

“Tag & Tax Together” Dealer Information

Effective Sept 1, 2013, DMV will collect title fees, highway use taxes, registration plate fees and vehicle property taxes. (Vehicle property taxes are now included on license plate renewals.)

A dealer may choose not to collect personal property tax at the point of sale and the vehicle owner will be issued a Limited Registration Plate as noted below.

The NCDOT website has a Connect NCDOT Business Partner Resources link where you can view and print *Approved Dealer Educational Courses, Dealer License Minimum Requirements, NC Title Manual, NC Dealer Manual*, and use the *NEW Vehicle Property Tax Estimator*.

<https://connect.ncdot.gov/business/DMV/Pages/Car-Dealers.aspx>

The NCDMV website has a link for the new “Tag & Tax Together” program containing general details at www.ncdot.gov/dmv/vehicle/tagtax/

Will a dealer be required to collect personal property tax at the point of sale? No, pursuant to the statutes implementing the “Tag and Tax Program”, a dealer will not be required to collect personal property tax from a vehicle owner. If a dealer chooses not to collect property tax, the owner will receive a Limited Registration Plate (LRP), issued by dealers using online titling systems, or the license plate agency, with a “T” (for temporary) sticker that will expire no earlier than 60 days after the vehicle is titled.

Are property taxes due on a newly purchased vehicle when it is titled? Yes, beginning 9/1/13, vehicle property taxes are due at the time the title work is done, but payment may be delayed if the dealer chooses not to collect property tax. If payment of vehicle property tax is delayed, the owner will receive a Limited Registration Plate (LRP), issued by dealers using online titling systems, or the license plate agency, with a “T” (for temporary) sticker. The “T” sticker will expire no earlier than 60 days after the vehicle is titled. When the LRP is delivered to the owner, a Limited Registration and Property Tax Notice stating the amount of the vehicle property taxes due will also be provided by the dealer or the license plate agency.

If a dealer does choose to collect personal property tax, can a vehicle owner elect not to pay at that time? Yes, if a dealer chooses to collect property tax, the vehicle owner can still elect not to pay the property tax at the point of sale and the owner will receive a Limited Registration Plate (LRP) as noted above.

Will owners receiving a Limited Registration Plate (LRP) receive any additional notice from DMV? Yes, a reminder notice will be mailed to the owner directly by DMV including the same billing information provided on the combined Limited Registration and Property Tax Notice given to the owner when the LRP was issued.

How will the customer and dealer know how much property tax is due? If the dealer chooses to collect personal property tax or would like to make the inquiry for their customer, a website is available at <https://connect.ncdot.gov/business/DMV/Pages/Car-Dealers.aspx> to provide that

information based on the cost of the vehicle and the address at which the vehicle will be domiciled. The dealer can also call (919) 814-1779 for assistance.

Is there a different website for estimates than the one on which the taxes will ultimately be calculated? Both the estimator and final tax bill will be drawn from the same database. The web site requires the user to enter the price of a vehicle and where the vehicle is domiciled (also known as the situs address). Tax rates vary by jurisdiction and can include special rates that apply only in parts of some localities, so entering the correct address is critical. Tax rates can change and are almost always set on July 1, so an estimate made in June may not be accurate if the transaction actually happens in July. The tax amount due will be determined based on the date of the transaction.

If the dealer does choose to collect personal property for a vehicle owner at the point of sale, the amount listed on the estimate will be deemed the actual amount and will not be subject to change when remitted to DMV or a license plate agency. For example, if the tax rates change between the date the vehicle was sold and the paperwork is submitted to DMV, the tax estimate provided on the date the vehicle was sold and tax was collected by the dealer, will be deemed the sufficient amount.

If the owner has residences in multiple counties, which county tax rate would we use for the property tax? The owner will designate where the vehicle will be primarily domiciled (also known as the situs address). The property tax will be based on that address. The vehicle file can have a residence address, a mailing address, a vehicle location (situs) and a one-time address.

If there is a trade in vehicle, is the property tax based on the purchase price less the trade in? No, the property tax is based on the selling price of the vehicle (dealer sales only) regardless of a trade. Highway use tax, on the other hand, will still be based on the selling price less the trade-in.

If a plate is to be transferred from another vehicle, will the property taxes be due? No, the taxes will be due on the next renewal date for that plate, based on the value of the vehicle on which the plate is attached.

Does property tax need to be listed on the Bill of Sale? If the dealer collects the property tax, the property tax should be listed on the Bill of Sale. If the dealer does not collect the tax, it should not be listed.

