



Tax Administration

in North Carolina Course



North Carolina Department of Revenue



Motor Vehicles

Local Government Division

What we'll learn in this section

- What is a classified motor vehicle?
- When is value, situs, and ownership determined?
- How appeals should be handled.
- When bills are due.
- What collection remedies are available.
- How to do pro-rations on MV taxes.
- When vehicles qualify for antique valuation.

§ 105-330 Definitions

- The following definitions apply in this Article:
 1. Classified motor vehicle. A motor vehicle classified under this Article.
 2. Motor vehicle. Defined in G.S. 20-4.01(23).
 3. Public service company. Defined in G.S. 105-333(14).



§20-4.01(23)

- 23.** Motor Vehicle. - Every vehicle which is self-propelled and every vehicle designed to run upon the highways which is pulled by a self-propelled vehicle. This shall not include mopeds as defined in G.S. 20-4.01(27)d1.
- 49.** Vehicle. – Every device in, upon, or by which any person or property is or may be transported or drawn upon a highway,

§105-330.1 Classification of Motor Vehicles

- All motor vehicles are classified unless excepted in section (b):
 1. Motor vehicles exempt from registration pursuant to G.S. 20-51.
 2. Manufactured homes, mobile classrooms, and mobile offices.
 3. Trailers registered on a multiyear basis.
 4. MV owned or leased by a public service company.
 5. Repealed

105-330.1 Classification of Motor Vehicles (Continued)

1. Motor vehicles registered under the International Registration Plan (IRP)
2. Motor vehicles issued permanent registration plates under G.S. 20-84
3. Self-propelled property-carrying vehicles issued three-month plates at farmer rate under G.S. 20-88
4. Vehicles registered under the Confidentiality Program

Review: Remember

- Just because a vehicle is unclassified does not mean it is exempt.
- Unclassified means it is treated like other classes of property.
- Classified - My Car or a church van.
- Unclassified - A truck leased by a motor freight carrier.

Two kinds of Registered MV's

- Staggered

- The registration cycle begins the first day of the month following the month of purchase or renewal and continues for 12 months until expiration.

- Annual

- The registration cycle begins the month of purchase but always expires Dec. 31.
- (Owners of unregistered MV's are required to list those with the county in January)

Gross Receipts Tax

- Motor Vehicles held for short term lease or rental are exempt!! Period!!
- Local Governments have the option to collect a tax on the gross receipts of those exempt vehicles.
- All information on the Gross Receipts tax including forms and resolutions are available at www.nclm.org

105-330.2 Appraisal, Ownership, & Situs

- Value is determined annually as of the vehicle registration month.
- It is January 1 of the current year based on the registration months of January through August.
- It is January 1 of the following year based on the registration months of September through December.
- The value might not be what the person paid for it. Do not include highway use tax if using the sales price.

§105-330.4 Due date, interest, and enforcement remedies

- Unregistered – Due Sept. 1st, Past due Jan. 6th of the following year.
- Registered -
 - Staggered-Taxes shall be due on the date the owner applies for a new registration or the fifteenth day of the month following the month in which the registration renewal sticker expires.
 - Annual-Taxes shall be due on the date the owner applies for a new registration or 45 days after the registration expires.

§105-330.4 Due date, interest, and enforcement remedies

- Staggered Registration:
- Interest accrues on unpaid taxes & registration fees on the 16th day following the month the registration expires. It is 5% for the remainder of the month through the last day of the next month. 3/4 % begins on the first day of the second month until the taxes & fees are paid

Examples

- Travis buys a vehicle on the staggered system on May 15, 2014.
- What day are his vehicle taxes due on?
- What is the valuation date for his tax bill?
- Robin buys a vehicle on the staggered system on October 20, 2014.
- What day are her vehicle taxes due on?
- What is the valuation date for this tax bill?

Examples

- Dave got his “Invitation to Renew” in July 2014 for a September 2014 renewal. What is the due date for this renewal?
- Tina got her “Invitation to Renew” in October 2014 for a December 2014 renewal. What is the due date for this renewal?

What if?

- The vehicle was not available on Jan. 1?
- The taxpayer didn't own the vehicle on Jan. 1?
- David buys a 2014 Mazda on 1/15/14 and Tina buys one on 8/1/14?



Ownership, Situs, Taxability

- For Staggered Vehicles:
- Determined annually on the registration renewal or application date, regardless of whether the registration is renewed after it has expired.
- Why is this?
- What about Unregistered Vehicles?

