



## EXCISE TAX ON VEHICLES

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### OVERVIEW

Under MGL Chapter 60A, all Massachusetts residents who own and register a motor vehicle must annually pay a motor vehicle excise. Also, under MGL Chapter 59, Section 2, it is important to note that every motor vehicle, whether registered or not, is subject to taxation, either as excise or personal property, for the privilege of road use, whether actual or future. The excise is levied by the city or town where the vehicle is principally garaged and the revenues become part of the local community treasury.

### EXCISE TAX EXEMPTIONS

Chapter 60A, Section 1 of the Massachusetts General Laws provides excise tax exemptions for vehicles owned by active duty military\*, active duty military who are deployed more than 45 days, certain disabled individuals and veterans, ex-prisoners of war and their surviving spouses and certain charitable organizations. Please contact your local assessor for further details on eligibility.

\*Under the Servicemembers Civil Relief Act, 50 USCA S.571 App., this exemption is available to those in the service whose domicile is not in MA but who are in residence in this state pursuant to military orders and who register their autos (either individually or jointly with a spouse) in this state for personal (non-business) use. The serviceperson need not be stationed in MA but may be stationed in a border state. For eligibility, the serviceperson must present a letter from the commanding officer to the local assessor stating non-residence, military stationed status. A MA resident who is sent to another state pursuant to military orders but does not cancel his/her registration is not eligible for this exemption. Leased vehicles are also not eligible for this exemption; however, the serviceperson should check the leasing contract or inquire of the leasing company if it will pay on his/her behalf. Also, there is no obligation for a non-resident military serviceperson to register a car in MA if it was purchased, titled, and registered in the home state. The home state registration may be retained indefinitely, regardless of where stationed in the country. The only requirement is that insurance coverage at least equal to MA minimum levels be carried.

### BILL COMPUTATION

An excise at the rate of \$25 per one thousand dollars of valuation (effective 1/1/81) is levied on each motor vehicle. Information on the value of a motor vehicle is accessed electronically through a data bank complete with valuation figures. Different sources provide the valuation figures depending upon whether the motor vehicle is an automobile, a truck, a motorcycle, or a trailer.

### PRORATION

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Excises are prorated on a monthly basis. If a motor vehicle is registered after the beginning of any calendar year, no excise will be imposed for those months, if any, which have fully elapsed before the vehicle is registered. If a vehicle is registered for any part of a month, however, the excise will be due for all of that month. The annual excise due on a car registered after January 1 will be reduced, therefore, by one twelfth of the full year's excise for every month prior to the one in which the vehicle was registered.

### **PAYMENT**

Payment of the motor vehicle excise is due 30 days from the date the excise bill is issued (not mailed). According to Chapter 60A, section 2 of the Massachusetts General Laws, "failure to receive notice shall not affect the validity of the excise." A person who does not receive a bill is still liable for the excise plus any interest charges accrued. Therefore, it is important to keep the Registry, local assessors, and the post office informed of a current name and address so that excise bills can be delivered promptly. All owners of motor vehicles who are not exempt must pay an excise tax; therefore, it is the responsibility of the owner to contact the local assessor if he/she has not received a bill. **There are penalties for non-payment.**

### **ABATEMENTS**

If an owner of a motor vehicle thinks that she is entitled to an adjustment of his/her excise bill, it is strongly recommended that she pay the bill in full, then contact the local Board of Assessors for an application for abatement. Although payment of a bill is not a precondition for abatement, an owner risks incurring late fees and penalties if abatement is not granted. Abatements can be handled through the mail; however, the bill should be paid as assessed and a refund will follow if the abatement is granted.

### **IF YOU'VE MOVED**

If a motor vehicle owner moves within Massachusetts and has not paid an excise tax for the current year, he should immediately notify the local assessor of his new address. The owner must pay the motor vehicle excise to the city or town in which she resided on January 1. If the owner moved before the first of the year, he/she must pay the tax to the new community to which the owner moved. If the owner did not notify the Registry, the local assessor, and the post office that she moved before the first of the year, it may be necessary to file for an abatement with the former city or town which had sent the excise bill. Most cities or towns will dismiss the bill and reroute it to the new community once the owner furnishes proof that he had moved before the first of the year.

