

Compliance Notice

Conmarsystems

Georgia Title Tax Ad Valorem Tax ---- Effective March 1, 2013

Beginning March 1, 2013, a new law intended to collect taxes from private vehicle sales will mean the upfront cost of registering and titling a car in Georgia will increase for those who don't buy from dealers.

The annual ad valorem tax that Georgia residents pay for their cars on their birthday will disappear for all newly acquired vehicles. It will be replaced by the new one-time title tax that, while higher than the individual's annual ad valorem bill, could add up to savings for car owners who keep their vehicles for many years. Those who buy from dealers probably won't notice the difference at first. While they will no longer pay sales tax, the sales tax savings in most cases will be about the same as the cost of the new title ad valorem tax.

The new one-time tax will be 6.5% of the vehicle's worth. The percentage will increase to 6.5% for 2014 and 7% in 2015 and could eventually climb to 9% of the vehicle's worth.

What does the new Title Ad Valorem Tax mean to dealers and financial institutions?

Previously sales tax on vehicle purchases was reported directly to the state. The Title Ad Valorem Tax must be collected and reported directly to the county of residence for the purchaser of the vehicle. The amount remitted to the county must also include any local option Tsplost amount for that county. Financial institutions include the tax in the amount financed, have 30 days to remit to the applicable county.

Credit unions should follow the below link for the ad valorem tax calculator and additional information.

<http://onlinemvd.dor.ga.gov/Tab/welcome.aspx>

Lending forms provided by Conmar will not require a change as a result of the new law. The amount financed for the new ad valorem title tax will be disclosed in the itemization of amount financed.

1. Under the new law, the fee for all vehicles titled between March 1 and the end of 2013 will be 6.5% of the worth of the vehicle.
2. Those who bought cars between January 1, 2012 and February 28, 2013 will have the option to pay the ad valorem tax for the life of their car or opt into the new title tax. The opt-in period last from March 1 until the end of 2013. Those who opt-in will not be refunded for any ad valorem tax already paid, but will get credit for paying sales tax if the car was not purchased in a private sale.
3. The old ad valorem tax system will continue to exist for vehicles titled in 2011 or earlier.

The information contained in this notice is provided with the understanding that the author and company are not engaged in rendering legal advice. As such, information should not be used as a substitution for consultation with credit union legal counsel