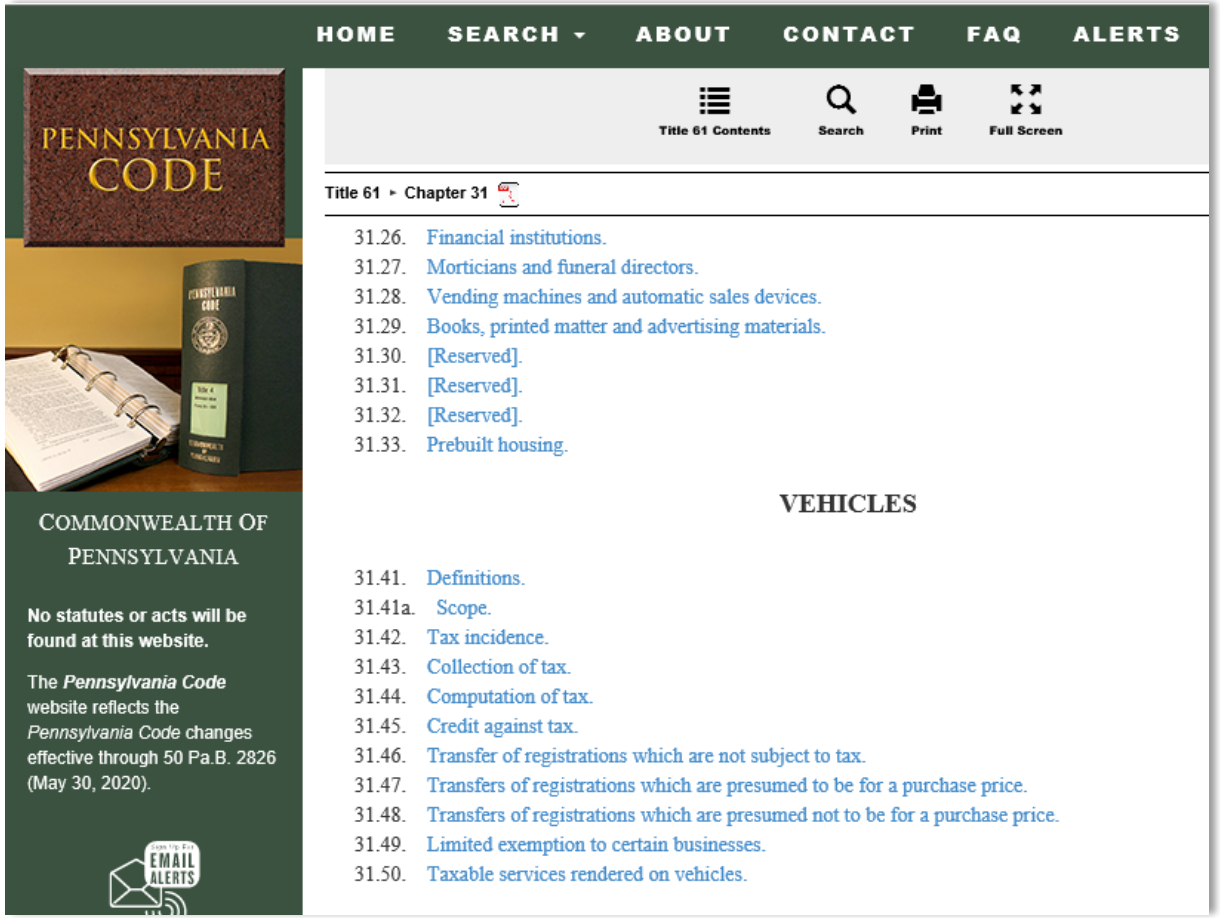
pennsylvania
DEPARTMENT OF REVENUE

Motor Vehicle Sales Tax and Pennsylvania's Compliance Efforts

Today's Agenda

- **Reference to PA Code**
- **Motor Vehicle Sales Tax**
  - Computation of Tax
  - Transactions NOT Subject to Tax
  - Transactions Presumed TO BE for a Purchase Price
  - Transactions Presumed NOT TO BE for a Purchase Price
- **Motor Vehicle Understated Value Program**
- **FAQ's for Sales Tax on Vehicles**
- **General Sales Tax Information for Notaries**

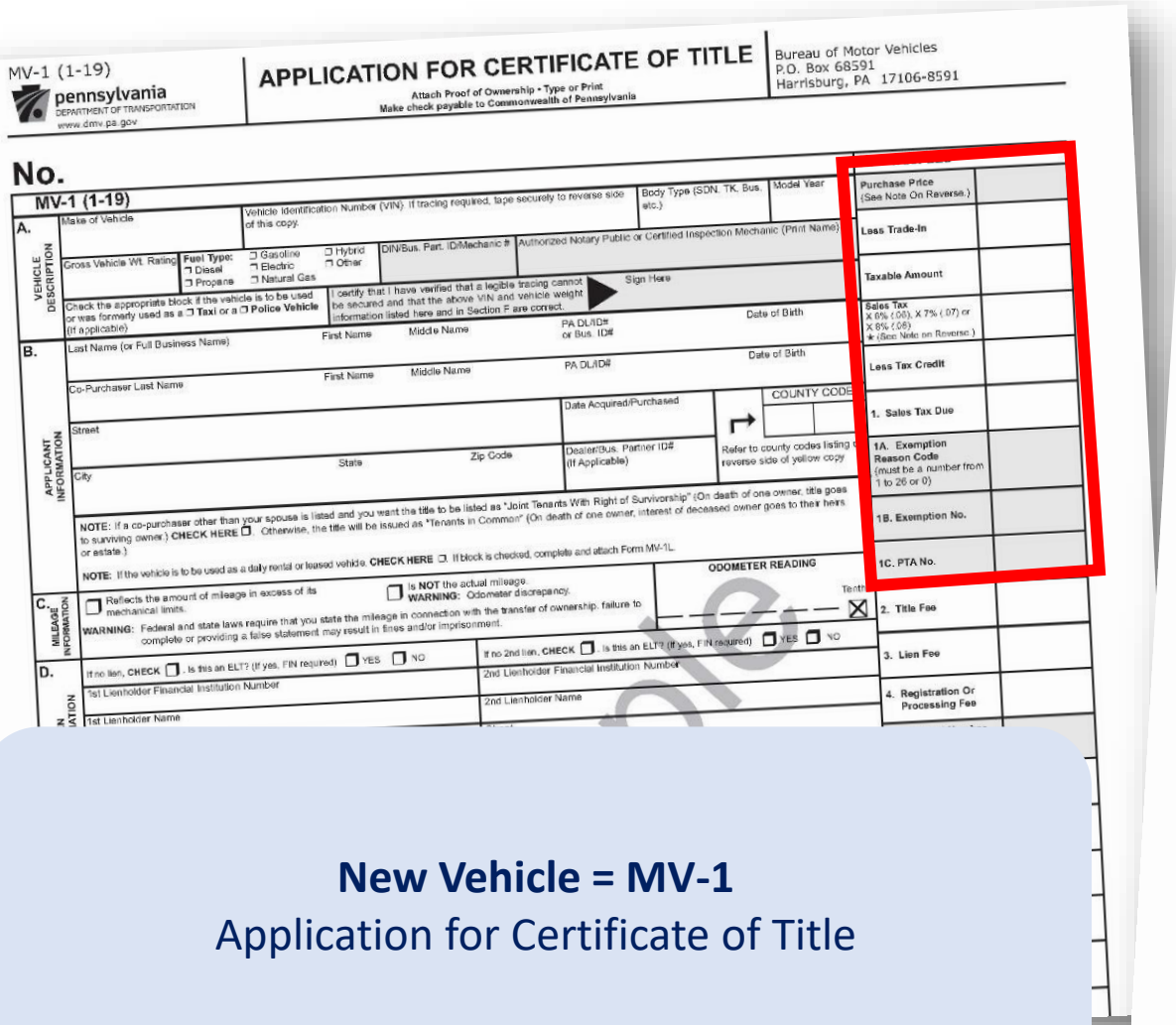
PA Code



www.pacode.com

- **061 PA Code 31.44**
  - Computation of Tax
- **061 PA Code 31.46**
  - Transfers of registrations which are not subject to tax
- **061 PA Code 31.47**
  - Transfers of registrations which are presumed to be for a purchase price
- **061 PA Code 31.48**
  - Transfers of registrations which are presumed not to be for a purchase price