Appeals

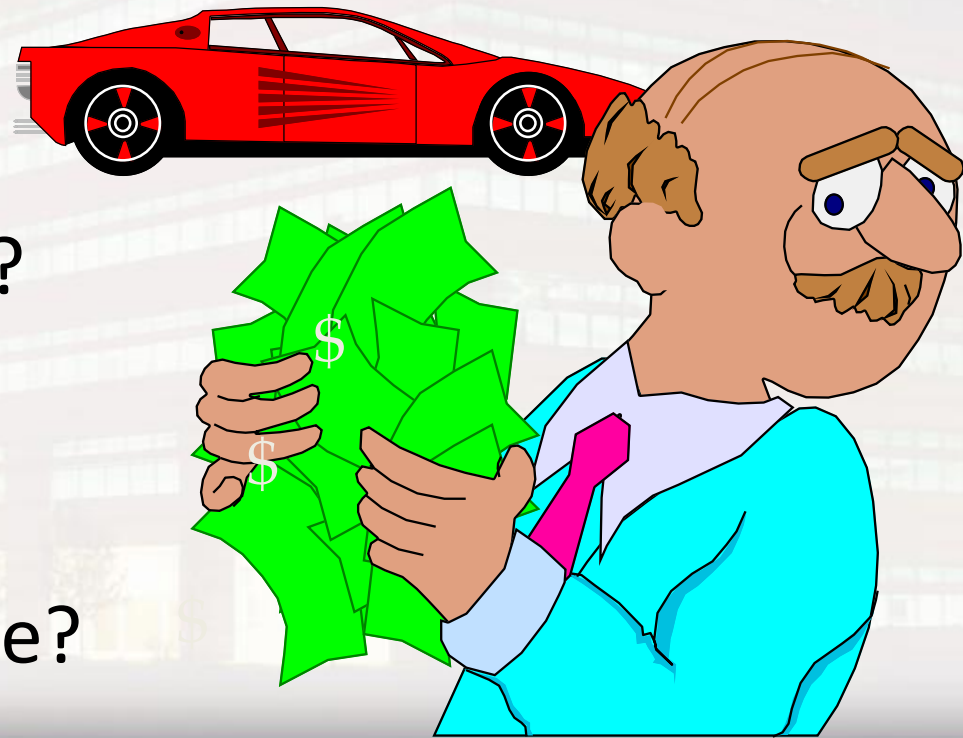
- The owner may appeal the value or taxability by filing a request with the assessor.
- Valuation & taxability appeals must be instigated within 30 days of the date the taxes are due (before or after)
- Situs may be appealed under §105-381.
- A taxpayer who wishes to appeal the value or taxability must pay the tax when it becomes due.

§105-330.3 Assessor's Duty to List & Exemption Applications.

- Assessor's duty to list classified motor vehicles.
- When application for exemption is approved, the vehicle is exempt until the owner notifies otherwise.
- \$100 penalty if the owner fails to notify.
- §105-282.1 does not apply.

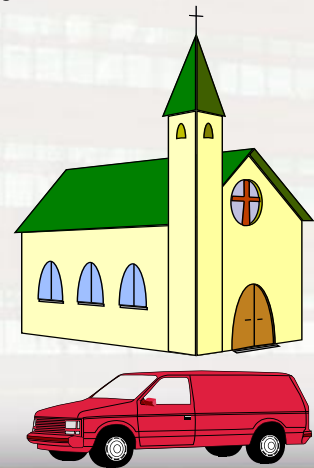
Motor Vehicle Dealers

- Vehicles carrying a dealer tag are unregistered.
- Not always inventory.
- Kept on the lot?
- Available to test drive?
- When test driven?
- Advertised?
- What's the asking price?



Exemptions

- Duty of the owner to establish prima facie entitlement to exemption.
- Must have an AV-10V on file to be exempt.
- Church must be the owner and meet the requirements at the time of registration.



Interest

- Registered:
- Accrues at the rate of 5% on the 16th day of the month following the month the registration expires through the last day of the next month. 3/4% starts on the 1st day of the second month & continues forward thereafter.
- Unless the notice is late, then it begins the second month following the notice.
- Unregistered:
- Same as always.

Enforcement Remedies

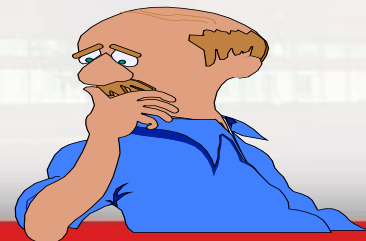
- DMV is the collection agency now.
- If the taxpayer fails to pay the registration & taxes (bad check), DMV uses their customer ID # to block all other services at DMV.
- DMV has a very high collection rate.
- After one year of collection remedy activity, with no results, the county is debited this amount.
- These vehicles do not become a lien on real property owned by the taxpayer.

§105-330.5 Listing and collecting procedures.

- The assessor shall prepare a tax notice for each registered vehicle.
- Use the rates in effect on the day the taxes are computed.
- The tax notice must have:
 - The date of the tax notice
 - The appraised value of the motor vehicle.
 - The tax rate of the taxing units.
 - Statement that the value may be appealed within 30 days.
 - Information deemed necessary by DMV.
 - Instructions for payment.

What if?

- The owner has 10 vehicles? How many bills does he get?
- Owner gets two bills for the same vehicle in the same year?
- The owner has 1000 unregistered motor vehicles?



Which tax levy?

