



# GEORGIA DEPARTMENT OF REVENUE

## ▪ MOTOR VEHICLE DIVISION ▪

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**Robyn A. Crittenden**, State Revenue Commissioner ▪ **Brent Bennett**, Director

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## NOTICE TO MOTOR VEHICLE DEALERS AND LEASING COMPANIES Revised TAVT Calculation

House Bill 63 (2021) changes the formula used to calculate the title ad valorem tax (TAVT) on certain leased vehicles. The new formula will become effective January 1, 2022. To prepare for this change, the Department of Revenue (Department) is issuing a revised Form MV-7D and a new Form MV-7L. Dealers who are permitted to make paper filings with a county tag office may use the revised Form MV-7D to calculate TAVT on the sales of new or used motor vehicles and may use the new Form MV-7L to calculate TAVT on leases of new or used motor vehicles. Dealers and leasing companies that are required to use Electronic Title & Registration (ETR) to apply for titles should see the changes in their ETR vendor's system.

ETR vendors will need to make the changes to their systems so that they apply to all vehicle sales and leases occurring on or after January 1, 2022.

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

Dealers or leasing companies collecting TAVT for leased vehicles purchased on or after January 1, 2022 will need to calculate and collect the proper TAVT amount on leases using the new formula. They also will need to report the TAVT calculation information to the Department with the title application.

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

For leases originated prior to January 1, 2022, the fair market value of the vehicle used to calculate the TAVT on noncommercial leases and some commercial leases is based on "the total of the base payments pursuant to the lease agreement plus any down payments." For these leases, House Bill 63 changes the definition of fair market value to "the total of the depreciation plus any amortized amounts pursuant to the lease agreement plus any down payments." The definition of "down payments" has not changed.

This change in the TAVT formula does not apply to vehicle leases that are calculated based on the "agreed upon value." This method may only be used when the vehicle is leased for a business use and the lease agreement states the rental price can be adjusted.

### **How does the change affect dealers and leasing companies?**

Any dealer or leasing company collecting TAVT and applying for a title for a motor vehicle subject to the new TAVT lease calculation will need to use the Form MV-7L or their ETR vendor's TAVT calculation function for leases to determine the correct amount of TAVT to collect from the customer and to remit to the Department or the county tag agent. The dealer or leasing company will need to enter "the total of the depreciation plus any amortized amounts . . . plus any down payments" from the lease agreement. For most consumer leases, that amount should also be shown on the Federal Consumer Leasing Act Disclosures provided to the lessee.



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.