Computation of Tax


MV-1 (1-19)
pennsylvania
DEPARTMENT OF TRANSPORTATION
www.dmv.pa.gov

APPLICATION FOR CERTIFICATE OF TITLE
Attach Proof of Ownership • Type or Print
Make check payable to Commonwealth of Pennsylvania

Bureau of Motor Vehicles
P.O. Box 68591
Harrisburg, PA 17106-8591

No.

MV-1 (1-19)

A. VEHICLE DESCRIPTION
Make of Vehicle
Vehicle Identification Number (VIN). If tracing required, tape securely to reverse side of this copy.
Body Type (SDN, TK, Bus, etc.)
Model Year
Gross Vehicle Wt. Rating
Fuel Type: ❒ Diesel ❒ Propane ❒ Gasoline ❒ Electric ❒ Natural Gas ❒ Hybrid ❒ Other
DIN/Bus. Part. ID/Mechanic #
Authorized Notary Public or Certified Inspection Mechanic (Print Name)
Check the appropriate block if the vehicle is to be used or was formerly used as a ❒ Taxi or a ❒ Police Vehicle (If applicable)
I certify that I have verified that a legible tracing cannot be secured and that the above VIN and vehicle weight information listed here and in Section F are correct.
Sign Here

B. APPLICANT INFORMATION
Last Name (or Full Business Name)
First Name
Middle Name
PA DL/ID# or Bus. ID#
Date of Birth
Co-Purchaser Last Name
First Name
Middle Name
PA DL/ID#
Date of Birth
Street
Date Acquired/Purchased
City
State
Zip Code
Dealer/Bus. Partner ID# (If Applicable)
COUNTY CODE
Refer to county codes listing on reverse side of yellow copy

NOTE: If a co-purchaser other than your spouse is listed and you want the title to be listed as "Joint Tenants With Right of Survivorship" (On death of one owner, title goes to surviving owner.) CHECK HERE ❒. Otherwise, the title will be issued as "Tenants in Common" (On death of one owner, interest of deceased owner goes to their heirs or estate.)

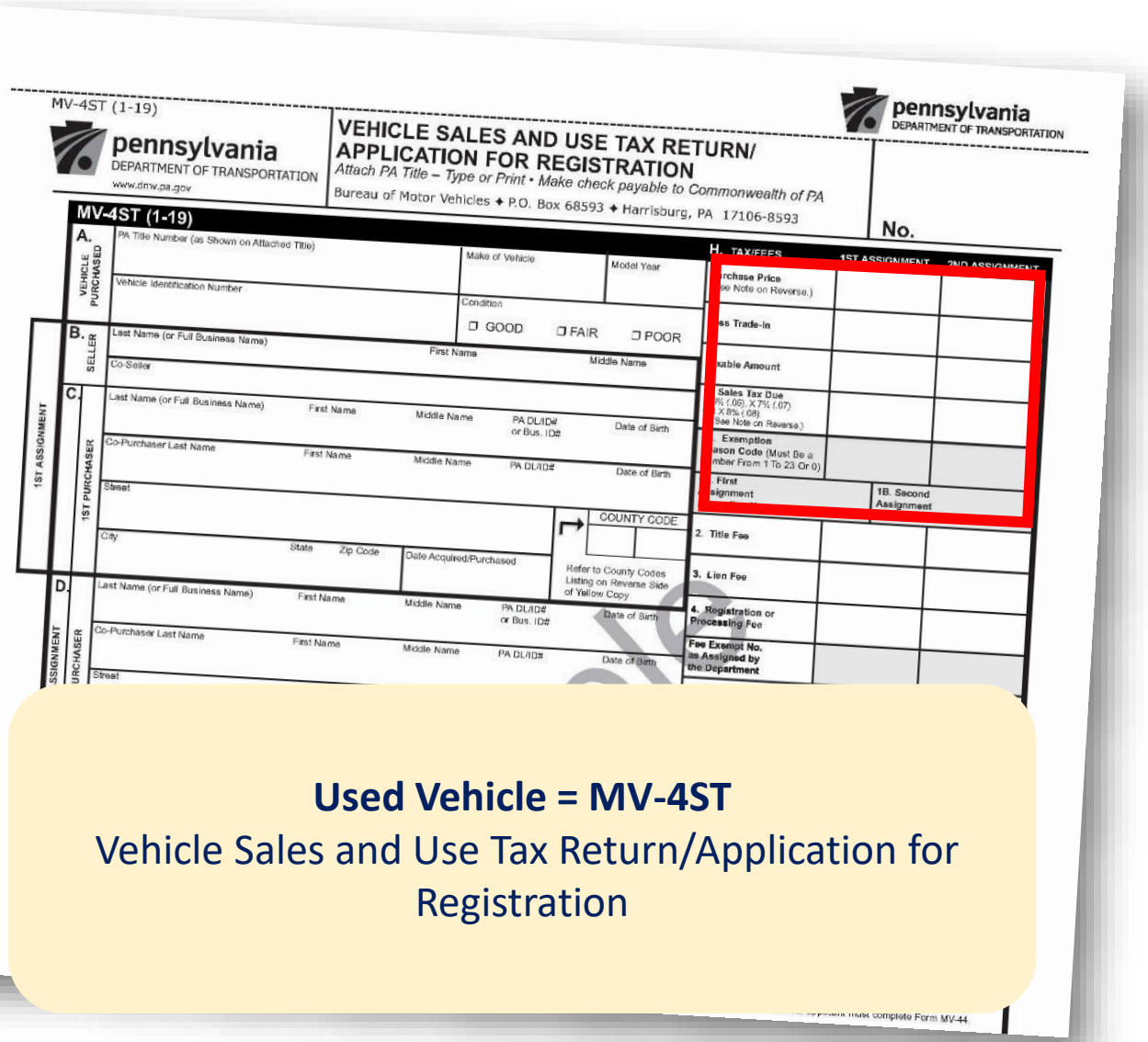
NOTE: If the vehicle is to be used as a daily rental or leased vehicle, CHECK HERE ❒. If block is checked, complete and attach Form MV-1L.

C. MILEAGE INFORMATION
ODOMETER READING
Tenths
❒ Reflects the amount of mileage in excess of its mechanical limits.
❒ Is NOT the actual mileage. WARNING: Odometer discrepancy.
WARNING: Federal and state laws require that you state the mileage in connection with the transfer of ownership; failure to complete or providing a false statement may result in fines and/or imprisonment.

