commissioner's office.

The TAVT is collected by the county tax commissioner before a new title is issued and the vehicle is registered. The new TAVT is calculated at a rate of 6.5% of the vehicle's value as defined by the Department of Revenue's motor vehicle ad valorem assessment manual. When there is no value available in the assessment manual, the bill of sale or a reputable used car market guide determines the value. The trade-in value of another motor vehicle will be deducted from the value to get the taxable value. If an owner believes the value is too high for the condition of their vehicle, they may appeal the value to the County Board of Tax Assessors.

Beginning January 1, 2014, the tax rate will increase to 6.75% and beginning January 1, 2015, the tax rate increases to 7% and remains at that rate unless defined revenue targets in the law are not met, at which time the rate could adjust up to a maximum of 9%.

Following are several other components of the new system:

- Vehicle owners will continue to pay annual ad valorem tax on their current vehicle until the vehicle is sold or the title is transferred.
- Vehicle purchases through a private sale (non-dealer sale) that were previously exempt from sales tax will now be subject to the TAVT.
- Vehicles transferred from another state to Georgia will be subject to the TAVT in two installment payments, in addition to the title and registration fees that they were responsible for in the past.
- Leased vehicles will still be subject to a use tax on the monthly lease payment. The dealership is responsible for paying the title ad valorem tax and may include this cost in the term of the lease.
- Vehicle titles transferred between family members, including spouses, parents, children, siblings, grandparents or grandchildren, will be handled as follows:

- Vehicles owned prior to March 1, 2013: The family member who is titling the vehicle has the option to pay the full title ad valorem tax or continue to pay the annual ad valorem tax under the old system.
 - Vehicles purchased on or after March 1, 2013: The family member who is titling the vehicle is subject to a 0.5% title ad valorem tax.
- Title applications must be processed in the county where the vehicle is to be registered.
 - Salvage vehicles and vehicles donated to charities will pay a reduced TAVT rate of 1%.
 - Certain veterans who were exempt from annual motor vehicle ad valorem tax will also be exempt from the TAVT.