

Vehicle Licensing Guide

Sales and Use Tax on Low Sale Price Vehicles (Casual Sale) VLIC-4.625

Original Date: 03/10/1986

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POLICY	
Title: Sales and Use Tax on Low Sale Price Vehicles (Casual Sale)	
Effective Date: March 10, 1986	Revision Date: October 25, 2018
Authority: Code of Virginia: §§ 58.1-2404 , 58.1-2405	
Policy: <<<<<REVISION Vehicles purchased through a casual sale between private individuals are subject to sales and use tax (SUT) at the time of titling. The SUT is based on the stated vehicle sale price compared to the National Automobile Dealers Association (NADA) Official Used Car Guide trade-in value. If DMV's system determines the stated vehicle sale price is: END REVISION>>>>> <ul style="list-style-type: none">• No more than \$1,500 below the NADA trade-in value, SUT is assessed on the stated sale price.• More than \$1,500 below the NADA trade-in value, SUT is assessed on the NADA trade-in value. For classic or other vehicles for which no NADA trade-in value is returned by the system or found online, determine and use the NADA average retail value following guidelines in this procedure. END REVISION>>>>><ul style="list-style-type: none">○ If the purchaser submits acceptable proof that a lower sale price was paid, SUT may be assessed on the lower sale price rather than the NADA trade-in value. <p>This policy DOES NOT apply to vehicles purchased from motor vehicle dealers.</p>	
Exception: <ul style="list-style-type: none">• No SUT is levied or collected on vehicles purchased through a casual sale when:<ul style="list-style-type: none">○ The vehicle is not required to be titled in Virginia.○ The vehicle qualifies for an SUT exemption.○ Proof is submitted that SUT was paid to another jurisdiction within the year.	

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DEFINITIONS

Casual Sale - A casual sale is when an individual seller sells a vehicle to another individual (not a motor vehicle dealer). Vehicles purchased through a casual sale between private individuals require a source of ownership document be provided.

NADA Trade-in Value - Trend values representing the typical price for a vehicle at trade-in. Use the trade-in value provided by the NADA Valuation Guide when possible. Otherwise, use the online NADA website to determine the average trade-in value for most vehicles. Use the average retail value when no NADA trade-in value is found for classic or other vehicles using the online NADA website.

NADA Valuation Guide - Software used by DMV's system to compare the stated sale price for vehicles purchased in a casual sale, to the average pre-owned vehicle trade-in value. The system valuation guide includes passenger vehicles, pickups and panel trucks, which are 21 model years old or newer. Also included are 9 model years of commercial trucks and motorcycles. Trailers and manufactured homes are not included as part of the NADA system valuation guide. The system guide does not include pricing for current model year vehicles until November of the current year.

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CUSTOMER REQUIREMENTS

1. Submit a completed Application for Certificate of Title and Registration ([VSA-17A](#)), assigned certificate of title, or other source of ownership documents.
2. Submit appropriate certification of sale price paid when the declared sale price for the vehicle is more than \$1,500 below the NADA trade-in value or:
 - For vehicles 5 YEARS OLD OR LESS - a completed, notarized Affidavit of Vehicle Purchase Price ([SUT-1A](#))
 - For vehicles MORE THAN 5 YEARS OLD - a completed Vehicle Price Certification-([SUT 1](#)) or other preformatted or handwritten proof of sale containing the information required on a [Bill of Sale](#).

<<<<<REVISION
NOTE: The proof of sale price does not need to be original. A photocopy is acceptable. **END REVISION>>>>>**
3. Submit other required documents/forms for titling a motor vehicle (refer to [VLIC-3.000](#)).

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FRONT COUNTER CSR

1. Review and verify completion of the [VSA-17A](#), assigned certificate of title, or other source of ownership documents required for titling a motor vehicle (refer to [VLIC-3.000](#)),
2. Process the transaction in the system.
 - a. If the system stops the title from processing because the vehicle sale price is more than \$1,500 below the NADA Valuation Guide's trade-in value, follow the steps below:

Certification of Vehicle Value Requirements		
If Vehicle is 5 Years Old or Less	If Vehicle is More Than 5 Years Old	
i. Request a notarized SUT-1A to certify the low sale price ii. Review the SUT-1A to ensure it is notarized and the certified sale price matches the price entered on the title or other ownership document iii. Key the system override to allow SUT to be assessed on the stated sale price iv. Collect SUT	ii. If seller wrote the sale price on the title ¹ , key the system override to allow SUT to be assessed on seller stated sale price iii. Collect SUT	OR ii. If someone other than the seller wrote the sale price on the title, request applicant to obtain a SUT-1 or bill of sale to certify sale price. iii. Review SUT-1 or bill of sale to ensure certified sale price matches the price entered on the title or other ownership document iv. Key the system override to allow SUT to be assessed on seller stated sale price v. Collect SUT
For any of the situations above, if the applicant does not have the required proof of sale price, or is unable to obtain it, he may choose to pay the SUT calculated by the system on the NADA Valuation Guide's trade-in value and be issued a title (refer to step b., below).		
¹ Verify that the written sale price appears to be consistent with seller printed name, signature, and other seller information fields on the title (i.e., same ink, same handwriting, etc.) indicating it was written by the seller.		

- b. If the applicant chooses to pay SUT on the full NADA Valuation Guide's trade-in value, follow the steps below regardless of the age of the vehicle:
 - i. Mark one line through the declared sale price on the VSA-17A, Virginia or out-of-state title, or other submitted ownership document that displays the declared sale price,
 - ii. Write the NADA Valuation Guide's trade-in value above the stated sale price for the vehicle. See below:

EXAMPLE:

\$4,500 (NADA Valuation Guide's trade-in value)
~~\$2,000~~ (Original declared sale price)

- iii. KEY THE NADA VALUATION GUIDE'S TRADE-IN SALE PRICE OVER THE ORIGINAL ENTRY IN THE SYSTEM to match the NADA Valuation Guide's trade-in value written on the application and ownership documents,
 - o Advise the customer he may qualify for a refund of the difference between SUT paid on NADA Valuation Guide's trade-in value and the lower sale price. Customer must submit to DMV a completed Application for Refund of Sales and Use Tax" ([SUT-2](#)) along with acceptable proof documents to support the lower sales price within 3 years of the date of payment.
- c. For vehicles which the system's NADA Valuation Guide is unable to determine a trade-in value, follow appropriate steps below:

No Trade-In Value Returned by DMV System's NADA Valuation Guide	
These guidelines DO NOT Apply to Vehicles Purchased from Motor Vehicle Dealers	
For the Following:	Process as indicated below:
<p style="text-align: center;">Older Vehicle 22 Model Years or Older</p> <ul style="list-style-type: none"> • Sales price written by seller on title 	<ol style="list-style-type: none"> 1. Accept sales price and process transaction using sales price written on the title by seller¹, provided there is no suspicion of questionable or fraudulent activity. 2. Complete the titling transaction in accordance with VLIC-3.000.
<p style="text-align: center;">Newer Vehicle</p> <ul style="list-style-type: none"> • Regardless if sales price is written on title or not. 	<ol style="list-style-type: none"> 1. Look up the NADA trade-in (or average retail²) value using the online NADA website following Internet NADA Guide, 2. If sales price stated by the customer is more than \$1,500 below the NADA trade-in value (or average retail value²) for a vehicle of the same make, model, and year, applicant must: <ul style="list-style-type: none"> ▪ Certify the low sale price following guidelines in the Certification of Vehicle Value Requirements table in this procedure to allow the transaction to process, OR ▪ Choose to pay SUT based on the determined NADA trade in value (or average retail value²) following step 2.b. under Front Counter CSR in this procedure to allow the transaction to process. 3. Complete titling transaction in accordance with VLIC-3.000.
<p style="text-align: center;">Older Vehicle 22 Model Years or Older</p> <ul style="list-style-type: none"> • No sales price on title, or • Sales price written by other than seller¹ 	<ol style="list-style-type: none"> 3. Complete titling transaction in accordance with VLIC-3.000.
<p>¹ Older vehicles with no sales price written on the title, or with sales price written on title by someone other than the seller, CSR must determine NADA trade-in value (or NADA average retail value when NADA trade-in not available) to check for low sales price.</p> <p>² Use the NADA average retail in place of the NADA trade-in value ONLY when no NADA trade-in value can be found for classic or other vehicles using the online NADA website.</p>	

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CONTACT

For additional information contact:

- Your CSC Manager/Assistant Manager
- DMV Customer Contact Center Help Desk at (804) 367-6646
- VSA/[Titling Work Center](#)