D. LIEN INFORMATION
If no lien, CHECK ❒. Is this an ELT? (If yes, FIN required) ❒ YES ❒ NO
1st Lienholder Financial Institution Number
1st Lienholder Name
If no 2nd lien, CHECK ❒. Is this an ELT? (If yes, FIN required) ❒ YES ❒ NO
2nd Lienholder Financial Institution Number
2nd Lienholder Name

Purchase Price (See Note On Reverse.)	
Less Trade-In	
Taxable Amount	
Sales Tax x 6% (.06), X 7% (.07) or x 8% (.08) ★ (See Note on Reverse.)	
Less Tax Credit	
1. Sales Tax Due	
1A. Exemption Reason Code (must be a number from 1 to 26 or 0)	
1B. Exemption No.	
1C. PTA No.	
2. Title Fee	
3. Lien Fee	
4. Registration Or Processing Fee	

New Vehicle = MV-1
Application for Certificate of Title


MV-4ST (1-19)
pennsylvania
DEPARTMENT OF TRANSPORTATION
www.dmv.pa.gov

VEHICLE SALES AND USE TAX RETURN/
APPLICATION FOR REGISTRATION
Attach PA Title – Type or Print • Make check payable to Commonwealth of PA
Bureau of Motor Vehicles ✦ P.O. Box 68593 ✦ Harrisburg, PA 17106-8593

pennsylvania
DEPARTMENT OF TRANSPORTATION

No.

MV-4ST (1-19)

A. VEHICLE PURCHASED
PA Title Number (as Shown on Attached Title)
Make of Vehicle
Model Year
Vehicle Identification Number
Condition ❒ GOOD ❒ FAIR ❒ POOR

B. SELLER
Last Name (or Full Business Name)
First Name
Middle Name
Co-Seller

1ST ASSIGNMENT

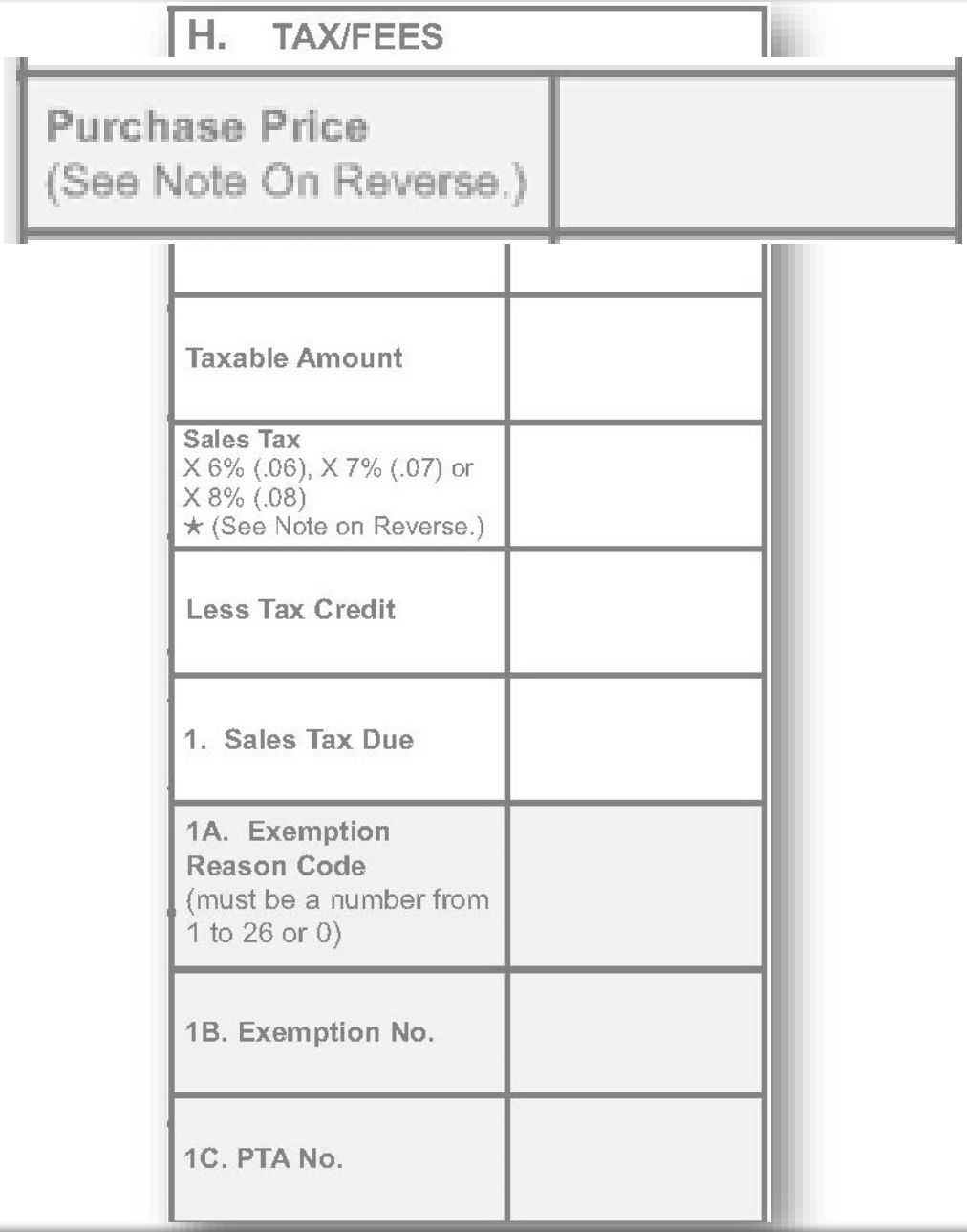
C. 1ST PURCHASER
Last Name (or Full Business Name)
First Name
Middle Name
PA DL/ID# or Bus. ID#
Date of Birth
Co-Purchaser Last Name
First Name
Middle Name
PA DL/ID#
Date of Birth
Street
City
State
Zip Code
Date Acquired/Purchased
COUNTY CODE
Refer to County Codes Listing on Reverse Side of Yellow Copy

D. 2ND ASSIGNMENT / 2ND PURCHASER
Last Name (or Full Business Name)
First Name
Middle Name
PA DL/ID# or Bus. ID#
Date of Birth
Co-Purchaser Last Name
First Name
Middle Name
PA DL/ID#
Date of Birth
Street

H. TAX/FEES
1ST ASSIGNMENT
2ND ASSIGNMENT

Purchase Price (See Note on Reverse.)		
Less Trade-In		
Taxable Amount		
Sales Tax Due (.06), X 7% (.07) X 8% (.08) (See Note on Reverse.)		
Exemption Reason Code (Must Be a Number From 1 To 23 Or 0)		
1A. First Assignment	1B. Second Assignment	
2. Title Fee		
3. Lien Fee		
4. Registration or Processing Fee		
Fee Exempt No. as Assigned by the Department		

Used Vehicle = MV-4ST
Vehicle Sales and Use Tax Return/Application for Registration

