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PRESS RELEASE

FOR IMMEDIATE RELEASE

SYSTEM FOR TAXING MOTOR VEHICLES TO CHANGE MARCH 1, 2013

ATLANTA, Ga. (January 16, 2013) – Tax reform legislation enacted by the Georgia General Assembly in 2012 created a new system for taxing motor vehicles registered in Georgia. As a result, the annual vehicle ad valorem tax, often called the “birthday tax,” will change to a state and local title ad valorem tax on March 1, 2013. The Association County Commissioners of Georgia (ACCG) encourages individuals who plan to purchase or transfer the title on a vehicle to learn more about these changes before visiting their local county tag and title office.

Beginning March 1, 2013, state and local sales tax will no longer apply to the purchase of a motor vehicle (except for the 1% transportation tax on the first \$5,000 of any vehicle sale in regions that have this tax). All vehicles purchased or transferred into ownership after this date also 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 only applies when the ownership of the vehicle is transferred through a title exchange. All other vehicle owners will continue to operate under the current system and pay the annual ad valorem taxes until they no longer hold title to the vehicle.

“This is a major change in the way taxes are paid on motor vehicles. People need to fully understand that the cost to title a vehicle is going to be higher than what they may have previously experienced,” said ACCG Legislative Director Clint Mueller. “The tradeoff is that they will not have to pay a sales tax if they have traditionally purchased a vehicle through a dealership and they will not have the annual ad valorem tax to pay every year.”

The title ad valorem tax is collected by the county tax commissioner before a new title is issued and the vehicle is registered. The new title ad valorem tax is calculated at a rate of 6.5% of the vehicle’s value, not the sales price, 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.

For example, consider an individual who purchases a vehicle with a fair market value of \$15,000. He or she also receives \$2,500 as the trade-in value for a previously owned vehicle. The title ad valorem tax that would be due when the individual applies to have the title issued is \$812. The Georgia Department of Revenue (DOR) has developed a title ad valorem tax calculator to help people determine the amount of taxes they will owe that is available at: <http://onlinemvd.dor.ga.gov/Tab/welcome.aspx>.

All vehicles purchased on or after March 1, 2013 are subject to this new system, regardless of where the vehicle is purchased. Vehicles purchased through a private sale that were previously exempt from sales tax, such as vehicles that are sold between individuals and not through a dealer, will now be subject to the title ad valorem tax.

Following are other important changes that will go into effect on March 1, 2013:

- Vehicles transferred from another state to Georgia will be subject to the title ad valorem tax 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 title ad valorem tax at a rate of 1%.
- Certain veterans who were exempt from annual motor vehicle ad valorem tax will also be exempt from the title ad valorem tax.

For more information on the new title ad valorem tax, go to www.etax.dor.ga.gov and click on "Motor Vehicles" and then the "Tax Calculator" button or www.accg.org and click on "Motor Vehicle Tax Reform."

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The Association County Commissioners of Georgia (ACCG) provides leadership enhancement, cost-efficient services and public policy development and advocacy on behalf of Georgia's county officials and their local communities.

For more information on ACCG, go to www.accg.org.