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**Georgia Department of Revenue – Motor Vehicle Division**  
**Title Ad Valorem Tax Fee**  
**Informational Bulletin**  
**Summary of Changes from HB266**

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**Effective March 6, 2013**

The following bulletin provides a brief summary of the changes to the state and local title ad valorem tax fee (“TAVT”) under O.C.G.A. § 48-5C-1 pursuant to amendments recently signed into law in House Bill 266.

- Amends definition of “Fair Market Value”
  - For new motor vehicles: Use the greater of the retail selling price (or in the case of a lease, the agreed upon value) or the value listed in the Department of Revenue assessment manual. The higher number that is used should then be reduced by the trade-in value, as well as reduced by any rebate or cash discounts provided by the selling dealer at the time of the sale. Retail selling price (or in the case of a lease, the agreed upon value) includes charges for delivery, freight, doc fees, and other such fees and is meant to mirror the taxable base that was formerly used for sales tax.
  - For used motor vehicles: No significant change has been made to the law; therefore the FMV is the value listed in the Department of Revenue assessment manual minus trade-in for dealer sales. If not listed in the assessment manual, use the greater of the value from the bill of sale or the “clean retail” value from the NADA guide, January 1, 2013 edition, minus trade-in value for dealer sales.
  - Both new and used car dealer sales receive a reduction for trade-in value.
- Vehicles registered in IRP are specifically excluded from TAVT but are subject to apportioned ad valorem tax.
- 10-day “Dealer penalty” eliminated; dealer penalties for failure to remit TAVT and title work to the county where the vehicle will be registered now begin on day 30 (the clock starts on the date of purchase).
  - Day 30- Penalty is 5% of TAVT
  - Day 60- Penalty is additional 10% of TAVT
  - Day 90- Penalty is additional 15% of TAVT
  - Day 120- Penalty is additional 20% of TAVT
  - Each Subsequent 30 days- Penalty is additional 25% of TAVT
- 30-day late penalty remains unchanged (10% of TAVT at day 30, 1% interest every 30 days thereafter), but now only applies to purchasers on a casual sale, and not to dealers.

- Opt-In:
  - Removes language “purchased in this state” so that now allow all vehicles purchased during January 1, 2012 but prior to March 1, 2013 are eligible to opt-in to the new TAVT, thus eliminating their birthday tax, regardless of where the vehicle was purchased.
  - Extends the period where the opt-in can occur till prior to February 28, 2014.
- Reduces TAVT rate for qualifying Rental Motor Vehicle Concerns to .625% state and .625% local (1.25% total). Qualifying rental motor vehicle capacity increased from 10 to 15 or fewer passengers.
- Extends loaner vehicle exemption period for dealers from 6 months to 366 days.
- Lease Changes:
  - TAVT rate on leased vehicles follows the ordinary rate (6.5% in 2013).
  - Leased vehicles are now exempt from sales and use tax on the monthly lease payment.
  - Lessor must register with DOR and pay \$100/year fee.
    - \$2,500 penalty for failure to register.
- “Buy Here, Pay Here” dealer transactions:
  - Allows for a reduced rate of tax (2.5% less than the ordinary TAVT rate).
  - Effective upon promulgation of regulations from the Department of Revenue.
- New Exemptions:
  - No TAVT for bonded titles pursuant to O.C.G.A § 40-3-28.
  - No TAVT for titles issued pursuant to foreclosure of mechanics lien under O.C.G.A § 40-3-54.
  - No TAVT for titles issued to certain persons acquiring abandoned vehicles pursuant to Chapter 11 of Title 40.
  - No TAVT for titles issued to an insurance company paying out claim on stolen vehicle under O.C.G.A § 40-3-43.
  - No TAVT on titles issued to a rebuilder, retail dealer, or manufacturer for the purpose of resale. Applicant must provide an affidavit on a form approved by the Department of Revenue.
  - No TAVT for titles issued pursuant to the foreclosure of a security interest in the name of the security interest holder pursuant to Part 6 of Article 9 of Title 11.
  - No TAVT for a person who pays TAVT and subsequently moves out of the state but returns to Georgia and retitles such vehicle in Georgia.

- Appeals:
  - Appellant must pay TAVT in full prior to appeal. If successful, difference refunded.
- Sales tax exemption expanded:
  - Vehicles subject to TAVT are now exempt from TSPLOST.
- Older Vehicles
  - 1963 through 1985 model year vehicles for which a title is obtained are subject to a TAVT of .50% state and .50% local (1% total).

#### **FOR MORE INFORMATION**

**For more information on this subject, contact the Motor Vehicle Division at 1-855-406-5221, from 8:00 am to 4:30 pm EST, Monday through Friday, excluding holidays. Persons with hearing or speech impairments may call our TDD number at 404-417-4302.**

**For forms and other information, visit our websites, ([www.dor.ga.gov](http://www.dor.ga.gov) and [www.newtitletax.com](http://www.newtitletax.com)).**