PROPOSED QUESTIONS FOR GEORGIA DOR

- Please confirm. Referencing HB 463 paragraph (h); Leased Tractors or Trucks, registered in an IRP fleet after 12/31/13, will pay an apportioned alternate registration fee in lieu of the ad valorem tax and Georgia sales tax will no longer be charged on the periodic lease charges. House Bill 463 did not change any sales tax rules for tractors and trucks. The general rule is that sales tax applies to lease charges. However, many will continue to have sales tax exemptions; for example, common carriers.

- After 12/31/13, if a leased motor vehicle converts from an IRP plate to a base plate, is TAVT due on the Fair market value at the time of the registration change? Please submit a letter ruling request to the GA DOR.

- Conversely, if the 6.5% TAVT is paid on a base plated truck or tractor which is then converted to an IRP plate, can any of the TAVT be refunded? No.

- Can the TAVT be reduced by taxes previously paid to another state for vehicles permanently transferring into the state of Georgia? No. There is no reciprocity or credit for sales tax paid to another state. New residents of Georgia have the option of paying 50% of the TAVT at the time of titling and 50% within 12 months.

- What is the TAVT rate for base plated trucks and tractors entering the rental fleet? GA DOR is working on this in a formal opinion and will get to TRALA as soon as possible.

- If a lease customer wishes to opt-in to the TAVT tax structure for a vehicle purchased and titled between 1/1/12 and 2/28/13:
  i. Will the ad valorem tax previously paid in 2012 or 2013 be refunded? What is the process? Is there a form? It would not be refunded but it would be credited toward the TAVT that would have been due at opt-in.
  ii. Will the GA sales tax collected on the periodic lease invoice be refunded? What is the process? Is there a form? Same answer – credited toward the TAVT that would have been due at opt-in.

- Effective 3/1/13, a lessor of motor vehicles that leases motor vehicles for more than 31 consecutive days to a lessee residing in Georgia must both register with the department and the department must collect an annual fee of $100 for the registration. The counties have indicated that they have no process to collect the fee. When will a process be in place to pay the fee? Currently there is not a process for lessor registration but DOR is working on this. Sign up for their listserv to get the latest on this and other issues.

- Please confirm: Georgia defines a short term rental as the rental of a vehicle for fewer than 32 days. If a customer continuously rents a vehicle for a period longer than 31 consecutive days and the 6.5% TAVT has been paid on the vehicle rented, is the rental transaction exempt from sales tax? Please submit a letter ruling request to the GA DOR.
• When purchasing new vehicles, please confirm that the TAVT requirement does not include IRP vehicles and trailers? IRP motor vehicles are excluded from TAVT (see HB 266). TAVT only applies to motor vehicles, which would not include trailers.

• If a long term lease customer is claiming an exemption based on government or non-profit status, can this exemption be applied to the TAVT? If so, what documentation should be provided to allow for this? Yes for government leases; no for non-profit leases. Vehicles titled for the purpose of leasing to qualifying government entities are exempt from TAVT. Vehicles titled for the purpose of leasing to non-profit entities are not exempt from TAVT.

• What value should be used for calculating the amount of TAVT due on leased vehicles transferred into Georgia from other states? You would use the fair market value which in most cases is the book value. See O.C.G.A. § 48-5C-1(a)(1)(A)-(B).

• Can the amount of sales tax paid to any other state be used to reduce the amount of TAVT due in Georgia? No. TAVT is an ad valorem tax; sales tax reciprocity rules do not apply in TAVT.

• If the above TAVT exemption for IRP vehicles and trailers is confirmed, are these IRP vehicles and trailers subject to collection of sales tax on monthly leased vehicle charges? For IRP vehicles everything remains the same – if you have an exemption already you would keep it.

• For used vehicle sales, sold by a dealer to a customer, is the dealer required to collect the TAVT at time of vehicle sale or is the tax triggered at the time the customer titles or registers the vehicle? The trigger is the titling of the vehicle but the law requires a dealer to collect the TAVT from the customer and remit on his behalf to the county tag office.

• If the dealer is required to collect TAVT at the time of sale, how is this payment submitted to the taxing jurisdiction? Is there a time limit requirement? It has to be to the county within 30 days from the date of purchase. The easiest way to pay is through GA DOR’s electronic pay program (ETR program). The GA DOR has a list of preferred vendors.

• If the dealer is not required to collect TAVT at the time of sale, and the payment is made by the customer purchasing the vehicle at time of title transfer and registration, how can the dealer limit any liability for potential late penalties? The dealer is required to pay the TAVT and must do so within 30. Dealer penalties are assessed after day 30.

• When selling a vehicle, how does a dealer document that TAVT is not required based on IRP licensing? GA DOR is working on a document now that would address this situation. There will likely be a time limit to get this done.

• Please confirm that sales tax must be collected on the sale of IRP vehicles and trailers? Yes, unless a sales tax exemption applies. For example, there is a sales tax exemption for common carriers who also register their vehicles and trailers in IRP.

• Has there been any change in the documentation required for sales of used vehicles to out of state residents to be titled outside Georgia? No change. You only pay TAVT if you title in GA.
Are the purchases of parts for the repair of vehicles subject to TAVT exempt from sales tax under the resale rules? No, the TAVT only applies to the motor vehicles. Sales tax rules on repair parts and other items of tangible personal property remain unchanged.

When a leasing company sells a vehicle to an individual, the company collects sales tax. Under the new law, will the leasing company continue to collect the sales tax? For example:

Car is not on the new Titling Tax process, and the company continues to bill for the monthly lease/use tax, and pay the taxes on the renewal. But, if the company sells the car, does it need to collect the sales tax? No, the vehicle purchased from the leasing company is subject to TAVT when the title is transferred to the purchaser, which exempts the purchase from sales tax.

What is the best URL address to use to get the most up-to-date and accurate information about the changes in the law and how it is being implemented? www.newtitletax.com

Georgia has a website that allows a user to enter vehicle information and it will give a comparison of the two taxing methods (old and new). Unfortunately, I don’t think the calculator represents leasing transactions fairly and it could give misleading information when evaluating a lease. http://onlinemvd.dor.ga.gov/tap/welcome.aspx. What can be done to ensure more accurate information about leasing transactions is available on the calculator? The calculator has been updated.

If a vehicle is brought into Georgia from another state after the March 1, 2013 effective date of the new law, will the sales tax be charged on the stream of payments? The vehicle will be subjected to TAVT upon titling. Thereafter, the lease payments are exempt from sales tax.

What is the process for lessors to obtain the license that is now required ($100 annual fee)? The process is not available at this time. Please sign up for the DOR listserves via the website to receive a notification.