



# Georgia Department of Revenue

## *Title Ad Valorem Tax*

*Life after March 1st*



# Georgia Department of Revenue

## March 1, 2013

- Titled motor vehicle purchased on or after March 1, 2013:
  - Exempt from sales and use tax
  - Exempt from annual ad valorem tax (birthday tax)
    - \$18.00 title fee
    - \$20.00 registration fee
  - Subject to a title ad valorem tax (TAVT)
    - Alternative ad valorem tax
    - $\text{FMV of vehicle} * 6.5\% = \text{TAVT}$





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March 5, 2013

- Governor signed HB 266
  - Changed certain definitions and TAVT rates
  - Exempted IRP vehicles from TAVT
  - Appeals Process
  - Rental Car Rates
  - Penalties
  - Created new exemptions

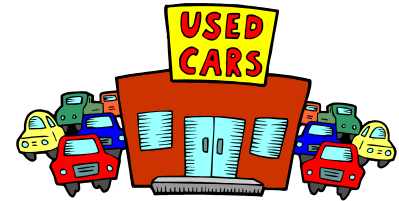


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## Taxable Value

- Used Cars:

GRATIS Value – Trade In Value = TAVT Value



- New Cars

Greater of GRATIS value or Bill or Sale

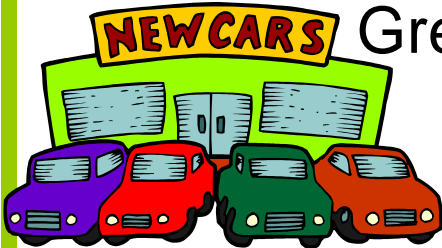
– Trade In

- Rebate or cash discounts

+ charges for labor, freight, delivery, dealer fees, and similar charges and dealer add-ons and mark-ups

=

TAVT Value





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## Appeals

- Requires 100% of the TAVT to be paid while a value appeal is pending
  - GRATIS programmed to accept 85% if appeal filed
- Current process requires processing payment of full amount due and issuing a refund if value is reduced



My car is worth how much?!?!



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## Appeals



- Governor signed HB 463 on April 10, 2013
  - Allows the tax commissioner some discretion when valuing a **used** vehicle
- Upon the request of the vehicle owner and supporting documentation, the tax commissioner may consider
  - mileage,
  - condition,
  - bill of sale and
  - values from a reputable pricing guideto determine a value that more closely reflects the current condition of the vehicle.



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## Appeals

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## Appeals

- This discretion may help address the taxpayers concerns with the DOR value and prevent the owner from making an appeal to the Board of Assessors
  - Allows Tax Commissioner to collect TAVT without overpayment by taxpayer and having to issue an refund
- If taxpayer does not agree with value set by tax commissioner may appeal through O.C.G.A. § 48-5-311





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## Buy Here Pay Here Dealers

- Authorizes DOR Commissioner to promulgate rules and regulations for Buy Here - Pay Here transactions
  - TAVT rate will be 2.5 percentage points less than the regular TAVT
  - Regulations are a work in progress





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## Opt-In Provision

- Extends the opt-in window to February 28, 2014
  - Vehicles purchased from January 1, 2012 – February 28, 2013
- Authorizes vehicles purchased out-of-state to be eligible for the opt-in
  - Receive credit for amount of Georgia sales tax paid & any ad valorem tax paid in Georgia in 2012, 2013 & /or 2014

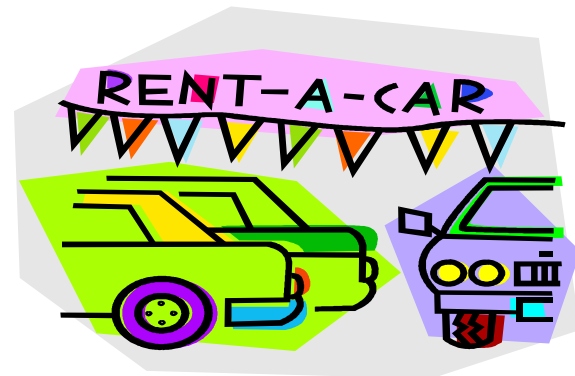




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## Rental Cars

- Reduces the TAVT on rental vehicles from 1.5% to 1.25%
  - Must be certified by DOR
  - Must pay at least \$400 sales tax per vehicle annually





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## Leased Vehicles

- Requires dealers that lease vehicles to register with the state.
  - Pay \$100 to register as a leasing company
- Eliminates the use tax on leased vehicles (line 685)
- Requires registration in lessee's county within 30 days of the commencement of the lease
- Lessor required to apply for title within 30 days of the commencement of the lease



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## Exempt Transactions

- Certain bonded titles
- Titles issued pursuant to foreclosure of mechanics lien
- Titles issued to certain persons acquiring abandoned vehicles
- Titles issued to an insurance company paying out claim on stolen vehicle
- Titles issued to rebuilder, retain dealer, or manufacturer for the purpose of resale.
  - Requires affidavit
- Titles issued pursuant to the foreclosure of a security interest in the name of the security interest holder
- Title issued to a person who paid TAVT, moved out of state but returns to Georgia and retitles such vehicle in Georgia



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## Valuation of Older Vehicles

- 1963 through 1985 vehicles for which a title is obtained are subject to a TAVT of 0.50% state and 0.50% local (1% total).