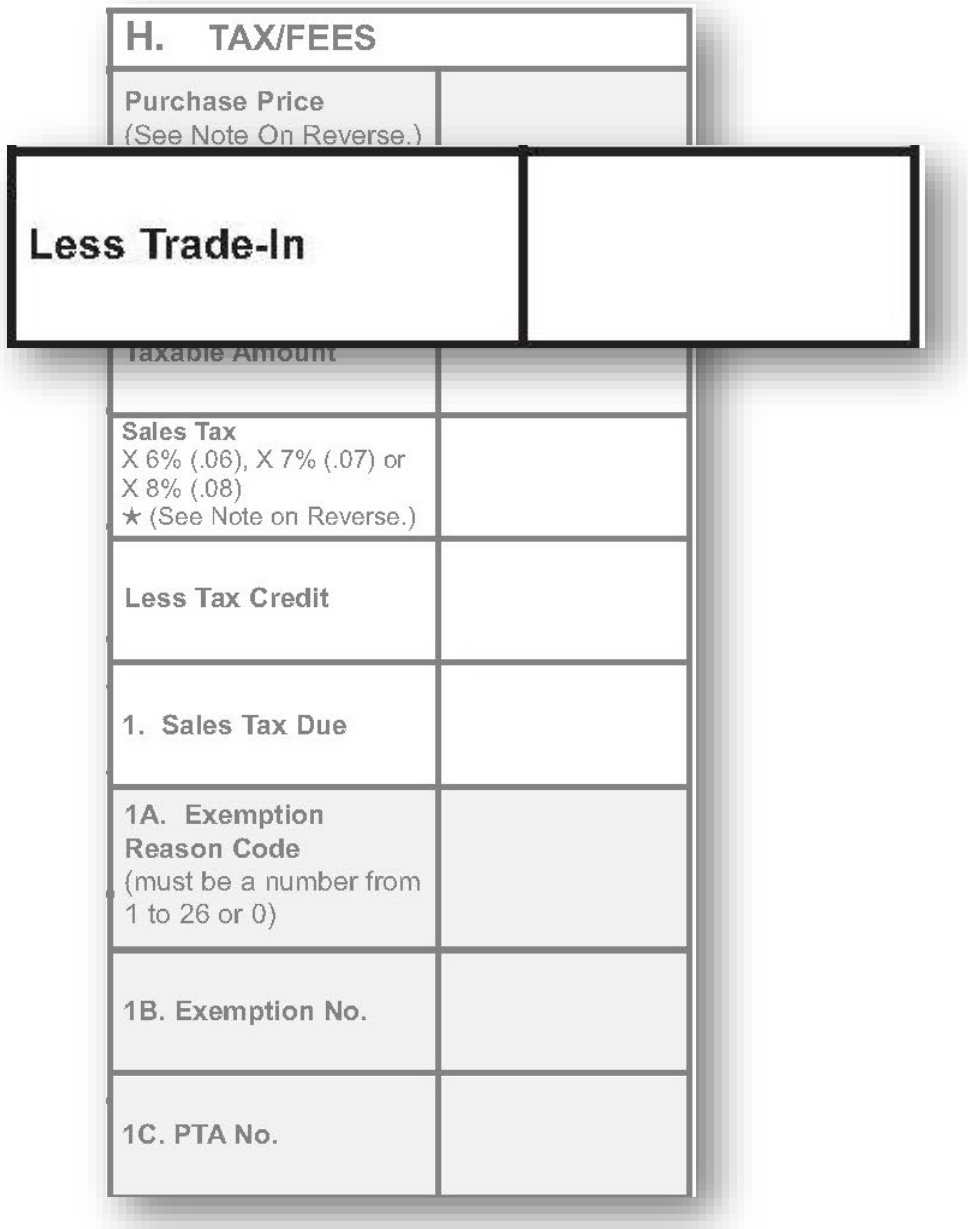


Purchase Price Includes:

- Federal Excise Tax
- Financing and insurance charges, unless separately stated on the customer's invoice
- Delivery or freight charges
- Warranty or ''service'' charges.
- Preparation/additional work
- Additional accessories or equipment

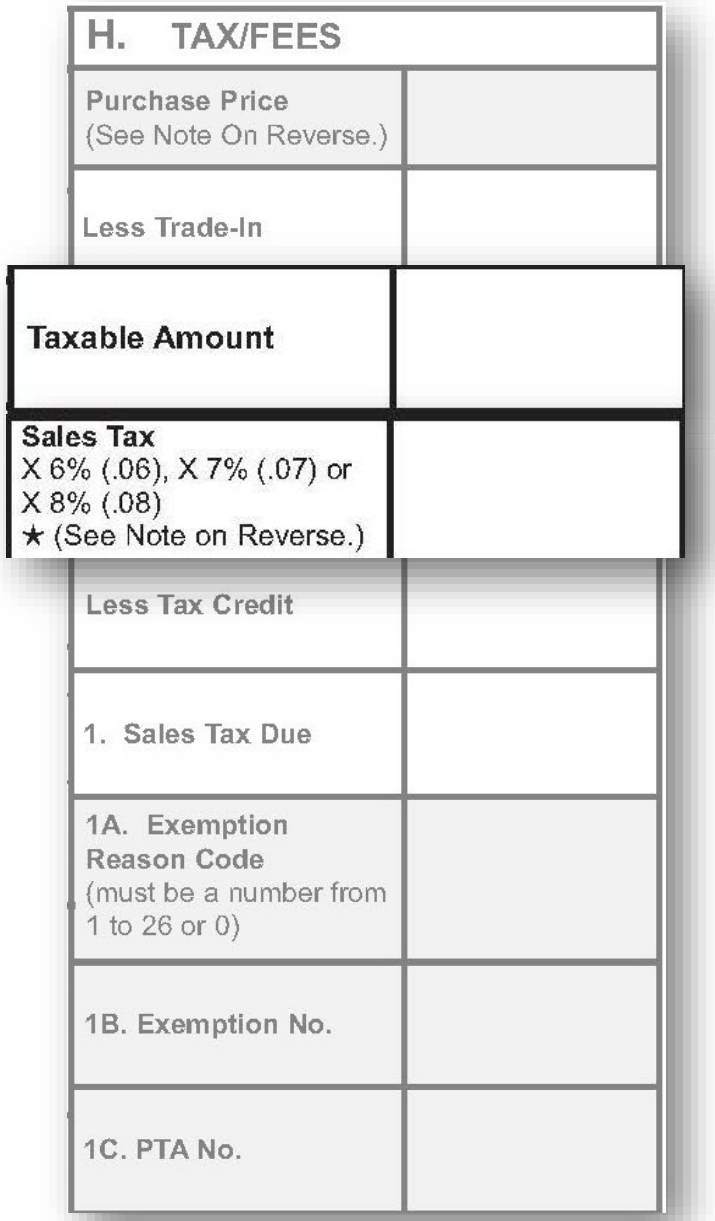
What Items are included in the Purchase Price?

