

High Value Vehicle Transfer Applications

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New Information

The California Department of Tax and Fee Administration (CDTFA) has identified a number of transactions involving vehicles with a purchase price of \$100,000 or more, that were charged erroneous use tax fees based on their addresses. Therefore, additional steps are now required for completing vehicle transfer applications with a purchase price of \$100,000 or more using the CDTFA use tax rate tool available at cdfta.ca.gov.

Certain zip codes may represent areas that have a different tax rates based on city and county boundaries. To identify the correct tax rate for each address, visit the CDTFA website at cdfta.ca.gov, select *Tax and Fee Rates*, select *Sales and Use Tax Rates*, search under Current Tax Rates, and select *Tax Rates by County and City*.

Procedures

When processing a vehicle transfer application with a purchase price of \$100,000 or more, use the following additional procedures:

- Confirm that the new registered owner's address and zip code indicated on the vehicle title match the address and zip code keyed on the registered owner/legal owner screen.
- Determine the applicable use tax rate by accessing CDTFA's use tax rate tool at cdfta.ca.gov. Select *Tax & Fee Rates*, select *Sales and Use Tax Rates*, and select *Find a Sales and Use Tax Rate by Address*.
 - Key the new registered owner's street address, city, and zip code.
 - Click the *Search* button.

NOTE: Applicable use tax rate is provided at the bottom of the screen (see sample on next page).

- Print the page and attach it to the application.
- Apply the use tax rate provided by the CDTFA tool to the stated purchase price.
- If the use tax amount collected by the technician:
 - Is confirmed, proceed with processing the transaction as usual.
 - Differs from the actual tax amount, take appropriate action to void, process, or correct the transaction.

Continue to follow current procedures in the *Vehicle Industry Registration Procedures Manual*, Chapter 11 for vehicles with a purchase price under \$100,000.

EXAMPLE 1

An applicant purchased a vehicle for \$110,000, and the registered owner's address is 505 Pole Line Road Davis, CA 94516 (see sample on next page).

- The Department of Motor Vehicles Automation (DMVA) *GENERATED FEE* screen indicates:
USE TAX.....\$7975 (7.25%)
CITY TAX.....\$1100 (1.00%)
- The total tax rate used on the DMVA system for this transaction is 8.25%, which is \$7975 + \$1100 = \$9075.
- Based on CDTFA Find a Sales and Use Tax Rate tool, the use tax rate for this address is 8.25%.
- The rate of 8.25% is confirmed, proceed with processing the transaction as usual.

Procedures, *continued*

EXAMPLE 2

An applicant purchased a vehicle for \$110,000, and resides at 505 Pole Line Road, Davis, CA 95616 (see sample below).

- The DMVA *GENERATED FEE* screen indicates:
USE TAX.....\$7975 (7.25%)
CITY TAX.....\$1650 (1.50%)
- The total tax rate used on the DMVA system for this transaction is 8.75%, which is \$7975 + \$1650 = \$9625.
- Based on CDTFA Find a Sales and Use Tax Rate tool, the use tax rate for this address is 8.25%.
- Submit the transaction to Department of Motor Vehicles (DMV) for processing and use tax adjustment.

Sample of CDTFA's Find a Sales and Use Tax Rate Calculation

The screenshot displays the CDTFA 'Find a Sales and Use Tax Rate' web application. The search form on the left includes the following fields and values:

- Search by: Address (selected)
- Enter an address below:
- Street: 505 Pole Line Road
- City: Davis
- State: California
- Zip: 95616

The search results section shows:

- Results: 505 Pole Line Rd, Davis, CA 95618
- Sales & Use Tax Rate (4/24/2019): 8.250%
- Tax Area(s): DAVIS

The map on the right shows the location of Davis, CA, with a red pin indicating the search location. The tax rate displayed on the map is 8.250%.

Background

Under an Interagency Agreement Contract, DMV acts as an agent for CDTFA in the collection of use tax when a vehicle or undocumented vessel is sold or transferred, with exceptions.

Distribution

Notification that this memo is available online at dmv.ca.gov under Publications was made via California DMV's Automated Email Alert System in May 2019.

Contact

Call the DMV Customer Communications Section at (916) 657-6560 for further clarification of this memo.