Will an expiration date sticker be issued for the Limited Registration Plate (LRP)? Online dealers will issue the LRP and temporary (T) sticker. When the title work is done and the metal plate is issued by the license plate agency, a T sticker will be issued along with a Limited Registration and Property Tax Notice stating the amount of the vehicle property taxes due. When property taxes have been paid, a year sticker will be issued to replace the Limited Registration sticker on the plate already issued

Does the dealer have to collect the property tax if he issues a 30 day marker? No. Property tax may be collected and paid through the license plate agency, which will allow issuance of a permanent plate with expiration 12 months later, but the LRP option is available for vehicles with a 30 day marker.

Does property tax need to be on the 30 day marker receipt? No, the receipt only lists “title and license fees collected by the dealer.”

Should highway use tax be paid on the property tax? Highway use tax should not be charged on the property tax.

Where will the customer pay the tax (after the sale) if they received the LRP with the T sticker? Taxes can be paid direct to DMV on-line, by mail, or at any license plate agency.

Can a dealer charge an extra fee to collect the tax? No, but dealers can still continue to charge administrative or doc fees, which must be disclosed under current regulations already in place.

What will happen if the customer does not pay the property tax after the 60 day period? The plate will be expired and the operator would be subject to a citation by law enforcement if the vehicle is driven. Interest will accrue on late payments and a valid sticker would not be issued until the tax and accrued interest is paid.

Does the 15-day grace period for an expired tag also apply to the limited registration plate (LRP) with the “T” sticker? No, the Limited Registration Plate (LRP) marked with a “T” sticker will expire no earlier than 60 days after the vehicle is registered and at the end of the particular month. There will be no 15-day grace period extending into the month after expiration for the payment of property tax.

If I collect the property tax and the customer returns the vehicle before I go to the LPA, should the tax be returned to the customer? Yes, any fees and taxes should be returned to the customer and documented to protect yourself.

What if I collect the property tax and the customer returns that vehicle and gets another vehicle instead? If the fees have not been paid to DMV, you should return everything and start over. If the fees have been paid to DMV, you would have to work with the county for a refund of property tax paid and pay full fees for the second vehicle purchased.

If a plate is transferred and AND renewed, would the property taxes have to be paid? Yes, property taxes must be paid on the new vehicle if a plate is transferred AND renewed. The LRP is not allowed for this transaction. However, a **NEW** plate (LRP) can be issued for the newly purchased vehicle and property taxes deferred.

What happens if the plate being transferred has a block? All blocks must be cleared before a plate can be transferred. However, a block on a plate being transferred does not prevent a vehicle owner from applying for a new Limited Registration Plate (LRP) for the newly purchased vehicle.

If a customer is issued an LRP, can that plate be transferred to another vehicle before those taxes are paid? No, taxes must be paid on any vehicle that was issued an LRP before the plate can be transferred.

Are property taxes due on vehicles that receive a title only? No, taxes are only due at the time of issuance or the renewal of a license plate.

Can property taxes be financed in with the new purchase? That question should be discussed between the lending institution and the customer.

If a vehicle was sold on August 28th but the paperwork is not processed with the DMV until September 3rd, will the new property taxes be due? No, the combined tag & tax program only applies to vehicles sold on or after September 1, 2013. Any vehicle sold prior to September 1, 2013, will be billed by the taxing county.

Who is responsible for paying the new property taxes if the vehicle is going to be leased? Whoever purchases the license plate will be responsible for paying the new property taxes. All property tax bills for vehicles purchased after September 1, 2013 will be sent to the license plate owner. Please note, this could represent a change in the manner in which property taxes are paid on a leased vehicle. A vehicle lessee (customer) can apply for an LRP and defer taxes in the same manner as in a regular vehicle sale. Customers leasing their vehicles should contact their leasing company for any changes that may occur due to this law change. Vehicle leasing companies should contact DMV for further information.

Who will grant any property tax exemptions such as active duty military? The county tax office will still handle any exemptions for vehicle property tax. An LRP can be issued which will allow the customer time to contact the county for the exemption. Once the exemption is granted, the customer would be able to receive the year sticker on-line, by mail or at a license plate agency.

How is the new MVR-1 and MVR-1A to be utilized? The new MVR-1 can be used immediately which includes a place to select the LRP if the property tax is going to be deferred and also has a place for the vehicle location, if different from the residential address. If you are using an old MVR-1, you can write "LRP" under Title & License in the "class of license" section and if you have a different vehicle location, you can write the location on the right side of the Mailing address line with a notation that this is the Vehicle Location. Old MVR-1's will be accepted until the old supply of forms is depleted. The MVR-1A can also be used with the old MVR-1 for clarification of the plate selection and vehicle location address, but is not required if the information is written on the old form.

Who should I contact if I have questions? If you have DMV-related questions about the Tag & Tax Together program, please call (919) 814-1779.

This information will continue to be updated as needed.