Taxable	Nontaxable
Extended Service Contracts	Title Fee
Extended Warranty	License Fee
Dealer Processing Charge	Registration Fee
Freight Charge	Filing Fee
Lojack - theft recovery system	Lien Filing Fee
Rust Preventative or Undercoat	Temporary Tag Fee
Paint Sealant	Document Prep Fee
Splash Guards	Credit, Life and Disability
Moon Roof	GAP Insurance
Wheel Locks	Mfg Rebate / Factory Incentive
	Tire Fee



Trade in:

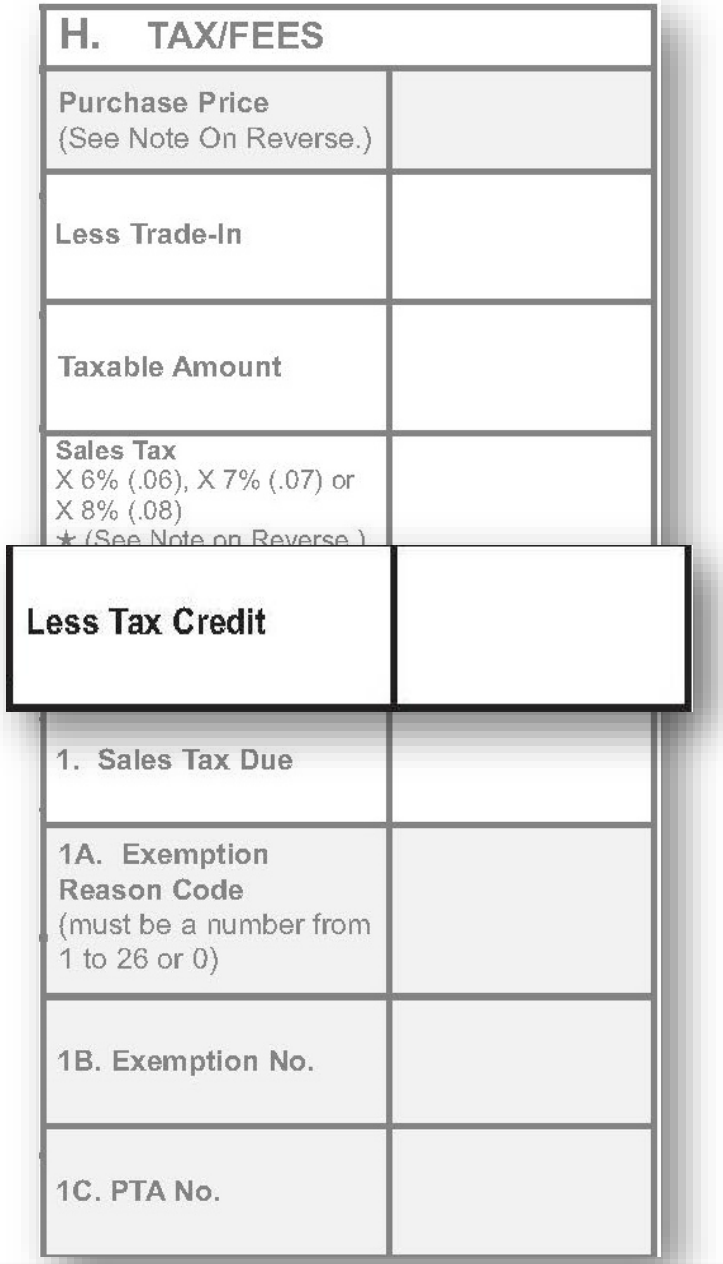
- Must occur at time of sale
- Must be owned by the person who is purchasing the new vehicle



H. TAX/FEES	
Purchase Price (See Note On Reverse.)	
Less Trade-In	
Taxable Amount	
Sales Tax X 6% (.06), X 7% (.07) or X 8% (.08) ★ (See Note on Reverse.)	
Less Tax Credit	
1. Sales Tax Due	
1A. Exemption Reason Code (must be a number from 1 to 26 or 0)	
1B. Exemption No.	
1C. PTA No.	

Taxable Amount:

- Purchase price less the trade in
- PA Sales Tax 6%
- Purchasers residing in Allegheny County include an additional 1%
- Purchasers residing in City of Philadelphia include an additional 2%



H. TAX/FEES	
Purchase Price (See Note On Reverse.)	
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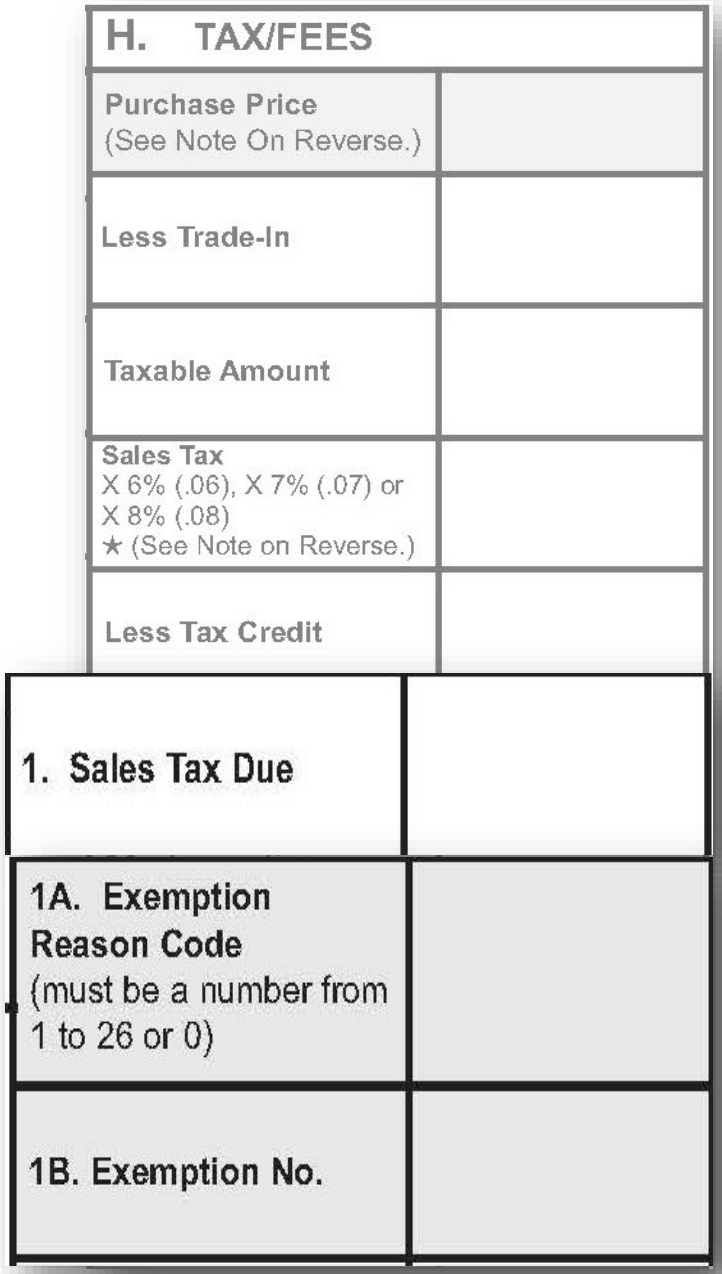
Taxable Amount	
Sales Tax X 6% (.06), X 7% (.07) or X 8% (.08) ★ (See Note on Reverse.)	
Less Tax Credit	
1. Sales Tax Due	
1A. Exemption Reason Code (must be a number from 1 to 26 or 0)	
1B. Exemption No.	
1C. PTA No.	

Tax Credit:

- PA grants reciprocal credit for taxes paid to other states where sales tax is recognized in the same manner as PA
- PA Sales and Use Tax Credit Chart, REV-227 shows sales tax rates in different states and reciprocity status



H. TAX/FEES	
Purchase Price (See Note On Reverse.)	
Less Trade-In	
Taxable Amount	
Sales Tax X 6% (.06), X 7% (.07) or X 8% (.08) ★ (See Note on Reverse.)	
Less Tax Credit	
1. Sales Tax Due	
1A. Exemption Reason Code (must be a number from 1 to 26 or 0)	
1B. Exemption No.	