If the owner of a vehicle moves out of Massachusetts and registers their vehicle in another state and cancels her Massachusetts registration or does not renew the Massachusetts registration, she can file an application for an abatement for that portion of the year after the month in which the motor vehicle was registered in the new state or in which the Massachusetts registration was cancelled, whichever is the later. A person who has moved out-of-state must cancel the registration in Massachusetts and obtain a, "lost plate receipt" from the Massachusetts Registry of Motor Vehicles in order to avoid problems with an excise tax abatement application. Please note a lost plate receipt is issued to those who turn over their Massachusetts license plates to another state's department of motor vehicles for the purpose of registering their car in the other state.

### **IF YOUR MOTOR VEHICLE IS SOLD**

If an excise bill is received for a vehicle or trailer which has been sold, the seller must return the plate(s) to the Registry of Motor Vehicles, get a return plate receipt, and file an application for abatement together

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with the return plate receipt and the bill of sale with the Board of Assessors. The bill will be adjusted to reflect the portion of the year when the vehicle was owned by the recipient of the bill. It is important to remember that the bill for a vehicle you no longer own should not be ignored.

### **IF YOUR MOTOR VEHICLE IS TRADED**

If an excise bill is received for a vehicle which was traded and which was not owned in the calendar year stated on the bill, it is recommended to pay the bill and then file an application for abatement with the Board of Assessors. The application must accompany a copy of the registration for the new vehicle indicating the date of transfer.

If an excise bill is received for a vehicle which was traded but which was owned for a portion of the calendar year stated on the bill, it is necessary to pay the bill and then provide a copy of the registration for the new vehicle which indicates the date of transfer together with an application for abatement to the Board of Assessors. The board can then adjust the bill to reflect the ownership for only part of the year, and grant the proper abatement. The bill on the trade-in vehicle is prorated back to the last day of the month prior to the one in which the vehicle's registration was cancelled and the excise bill on the new vehicle will be prorated as of the beginning of the month in which the vehicle was registered.

### **IF YOUR MOTOR VEHICLE IS STOLEN**

If the vehicle is stolen and not recovered within 30 days, the owner will be entitled to abatement if the theft of the vehicle was reported to the local police within 48 hours of discovery of the theft. After 30 days, the owner must surrender the certificate of registration and obtain a certificate from the Registry of Motor Vehicles indicating that he has done so. This certificate and the local police report of the theft should be presented to the Board of Assessors with an application for abatement. The board will adjust the bill and grant abatement for the remaining portion of the year. If the motor vehicle or trailer is subsequently recovered and reregistered, another excise bill will be issued for the remainder of the year. Falsely reporting the theft of a motor vehicle or trailer will result in severe penalties and a person may be charged up to three times the excise due on the vehicle for an entire year.

### **IF YOUR CAR IS LEASED**

Leased cars are still subject to excise tax. However, whose obligation for payment is determined by any terms in the original leasing contract. If not addressed, the driver should inquire of the leasing company. Normally, if the car is registered in the driver's name, the registration creates an obligation and liability for payment of excise tax upon the driver, not the leasing company. Even if the car is registered in the leasing company's name there may be terms in the contract passing on any taxes, excise included, onto the driver, so it is best to check the contract.

### **IMPORTANT REMINDER**

Remember that when you register a motor vehicle, a motor vehicle excise bill is generated and you are responsible for its payment. If you move within Massachusetts or out-of-state, if you sell or trade your motor vehicle, or if it is stolen, you need to make every effort to obtain the bill, to pay it, and then to apply for an abatement if you are eligible.

And lastly, to avoid not receiving an excise tax bill on time, please keep the Registry, your local tax assessor, and the post office aware of your current mailing address.

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Ref: <http://www.sec.state.ma.us/cis/cisexc/excidx.htm>

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