

New Tax Law on Private Party Sales

Effective **October 1, 2006**, Texas Law (**Tax Code Section 152.0412**) changes how to calculate the motor vehicle sales tax on private-party purchases of used motor vehicles. The new law adds a **standard presumptive value (SPV)** calculation that applies to used motor vehicles purchased in Texas or purchased out of state for Texas use. The 6.25% sales tax rate will not change.

The sales tax will continue to be due 20 working days from the date of purchase or the date the vehicle was brought into Texas for use to avoid penalties.

A used motor vehicle's **standard presumptive value (SPV)** can be checked online at www.dot.state.tx.us/services/vehicle_titles_and_registration/std_presumptive_value.htm. The vehicle's SPV available on TxDOT's Web site to the purchaser is 100 percent of the SPV, not 80 percent. To verify the SPV you will need the vehicle's mileage and vehicle identification number (VIN). At the time of title and registration for a vehicle purchased or brought into Texas **on or after October 1, 2006**, The County Tax Assessor-Collector will determine the motor vehicle tax due from one of the following:

- The vehicle's sales price - if the purchaser paid 80 percent or more of the vehicle's presumptive value
- 80 percent of the vehicle's SPV- if the purchaser paid less than 80 percent of the vehicle's SPV
- The vehicle's certified appraised value - if the purchaser paid less than 80 percent of the vehicle's SPV and chooses to provide a certified appraisal.

Certified Appraisal

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. Appraisal fees are set by law and Comptroller rule. A licensed motor vehicle dealer can charge from \$100.00 to no more than \$300.00 for a certified appraisal.

Sales Excluded from the SPV

The SPV calculation does not apply to these sales:

- Salvage vehicles
- Abandoned vehicles
- Vehicles sold through storage or mechanic's liens
- Vehicles 25 years old and over
- And even trade of vehicles
- A motor vehicle that is a gift
- Vehicles Purchased at a governmental or foreclosure auction

For questions about the motor vehicle sales tax, contact the Comptroller's office toll-free at 1-800-252-1382 or visit the web site at www.window.state.tx.us.