Sales Tax Due:

- Sales tax less the tax credit

Exemption Reasons:

- Purchaser falls into an exemption reason listed on the back of the form
- Purchaser has a PA Dept of Revenue issued Exemption Number, Public Utility Commission Number or Federal Motor Carrier Number

Transfer of Registrations And Taxability

Transactions NOT SUBJECT to Tax:

- **Resale**
  - Must have dealer identification number (DIN)
- **Rental/Lease**
  - Must have sales tax and PTA number
- **Non resident**
  - Purchase for out of state use
- **6 Month rule**
  - Establishing a permanent residence or business
  - Own vehicle over 6 months- no sales tax due
  - Military

061 PA Code 31.46

Transactions Presumed TO BE for a Purchase Price:

- **Raffle prize**
  - Donor pays the tax or recipient must pay
- **Foreign purchase intended as a gift**
  - Original purchase occurred outside of PA
- **Partnership/Corporation transactions**
  - Affiliation of interest
  - Only exception is merger with stock owned by same parties

061 Pa Code 31.47

Transactions Presumed NOT TO BE for a Purchase Price:

- **Spouse**
  - No tax due- spouses are considered one
  - Exception is divorce decree
- **Inheritance**
  - Exempt to executor and beneficiaries
- **Gift**
  - If donor pays tax, you are not responsible

061 Pa Code 31.48

Motor Vehicle Understated Value (MVUV) Program

What Does the Law Say?

When purchasing or selling used vehicles (including motorcycles) in Pennsylvania, many taxpayers are unaware that sales tax is due on the fair market value. In most cases, the purchase price and fair market value will be similar. However, when a purchase price is set considerably lower than fair market value, the PA Department of Revenue has the authority to review the transaction to determine and collect the correct amount of sales tax due [see 72 P.S. § 7201(g)(3)].

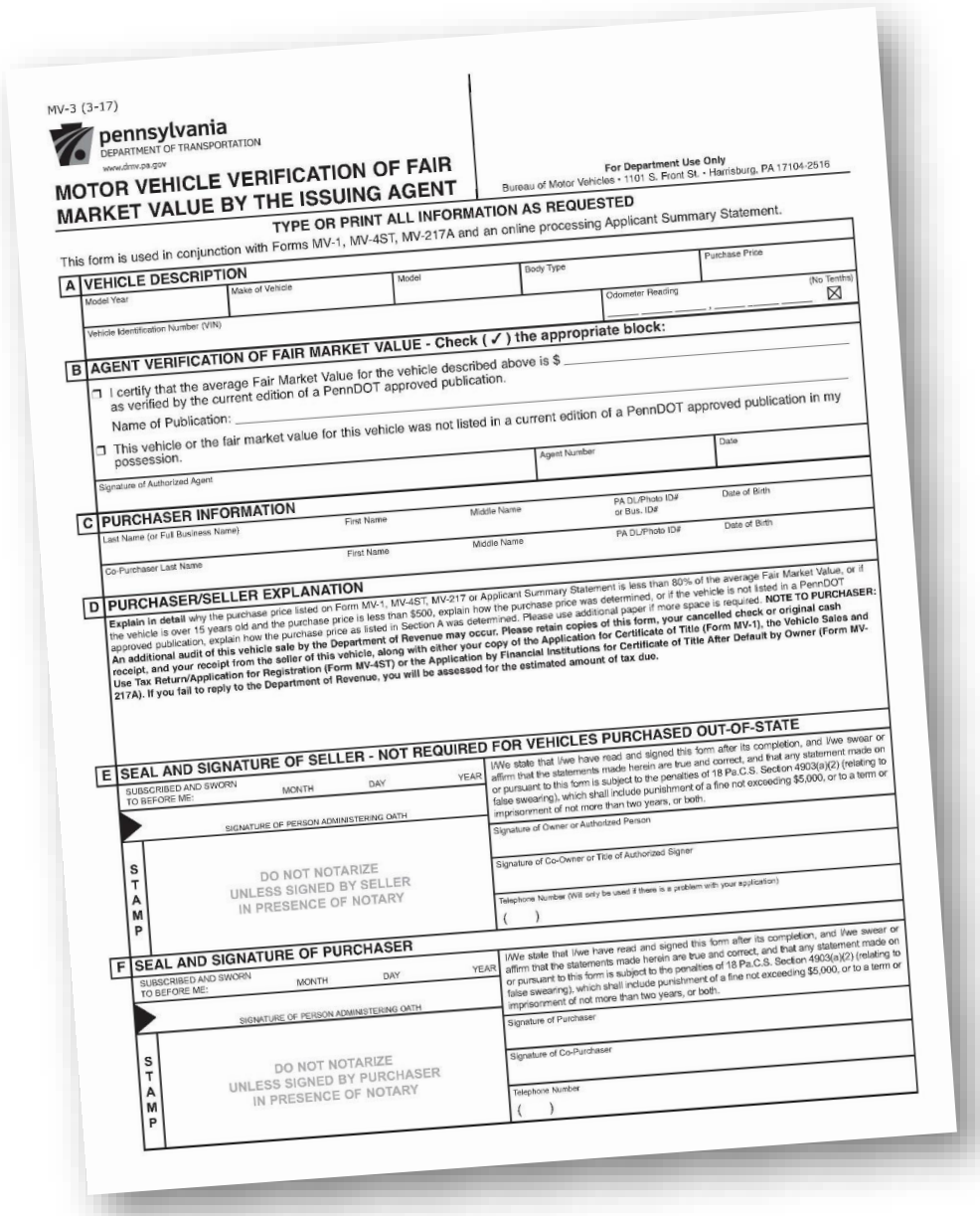
How the MVUV program works:

- PennDOT sends a file to DOR every month
- Case is created for vehicles significantly sold under fair market value
- Letter is sent to purchaser to verify reported purchase price

Transaction Not at Arm's Length:

- Transactions between related business entities;
- Transactions between a business and its owner(s);
- Transactions between a business and its employees; and/or
- Transactions between business owners and family members.

061 Pa Code 31.44(b)



MV-3 (3-17)

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www.dmv.pa.gov

MOTOR VEHICLE VERIFICATION OF FAIR MARKET VALUE BY THE ISSUING AGENT

For Department Use Only
Bureau of Motor Vehicles • 1101 S. Front St. • Harrisburg, PA 17104-2516

TYPE OR PRINT ALL INFORMATION AS REQUESTED

This form is used in conjunction with Forms MV-1, MV-4ST, MV-217A and an online processing Applicant Summary Statement.

A VEHICLE DESCRIPTION

Model Year | Make of Vehicle | Model | Body Type | Purchase Price

Vehicle Identification Number (VIN) | Odometer Reading (No Tenths) ☒

B AGENT VERIFICATION OF FAIR MARKET VALUE - Check (✓) the appropriate block:

❒ I certify that the average Fair Market Value for the vehicle described above is $ _____ as verified by the current edition of a PennDOT approved publication.

Name of Publication: _____

❒ This vehicle or the fair market value for this vehicle was not listed in a current edition of a PennDOT approved publication in my possession.

