

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.

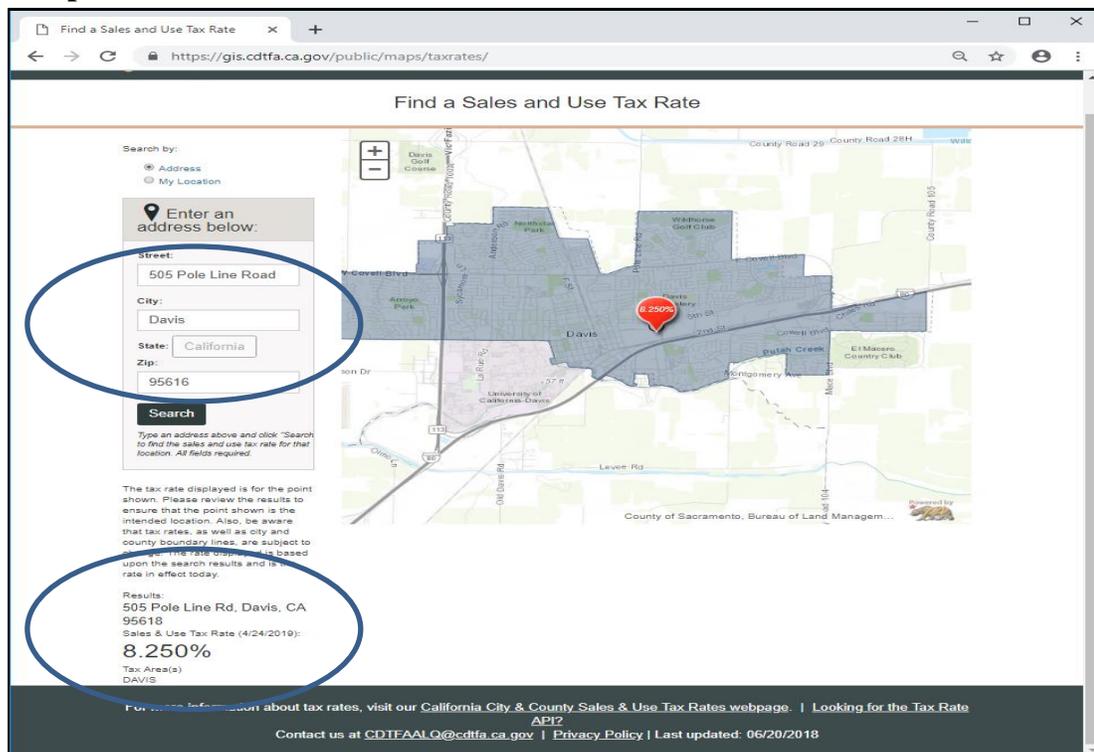
Procedures, *continued*

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



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.