



Georgia Department of Revenue – Motor Vehicle Division
Title Ad Valorem Tax Fee
Informational Bulletin
Fair Market Value for New Motor Vehicles

Effective March 6, 2013

House Bill 266 has been signed into law, thereby amending several aspects of the state and local ad valorem tax fee (“TAVT”) under O.C.G.A. § 48-5C-1. Importantly, this bill changes the way Fair Market Value (“FMV”) is calculated on new motor vehicles. The FMV is the taxable base which is multiplied by 6.5% in order to calculate the TAVT. Originally, the FMV for new vehicles was based on the value listed in Department of Revenue’s motor vehicle assessment manual. If the value was not listed in the assessment manual, the FMV for new motor vehicle would be the value listed on the bill of sale minus any rebate, with an associated reduction for the trade-in.

HB266 changes the FMV of new motor vehicles to use the higher of the retailing selling price (or in the case of a lease, the agreed upon value) or the value from the current ad valorem assessment manual. The higher number that is used should then be reduced by the trade-in value, as well as reduced by any rebate or cash discounts provided by the selling dealer at the time of the sale. The retail selling price (or in the case of a lease, the agreed upon value) is meant to mirror the taxable base that was formerly used for purposes of sales tax. In accordance with HB266, the FMV for new motor vehicles with a purchase date of March 6, 2013 or later is defined as follows:

“For a new motor vehicle, the greater of the retail selling price or, in the case of a lease of a new motor vehicle, the agreed upon value of the vehicle pursuant to the lease agreement, or the average of the current fair market value and the current wholesale value of a motor vehicle for a vehicle listed in the current motor vehicle ad valorem assessment manual utilized by the state revenue commissioner in determining the taxable value of a motor vehicle under Code Section 48-5-442, less any reduction for the trade-in value of another motor vehicle and any rebate or any cash discounts provided by the selling dealer and taken at the time of sale. The retail selling price or agreed upon value shall include any charges for labor, freight, delivery, dealer fees, and similar charges and dealer add-ons and mark-ups, but shall not include any extended warranty or maintenance agreement itemized on the dealer’s invoice to the customer or any finance, insurance, and interest charges for deferred payments billed separately.”

In other words, this new rule now requires the dealership to compare the value listed in the assessment manual with the retail selling price (on the in case of a lease, the agreed upon value). Whichever value is greater, minus any trade-in and rebates or cash discounts is the taxable amount. The tax rate is still 6.5% of the FMV for 2013.

For Used Cars:

There is no significant change in HB266 for the definition of FMV for used cars. Accordingly, the FMV is the value listed in the Department of Revenue assessment manual minus trade-in for dealer sales. If not listed in the assessment manual, use the greater of the value from the bill of sale or the “clean retail” from the NADA guide, January 1, 2013 edition, minus trade-in value for dealer sales.

FOR MORE INFORMATION

For more information on this subject, contact the Motor Vehicle Division at 1-855-406-5221, from 8:00 am to 4:30 pm EST, Monday through Friday, excluding holidays. Persons with hearing or speech impairments may call our TDD number at 404-417-4302.

**For forms and other information, visit our websites,
(www.dor.ga.gov and www.newtitletax.com).**