



Georgia Department of Revenue
Policy Bulletin MVD-2018-02
TAVT Rate for 2019 Final Adjustment
Issued: August 31, 2018

1) Purpose: As enacted in 2012, Georgia Code Section 48-5C-1 required the Department of Revenue (“Department”) in calendar years 2015, 2018, and 2022 respectively to determine if the TAVT rate will change for the calendar year following the year of the calculation. The law sets forth the specific methodology to be followed by the Department in determining whether the rate is to change or stay the same. Based on the statutory calculation, the rate of TAVT will remain at 7% as of January 1, 2019.

Pursuant to legislative changes made by the enactment of House Bill 329 (2018), the law will not require the Department to conduct the 2022 TAVT rate review. Accordingly, the rate of TAVT will remain at 7% indefinitely.

2) Effective Date: January 1, 2019

3) Authority: O.C.G.A. § 48-5C-1.

4) Scope: A Policy Bulletin is intended to provide guidance to the public and to Department personnel. It is a written statement issued to apply principles of law to a specific set of facts or a general category of taxpayers, superseding all conflicting documents and oral directives previously issued by the Department. A Policy Bulletin does not have the force or effect of law and is not binding on the public. It is, however, the Department's position and is binding on agency personnel until superseded or modified by a change in statute, regulation, court decision, or subsequent Policy Bulletin.

5) Summary:

(a) In 2012, the Georgia General Assembly passed House Bill 386 which changed the way motor vehicles are taxed in Georgia. Under prior law, motor vehicles were generally subject to Sales Tax at the time of purchase and an Annual Ad Valorem Tax every year thereafter. Under House Bill 386, motor vehicles purchased on or after March 1, 2013 are subject to a one-time TAVT and are exempt from Sales Tax and Annual Ad Valorem Tax. By statute, the TAVT rate was 6.5% in 2013, 6.75% in 2014, and 7% in 2015.

(b) As originally enacted, for calendar years 2015, 2018, and 2022 the law required the Department to evaluate TAVT revenues to determine if the TAVT rate will change for the calendar year following the year of the calculation. The law sets forth the specific methodology to be followed by the Department in determining whether the rate is to change or stay the same.

(c) Pursuant to legislative changes made by the enactment of House Bill 329 (2018), the law will not require the Department to conduct the 2022 TAVT rate review. Accordingly, this bulletin reflects the final instance where such review was conducted.

(d) In order to calculate the TAVT rate, the law directs the Department to compare the amount of TAVT collected in the prior year with a statutorily determined “target collection amount.” If the amount of TAVT collected in the prior year is more than 1% below the target collection amount, the Department is required to increase the rate in order to meet the target collection amount going forward. However, if the amount of TAVT collected in the prior year meets or exceeds the target collection amount, the rate stays at 7%.

(d) For the 2018 review period, the actual TAVT collected **exceeded** the target collection amount. **Therefore, no adjustment will be made and the rate of TAVT will remain at 7% for 2019 and beyond.**

FOR MORE INFORMATION

For more information on this subject, contact the Motor Vehicle Division at 1-855-406-5221 from 8:00 am to 4:30 pm ET, Monday through Friday, excluding holidays.

For forms and other information, visit our website:

dor.georgia.gov