



Special Notice

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www.boe.ca.gov

TAXPAYER INFORMATION
SECTION
800-400-7115
TTY:711

Motor Vehicles—Sales Tax Application on Charges for Electronic Processing of Titling and Registration Effective July 1, 2012

In 2011, sections 4456.4 and 4456.5 were added to the Vehicle Code (VC), to become operative on July 1, 2012. These statutes impose new requirements on, and grant new authority to, automobile dealers, but these statutes do not change the application of sales and use tax. Pursuant to VC section 4456.4, when a **new** motor vehicle (car) dealer registers a vehicle on behalf of the purchaser or lessee, the dealer is **required** to register the vehicle electronically.

The new laws allow **both new and used** car dealers to charge the purchaser or lessee of a new or used vehicle a fee for the preparation and processing of documents, disclosures, titling, registration, and information security obligations imposed by state and federal law. According to the current VC section 1685, dealers are permitted to charge an electronic filing charge, not to exceed the amount the dealer is charged. Neither the document processing charge nor the electronic filing charge may be represented as a governmental fee. VC section 1685 also sets maximum amounts that may be charged for document processing and electronic filing.

Application of Tax

Prior to July 1, 2012, an electronic filing charge made by a dealer, as prescribed by VC section 1685, was **not** subject to sales or use tax. Despite the new requirement that a new car dealer must register electronically those vehicles it registers on behalf of the purchaser or lessee (who may still register the vehicle him or herself), the electronic filing charge is still not subject to sales or use tax. Separately stated charges for electronically registering or transferring a vehicle should not be included in the sales price of the sale or lease and are not subject to sales or use tax.

However, separately stated document processing charges for preparation and processing of documents continue to be subject to sales or use tax, as it has been in the past.

Taxpayer Information Section

If you have any questions regarding this notice, please visit our website at www.boe.ca.gov or call our Taxpayer Information Section at 800-400-7115 (TTY:711). Customer service representatives are available weekdays from 8:00 a.m. to 5:00 p.m. (Pacific time), except state holidays.