- County fiscal year runs from July 1 to June 30.
- A county must include taxes on registered classified motor vehicles in the tax levy for the fiscal year in which the taxes are collected.
- What levy would a March 2014 renewal apply to?

§105-330.6 Motor vehicle tax year, transfer, surrender.

- Motor vehicle tax year include the months following the previous expiration until it expires again, or the full months following a new registration until it expires.
- For annuals, it is the calendar year.
- For unregistered, it's the same as other listed property.
- If a registration is transferred from one car to another, the second car is not taxed until the registration is renewed.

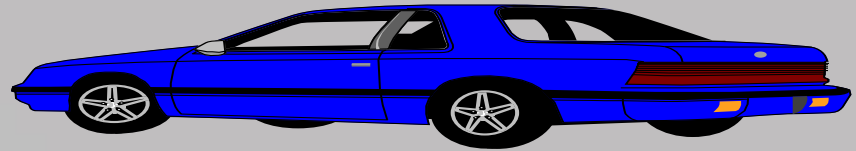
Get ready, Pro-ration

- For a taxpayer to receive a pro-rated refund, the following 3 things must exist:
- The owner must transfer the motor vehicle to a new owner or move out of state and re-register the vehicle.
- The registration plates must be turned in to DMV.
- The receipt (FS-20) must be presented to the collector within one year of surrender.

Calculating a refund

- If these three conditions are met, the collector shall multiply the amount of taxes to be pro-rated by a fraction. The numerator is the number of full calendar months remaining in the vehicle's tax year and the denominator is the number of months in the tax year. The VTS does this for the county user.

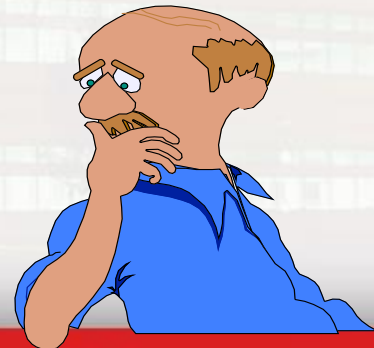
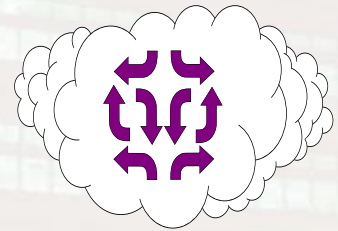
Example



- An April 2014 registered vehicle is sold in July 2014.
- Tag is surrendered to DMV in September 2014.
- Taxpayer presents FS-20 in November 2014.
- Bill amount is \$250.
- What is the refund, if any?
- Tax year is May 2014 through April 2015.
- Months remaining is 7 (Oct. through Apr.).
- Prorated amount is $\$250 \times 7/12 = \145.83

Questions?

- What levy year did the last bill apply to?
- 2013 - 2014 since it was within the months related to the 2013 fiscal year.
- What if someone moves out of state?
- What if their vehicle is stolen?



Another pro-ration???

- If the tax year changes but not because of a transfer of plates.
- A credit in the form of a release may be given against the new tax year.
- Must apply within 30 days of the new bill's due date.
- The credit is a proportion of the taxes paid on the vehicle for the original year.

Example

- Vehicle has a March renewal and he renews on 3/12/2014. The bill is \$200.
- In May, he turns the plate in. Rebuilds the car for a month and then purchases personalized plates in July. This causes another bill for \$250. What's the credit?
- $8/12 \times \$200 = \133.33 credit on the \$250 bill.

§105-330.7 List of Delinquents

- Repealed-no longer required

§105-330.8 Deadlines Not Extended

- Except as otherwise noted in 105-330, The extension of deadlines when falling on a weekend or holiday as described in 105-395.1 and 103-5 do not apply to deadlines in 105-330.
- The extension of deadlines apply to interest calculations.



§105-330.9 Antique Automobiles

- Has the special tag.
- Meets the use requirements.
- Owned by an individual.
- Not used for income or with a business.
- Lower of true value or \$500 granted when flagged in VTS.



Related Statutes

- §105-325.1 Special Committee for appeals
- §105-373(h) Uncollectible MV taxes
- §105-321(f) Minimal Taxes
- §20-50.3 DMV to furnish lists to assessor
- §20-50.4 DMV refuse registration
- §20-66(i) Property tax consolidation

CASE PROBLEM

Things to remember.....

- Due date = 15th day of the month following the month the registration expires.
- Value = Jan. 1 of current year for January through August. Jan. 1 of the following year for September through December.
- Rate = Use rate in effect when the taxes are computed.
- Taxes apply = In the fiscal year the taxes are collected in.
- Vehicle Upload from DMV- last Saturday of each month.

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- How appeals should be handled.
- When bills are due.
- What collection remedies are available.
- How to do pro-rations on MV taxes.
- When vehicles qualify for antique valuation.

End of Motor Vehicles Section

- Know the due date for classified registered motor vehicles.
- Know which Jan. 1 value to use (depends on the month).
- Know which rate to use and which fiscal year the taxes apply.
- Know the valuation appeal process in the new system.