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## TSPLOST

- Vehicles subject to TAVT are now exempt from TSPLOST



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## Monthly Disbursements

- TAVT due to state and local governments within 20 (changed from 30) days following the end of each calendar month
  - Loss of 1% administration fee if not remitted timely

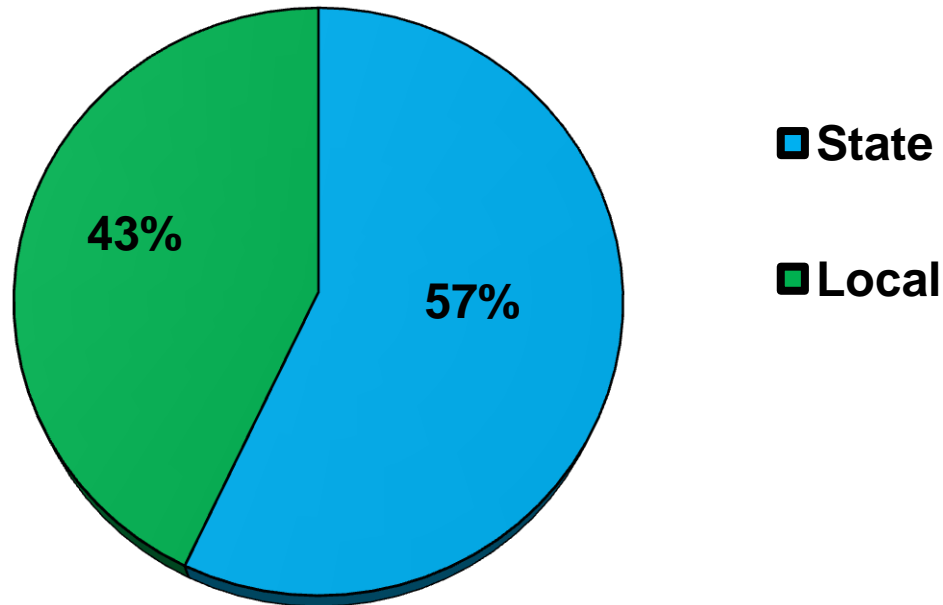






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## Disbursement TAVT Revenue Split



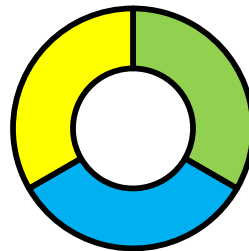


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## Local Government Revenue Split

- Ad Valorem Tax True-Up
  - Cities, counties and school systems receive an amount equal to what they collected in ad valorem taxes on vehicles in 2012.
- The remainder of the money is split (thirds) proportionately among local governments, based on their share of local sales taxes

- ELOST
- LOST
- SPLOST

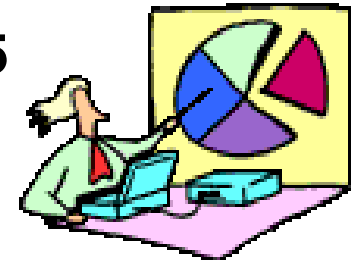




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## Statistics

- **Reports/payments received through April 24<sup>th</sup> from 94 counties for March collections**
  - \$ 4,396,180 – True-up ad valorem tax
  - \$12,140,569 – Distributed following sales tax percentages
  - Total local money (not including admin fee)
    - \$16,536,749
    - Admin fee retained by counties - \$203,135
  - Funds remitted to State
    - \$19,512,795





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## Statistics

- For March 2013 (for counties that data was available) 5 counties “negative” for ad valorem tax true-up
  - Brantley
  - Miller
  - Pulaski
  - Ware
  - Washington



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## Statistics

- Daily Average to date for April
  - \$4.7 M
  - 9,000 transactions (all types)





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## Statistics

- TAVT through April 24, 2013
  - \$140,589,015 statewide
  - 356,335 transactions
  - \$129,353,679 from title transfers at 6.5% rate since March 1, 2013
  - 197,287 title transfers paying full TAVT rate since March 1, 2013



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## Discussion & Questions

