

## Sales Tax Credit for Sale of a Used Vehicle

Act 1232 of 1997 as amended by Act 1047 of 2001 provides for a sales and use tax credit for new and used motor vehicles, trailers, or semitrailers purchased on or after January 1, 1998, if within 45 days either before or after the date of purchase, the consumer sells a used motor vehicle, trailer or semitrailer. The calculation of the tax due is done in the same manner as the trade-in credit that is available to those consumers who trade-in a vehicle. Tax is due on the difference between the purchase price of the newly acquired vehicle and the amount received from the sale of the old vehicle. Important: A sale does not occur, therefore no credit will be allowed, when the title to a damaged or stolen vehicle is transferred by a consumer to an insurance company in exchange for a cash settlement paid by the insurance company. Also, a sale does not occur when a vehicle is transferred as a gift. To qualify as a sale, there must be a proper transfer of title by the consumer (the seller) to another individual or business enterprise (the buyer) in exchange for cash or the equivalent of cash, such as a check or money order. How to take the Credit - This credit can be taken directly at your local Revenue Office when registering your newly acquired vehicle if the old vehicle has already been sold. Simply notify the agent at your local Revenue Office that you have sold and purchased a vehicle within the required 45 days. You will be asked to provide a copy of the bill of sale for the vehicle sold when registering the new vehicle to receive immediate tax savings.

For those consumers who sell a vehicle after registering and paying tax on another vehicle, then a refund will be given. Important: If a vehicle is sold after registering the other vehicle, the sale must take place within 45 days of the date the other vehicle was purchased.

### **How to get the Refund**

Simply complete a claim form and provide the documentation requested on the form. Separate forms must be used for each vehicle sold. No refund may be issued unless all of these items are entered completely and accurately. You may obtain a Claim for Sales or Use Tax Refund form at any local Revenue Office or you can download the form below:

### **Note:**

If a vehicle is sold prior to registering your new vehicle, you receive the tax savings immediately upon registering the new vehicle. If you sell your vehicle after registering the new vehicle, then you must submit a claim for refund.