

## **Motor Vehicle Taxes**

### **TAG & TAX TOGETHER PROGRAM**

In 2005, the North Carolina General Assembly passed a law to create a combined motor vehicle registration renewal and property tax collection system. The law transfers responsibility of motor vehicle tax collection to the N.C. Division of Motor Vehicles (NC DMV). This new Tag & Tax Together program was designed as a convenient way to pay annual vehicle tag renewals and property taxes in one transaction.

Beginning with renewal notices mailed in July 2013 and due in September 2013, your registration renewal and property tax will be due the same month each year. The NC DMV will send a new combined notice that includes both the vehicle registration fee and property taxes. You will not be permitted to renew your tag without paying all taxes owed on the vehicle.

**Please see the Frequently Asked Questions below for additional information.**

#### ***How to Pay the New Combined Notice***

Payment for the new Tag & Tax Together notice cannot be made at the county tax office. You will pay both the registration fee and property taxes to the NCDMV using one of these three payment options:

- Online – Visit DMV's online registration system to pay with your credit or check card.
- By Mail – Send a check or money order to the address listed on your renewal notice.
- In Person – Locate a registration renewal office near you.

## ***Tag & Tax Together Frequently Asked Questions***

### **Q. How will my registration renewal form change?**

The new form combines information about your vehicle registration renewal fee and your vehicle property taxes. The new Tag & Tax System allows you to make one payment for both registration renewal and vehicle property tax.

### **Q. When is my vehicle tax due?**

Your vehicle tax will be due at the same time you renew your registration. North Carolina law now requires that your vehicle property tax be paid in order to renew the vehicle registration. The due date will be printed on the new combined notice that you receive in the mail.

### **Q. Can I renew my vehicle registration if I do not pay my property tax?**

No. You cannot renew your vehicle's registration, whether it is leased or owned, unless the total taxes and registration fees on the vehicle are paid in full.

### **Q. Am I paying vehicle property taxes for the coming year or for the preceding year?**

Taxes due on the notice are for the coming year and cover the same period as the vehicle registration.

### **Q. What if I lease my vehicle? Do I need to pay my property taxes to the leasing company?**

No. Vehicle property taxes on leased motor vehicles must be paid in full at the time of renewal. A copy of the combined tag and tax notice will now be sent to the vehicle lessee rather than the leasing company.

**Q. How will I know the amount of vehicle property tax that I owe?**

Your property tax amount will be included on the new combined notice along with your county and municipality tax rates.

**Q. How can I obtain a statement of the property taxes I paid?**

Vehicle property taxes paid to the NC DMV at the time of registration are not available on the County's web site. To obtain a statement of the property taxes paid for your vehicle, call the NC DMV at 919-814-1779 or email your request to their service center.

**Q. Will I receive a tax refund if I transfer my license plate to another vehicle during the year?**

No. If you have paid your vehicle property tax for the year and then transfer the license plate to another vehicle, you will not be eligible for a refund of the taxes paid. The registered motor vehicle to which the plates are transferred will not be taxed until its current registration is renewed.

**Q. When can I apply for a refund of vehicle property taxes paid?**

An owner can apply for a refund of taxes paid when a motor vehicle is sold or registered out of state. The refund will be calculated on any full calendar months remaining in the registration period after the license plate is surrendered to the N.C. Division of Motor Vehicles. Any municipal vehicle tax assessed in accordance with NC General Statute 20-97 is not subject to proration or refund. Within one year of surrendering the license plates, the owner must present the following to the county tax office: (1) Proof of plate surrender to NCDMV (DMV Form FS20); and (2) Copy of the Bill of Sale or the new state's registration.

**Q. Will I have to pay vehicle property tax if I am active duty military?**

Active duty non-resident military personnel may be exempt from North Carolina motor vehicle property tax. To qualify for an exemption, you must present a copy of your Leave & Earnings Statement (LES) to the county tax office. The statement should be for the month and year in which you register the vehicle and must include your Estimated Time of Separation (ETS) date and a home of record other than North Carolina. Military spouses may also qualify for exemption if their home of record is the same as the service member's. In addition to providing a copy of the LES as described above, spouses must provide a copy of their military I.D. card and a copy of their out of state driver's license, voter registration card or most current state tax return. If the vehicle is owned by a leasing company and leased to military personnel, the exemption cannot be applied and the taxes must be paid.

## VEHICLE VALUES

Licensed motor vehicles include any motor vehicle that maintains an active North Carolina tag or registration. The term "Motor Vehicle" includes automobiles, trucks, buses, campers, trailers and motorcycles.

Motor Vehicles are valued by year, make and model in accordance with the North Carolina Vehicle Valuation Manual. Values are based on the retail level of trade for property tax purposes. A motor vehicle offered for sale by a dealer to the end consumer represents the best example of the retail level of trade.

The retail value of the motor vehicle is determined based on the registration renewal month. January through August renewal months use the January 1 value from that period. September through December renewal months use the January 1 value immediately after that period.

Licensed motor vehicles are not valued at wholesale, blue book or private party asking price for property tax purposes. Sales transactions between private buyers and sellers and Internet valuation lookup websites typically reflect these levels of trade.

# GAP BILLING

## ***WHAT IS GAP BILLING OF PROPERTY TAXES FOR UNREGISTERED VEHICLES?***

Gap billing of property taxes occurs when there are one or more months (a gap) in billed property taxes between the expiration of a vehicle's registration and the renewal of that registration or the issuance of a new registration. The vehicle is an unregistered vehicle during the gap in registration.

## ***WHY DID I RECEIVE A GAP PROPERTY TAX NOTICE?***

There was a gap in the registration of your vehicle resulting in a gap in the taxes billed. The registration for your vehicle previously expired. The vehicle registration was recently renewed or a new registration was issued. During the gap in registration, the vehicle was unregistered. The County is required to collect property taxes for unregistered vehicles per North Carolina General Statute 105-330.3.

## ***DOES THE PROPERTY TAX I PAID WHEN I RENEWED MY REGISTRATION APPLY TO THE GAP BILLING PERIOD?***

No. Property taxes paid to the North Carolina Department of Motor Vehicles (NCDMV) at the time of registration renewal or issuance are for the same 12-month period as your registration. The taxes billed on a gap property tax notice are only for the months your vehicle was not registered with the NCDMV.

## ***HOW MANY MONTHS CAN A GAP PROPERTY TAX NOTICE COVER?***

A gap property tax notice will cover at least one month and can cover all months between registrations, without limitation.

## ***WHEN IS MY VEHICLE VALUE DETERMINED?***

Vehicle value is determined as of January 1 of the calendar year in which the gap property tax notice was computed.

## ***HOW CAN I APPEAL?***

Appeals of value, situs (location where taxed), and taxability must be filed with the tax office within thirty (30) days of the September 1 that follows the gap property tax notice date.

## ***WHEN ARE THE TAXES DUE AND WHEN DOES INTEREST START?***

Taxes are due by the September 1 that follows the gap property tax notice date and can be paid without interest before the following January 6. Interest accrues for taxes paid on or after January 6 at 2% for the month of January and accrues at  $\frac{3}{4}$  of 1% for each following month.

## ***WHAT IF I DO NOT PAY?***

Taxes are delinquent if unpaid before the January 6 that follows the September 1 due date. Delinquent taxes are subject to garnishment of wages and levy on personal property immediately upon becoming delinquent.