Signature of Authorized Agent | Agent Number | Date

C PURCHASER INFORMATION

Last Name (or Full Business Name) | First Name | Middle Name | PA DL/Photo ID# or Bus. ID# | Date of Birth

Co-Purchaser Last Name | First Name | Middle Name | PA DL/Photo ID# | Date of Birth

D PURCHASER/SELLER EXPLANATION

Explain in detail why the purchase price listed on Form MV-1, MV-4ST, MV-217 or Applicant Summary Statement is less than 80% of the average Fair Market Value, or if the vehicle is over 15 years old and the purchase price is less than $500, explain how the purchase price was determined, or if the vehicle is not listed in a PennDOT approved publication, explain how the purchase price as listed in Section A was determined. Please use additional paper if more space is required. **NOTE TO PURCHASER: An additional audit of this vehicle sale by the Department of Revenue may occur. Please retain copies of this form, your cancelled check or original cash receipt, and your receipt from the seller of this vehicle, along with either your copy of the Application for Certificate of Title (Form MV-1), the Vehicle Sales and Use Tax Return/Application for Registration (Form MV-4ST) or the Application by Financial Institutions for Certificate of Title After Default by Owner (Form MV-217A). If you fail to reply to the Department of Revenue, you will be assessed for the estimated amount of tax due.**

E SEAL AND SIGNATURE OF SELLER - NOT REQUIRED FOR VEHICLES PURCHASED OUT-OF-STATE

SUBSCRIBED AND SWORN TO BEFORE ME: MONTH DAY YEAR

SIGNATURE OF PERSON ADMINISTERING OATH

STAMP

DO NOT NOTARIZE
UNLESS SIGNED BY SELLER
IN PRESENCE OF NOTARY

I/We state that I/we have read and signed this form after its completion, and I/we swear or affirm that the statements made herein are true and correct, and that any statement made on or pursuant to this form is subject to the penalties of 18 Pa.C.S. Section 4903(a)(2) (relating to false swearing), which shall include punishment of a fine not exceeding $5,000, or to a term or imprisonment of not more than two years, or both.

Signature of Owner or Authorized Person

Signature of Co-Owner or Title of Authorized Signer

Telephone Number (Will only be used if there is a problem with your application)
( )

F SEAL AND SIGNATURE OF PURCHASER

SUBSCRIBED AND SWORN TO BEFORE ME: MONTH DAY YEAR

SIGNATURE OF PERSON ADMINISTERING OATH

STAMP

DO NOT NOTARIZE
UNLESS SIGNED BY PURCHASER
IN PRESENCE OF NOTARY

I/We state that I/we have read and signed this form after its completion, and I/we swear or affirm that the statements made herein are true and correct, and that any statement made on or pursuant to this form is subject to the penalties of 18 Pa.C.S. Section 4903(a)(2) (relating to false swearing), which shall include punishment of a fine not exceeding $5,000, or to a term or imprisonment of not more than two years, or both.

Signature of Purchaser

Signature of Co-Purchaser

Telephone Number
( )

PennDOT Registration Forms

- Not Acceptable for Proof of Purchase Price
- Required only by Vehicle Code

MVUV program: How cases are resolved

- Verification of Purchase Price or Fair Market Value is accepted
- Payment of Tax
- Appeal

Verification of Purchase Price:

- **Bill of sale**
  - Sellers name, address and phone number
  - Purchasers name, address and phone number
  - Purchase price
  - Date of sale
  - Make, model and Vehicle Identification Number verification of sales tax paid if applicable
- **Statement from seller**
  - Name, address and phone number
  - Date of sale
  - Seller’s explanation of purchase price
  - Make, model, vehicle identification number
  - Seller’s signature
- **Financial agreement**

Verification of Fair Market Value:

- **Copies of bills showing major repair work**
- **Written appraisal from a certified dealer**
  - Stating vehicle's value
  - Detailed description of condition

FAQ’s for Sales Tax on Vehicles

Scenario	Taxability
Husband and wife have out of state title, move into PA, husband to be removed from the title. Does wife owe sales tax?	No. The wife would not owe tax in this case. Any encumbrance in this case would also not be a factor because he/she would have been on the original loan/title and we view married persons as one.
Two unrelated individuals, one is being removed from the title when moving into PA and registering the vehicle. Does the one remaining owe PA tax?	No, unless there is any encumbrance. If there is an outstanding loan amount, the person remaining on the title would owe on that amount.
If a parent/child are removing one from the title of a car is the other responsible for sales tax?	No. However it's opposite if they wanted to **ADD** the other. If the party that will be added to the title was not jointly liable for the original loan, then the remaining party owes sales tax on the remaining amount of the loan.

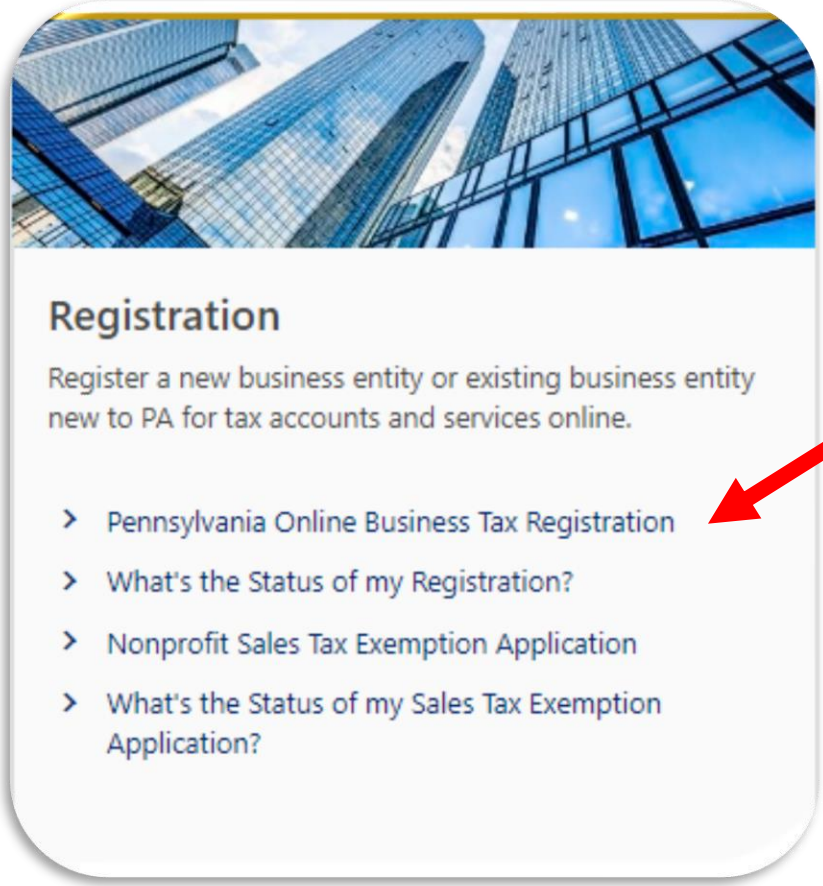
Scenario	Taxability
Vehicle is owned less than 6 months and was purchased from a nonreciprocal state. How is tax calculated?	Tax is due on the purchase price.
Two people coming into PA from state where 4% tax was paid in reciprocal state, both are remaining on title. The purchase occurred less than 6 months ago. How is the remaining 2% tax determined?	The 2% tax due is based on the purchase price.
Are vehicles registered as gifts subject to sales tax?	Not if it is a true gift. The MV 13 should be used and attached proof of tax paid to a reciprocal state provided.

