



# GEORGIA DEPARTMENT OF REVENUE

## ▪ MOTOR VEHICLE DIVISION ▪

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Policy Bulletin MVD-2023-02

## NOTICE TO MOTOR VEHICLE DEALERS AND LEASING COMPANIES Title Ad Valorem Tax (TAVT) Rate Changing to 7 Percent

The temporary title ad valorem tax (TAVT) reduction provided by the General Assembly in 2020 will expire on June 30, 2023. Beginning July 1, 2023, the TAVT rate will return to a rate equal to 7 percent of the fair market value of the motor vehicle. The new rate will only apply to motor vehicles purchased or leased on or after July 1, 2023, and titled in Georgia.

Dealers and leasing companies that are required to use Electronic Title & Registration (ETR) to apply for titles should see the change in their ETR vendor's system. Dealers and leasing companies who are permitted to make paper filings with a county tag office should apply the new 7 percent rate to calculate TAVT using Form MV-7D on the sales of new or used motor vehicles and Form MV-7L on leases of new or used motor vehicles.

### **When will this affect dealers and leasing companies?**

Dealers and leasing companies collecting TAVT for vehicles purchased or leased on or after July 1, 2023, will need to calculate and collect the proper TAVT amount using the new rate. They also will need to report the TAVT calculation information to the Department with the title application.

### **How has the formula changed?**

The only change to the formula starting July 1, 2023, is the change in the TAVT rate to 7 percent.

TAVT became effective on March 1, 2013. Generally, motor vehicles titled in Georgia on or after that date are subject to TAVT. Those vehicles subject to TAVT are not subject to sales and use tax on the sales transaction and are not subject to annual ad valorem tax, also commonly referred to as the "birthday tax," while the vehicle remains with the same owner.

### **Why is the TAVT rate changing?**

SB 65 (2019) amended O.C.G.A. § 48-5C-1 to set the temporary 6.6 percent rate from January 1, 2020, through June 30, 2023. Because the temporary rate is lapsing on June 30, the standard 7 percent rate in the statute will resume July 1.

### **Are there any other rate changes?**

The Georgia Code provides for a special reduced TAVT rate for directly financed dealer sales by a direct finance dealer, commonly referred to as a "buy-here, pay-here dealer." The special reduced rate is 2.5 percentage points less than the standard rate. Thus, starting July 1, 2023, this special reduced rate for directly financed dealer sale purchasers will be 4.5 percent.



For more information, please visit the Motor Vehicle Division website at [dor.georgia.gov/motor-vehicles](https://dor.georgia.gov/motor-vehicles) or scan the QR code.

### **What TAVT rates will not change?**

O.C.G.A. § 48-5C-1 provides a number of reduced TAVT rates for certain situations and provides outright exemptions from TAVT in other situations. These specific statutory reduced TAVT rates have not changed. For example, O.C.G.A. § 48-5C-1 provides a 3 percent TAVT rate for new residents to Georgia who bring with them a motor vehicle that was already registered in another state (commonly referred to as the “New to Georgia” rate). The statute also provides a reduced TAVT rate of ½ percent for certain transfers of motor vehicles between immediate family members and a rate of 1 percent for certain transfers of motor vehicles following a divorce. These statutory rates have not changed. Likewise, where O.C.G.A. § 48-5C-1 provides for an outright exemption from TAVT or states that TAVT does not apply to certain transactions, those exemptions have not been changed by the change in the standard TAVT rate to 7 percent.

When no exemptions or reduced rates apply, the 7 percent TAVT rate will apply starting July 1, 2023. The new TAVT rate will only apply to vehicles being retitled or titled for the first time in Georgia on or after that date.

The Department of Revenue has posted [answers to frequently asked questions](#) on its website.



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