

TAVT and Sales Tax: what are they, what's the difference, and how to know which to expect to pay?

*****PLEASE BE ADVISED: SALES TAX AND TAVT ARE NOT THE SAME!*****

What is sales tax?

Sales Tax is probably the most familiar of the two. It is expected to be paid no matter what you are buying. In the world of the DMV, however, it is a bit more complicated. When buying a car from a dealer, sales tax *should* be collected at the time of sale. This is to be paid to the state by the dealer. The responsibility does not lie on the purchaser in most cases. There are various rates depending on the location of the purchaser. These rates change from time to time and are updated quarterly. The State always has an updated chart free to download on their website.

When is sales tax relevant to your situation?

The only situations in which you should be concerned about sales tax (in most cases) is if you are going IRP* or buying a trailer that needs to be titled. If you are buying the vehicle/trailer from a dealer, then make sure to look over the bill of sale carefully. Sales tax must be listed on the bill of sale, or it will need to be paid at the time of registering at the DMV. You can be sales tax exempt; however, you will need additional paperwork (namely an ST-5, among other things). If you are not buying from a dealer, then the sale is considered casual, and no sales tax is due.

What is TAVT?

TAVT is not the same as sales tax. Just because you paid sales tax does not mean you are exempt from TAVT.

Unless you are buying a trailer or going IRP* expect to pay TAVT no matter what. TAVT is the tax that is paid for most vehicles at the time of registering. TAVT can be calculated on the E-Drives website but in most cases expect to pay 6.6% of the purchase price. Once a month has passed from the purchase date, there will be penalties. The penalties are 5% of the TAVT per month. For example, let's say the original TAVT is \$1000. After 1 month, the TAVT would be owed is now \$1050. After 2 months, it would be \$1100. This will not stop accruing until the TAVT is paid and the title is processed.

*****IRP is when the vehicle you are driving is over 26,000 lbs. and you are crossing state lines*****