pennsylvania
DEPARTMENT OF REVENUE

General Sales Tax Information for Notaries

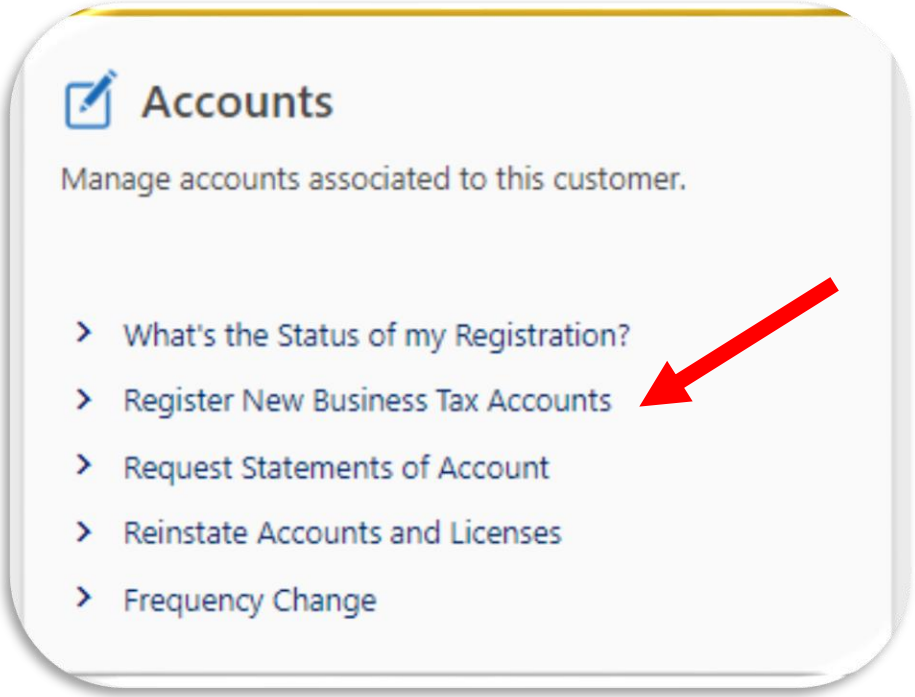
Register Tax Accounts for a NEW Business:

- If not already registered in PA, use the Pennsylvania Online Business Tax Registration hyperlink on the myPATH homepage.
- Confirmation email will be sent with specific details and account number(s) via email.
  - This information will also be sent in the mail within 7 to 10 business days.
- Use the information in confirmation email to sign up for myPATH where you can file and pay.



Add Tax Accounts to an EXISTING Business:

- If already registered in Pennsylvania, you must log in to myPATH to add new taxes.
- Select the More… tab at the top and find the Accounts panel. Use the Register New Business Tax Accounts hyperlink.
- Confirmation email will be sent with specific details and account number(s) via email.
  - This information will also be sent in the mail within 7 to 10 business days.



What Items for Notary Work are Taxable?

Is faxing documents taxable?

- No. Faxing documents for customers is not taxable.

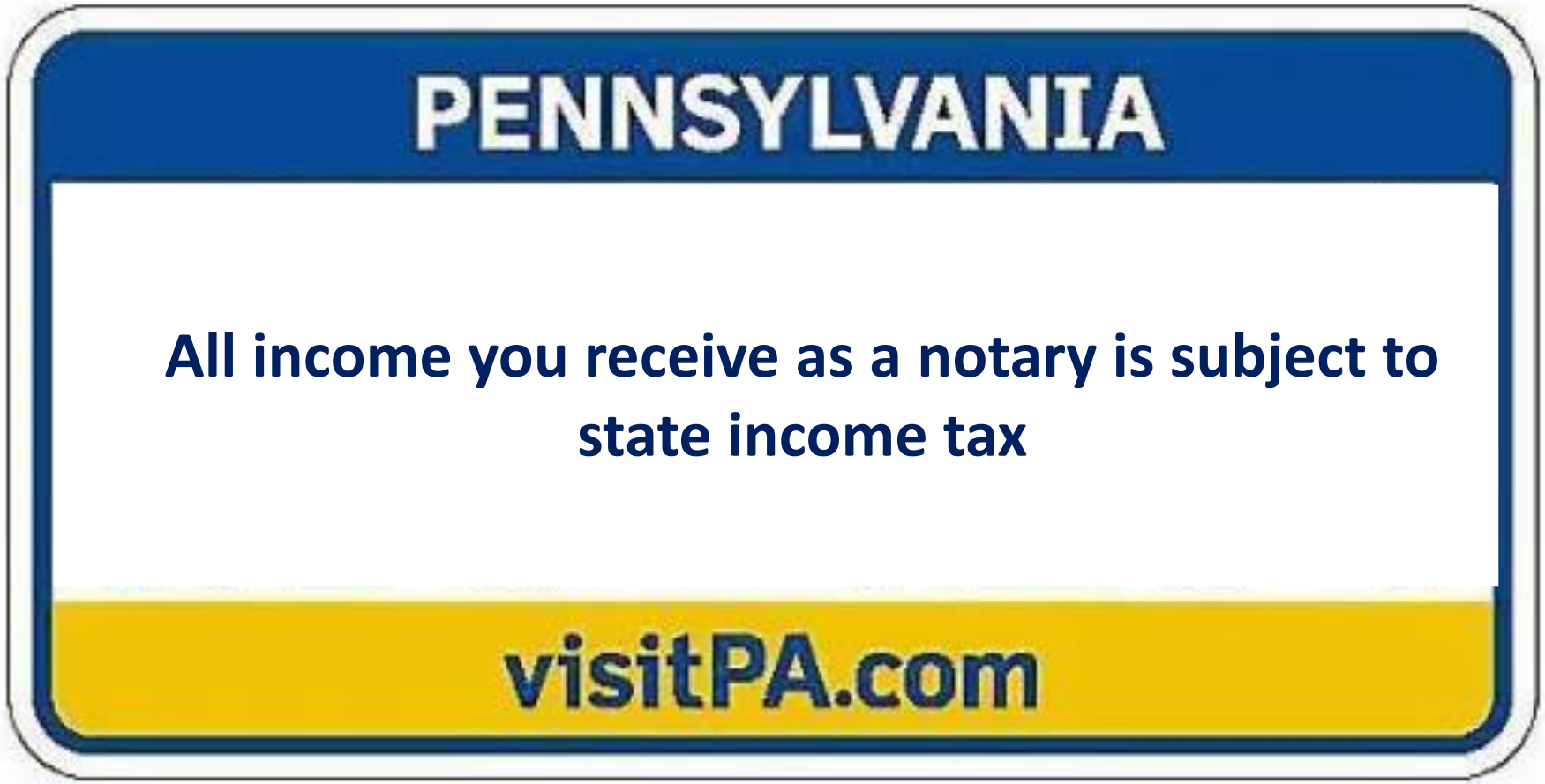
Is making copies taxable?

- If photocopies are part of the notary services (meaning there is no separate charge), then sales tax is not due. However, if there is a separate charge for a photocopy, then tax should be collected

Is the notary work and services taxable?

- The completion of auto forms by a notary is not considered secretarial and editing services, therefore not subject to tax.

Income Tax Obligations



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