

Collection of Use Tax on SPCNS Vehicles

Issue Date: December 01, 2015

New Information

Applicants that provide invoices and/or receipts showing use tax paid for the purchase of new or used parts, may receive credit towards California use tax due when applying for registration of specially constructed (SPCNS) vehicles (*Revenue and Taxation Code* §6406).

Procedures

Continue to follow current procedures in the *Vehicle Industry Registration Procedures Manual* §7.030 when registering an SPCNS. To determine the use tax credit:

- Review all invoices and receipts submitted for tax paid on new and/or used parts.
- Add the total tax paid indicated on the receipts to calculate the credit to be applied towards the California use tax due.

IMPORTANT: The tax credit **cannot** exceed the California use tax due (*Revenue and Taxation Code* §6406).

If use tax is due and was:

- Not paid for new and/or used parts, collect the total amount of use tax generated.
- Paid for new and/or used parts, collect the use tax due after deducting the credit amount from the use tax generated.
 - Submit a Statement of Facts (REG 256) form completed by the applicant for credit of use tax paid and proof of payment.

Background

An SPCNS is a vehicle built for private use, not for resale, and not constructed by a licensed manufacturer or remanufacturer. Use tax is due on the value of the complete vehicle, which includes the cost of new and used parts and the labor to build or assemble the vehicle (*Revenue and Taxation Code* §6011(a)). The *Vehicle Industry Registration Procedures Manual* will be updated to reflect the new information.

Distribution

Notification that this memo is available online, at www.dmv.ca.gov under Publications was made via California DMV's Automated E-mail Alert System in December 2015.

References

California Vehicle Code §§ 4300.5, 4750.5, and 38211
Revenue and Taxation Code §§6011(a), 6406, 6248, 6275, and 6294
Vehicle Industry Registration Procedures Manual §7.030

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Contact

Call the DMV Customer Communications Section, at (916) 657-6560 for further clarification of this memo. Upon request, this document can be produced in Braille or large print.

A handwritten signature in blue ink that reads "Rico Rubiono". The signature is written in a cursive style with a large initial "R".

RICO RUBIONO, Deputy Director
Communication Programs Division