

# Vehicle Licensing Guide

Original Date: 07/01/1995  
Revision Date: 10/01/2018

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POLICY	
<b>Title:</b> Charitable Donation of a Vehicle	
<b>Effective Date:</b> July 1, 1995	<b>Revision Date:</b> October 1, 2018
<b>Authority:</b> Code of Virginia § <a href="#">46.2-1508.1</a> , <a href="#">58.1-2403(21)</a> , <a href="#">58.1-2403(22)</a> , <<<<<REVISION <a href="#">58.1-2403(28)</a> END REVISION>>>>>	
<b>Policy:</b> No sales and use tax (SUT) is collected if the vehicle is: <ul style="list-style-type: none"><li>• Transferred as a gift or through a sale to an organization exempt from taxation under § 501(c)(3) of the Internal Revenue Code (IRC), provided the motor vehicle is not titled and tagged for use by such organization.</li><li>• Sold to an organization which is exempt from taxation under § 501(c)(3) of the IRC and which is organized for the primary purpose of distributing food, clothing, medicines and other necessities of life to, and providing shelter for, needy persons in the United States and throughout the world; vehicle may be titled and tagged for use by organization.</li><li>• Sold to an organization that is exempt from taxation under § 501 (c)(3) of the IRC, and that is primarily used by the organization to transport to markets for sale produce that is produced by local farmers and sold to the organization; vehicle may be titled and tagged for use by the organization.</li></ul>	
<b>Exception:</b> Vehicles donated to an organization that is NOT organized primarily for distributing food, clothing, medicines and other necessities of life, and providing shelter to the needy in the U.S. and throughout the world or that do not qualify for the "Farmer Non-Profit" tax exemption which choose to register a vehicle in the name of the organization are NOT tax exempt and must pay the greater of SUT on the reported sale price (or on the NADA trade-in value if donated), or minimum SUT (refer to <a href="#">VLIC-4.620</a> ). <<<<<REVISION <ul style="list-style-type: none"><li>○ For donated mopeds, ATVs, and off-road motorcycles, base SUT on the NADA average retail value. No NADA trade-in value is available for these vehicles and minimum SUT requirements do not apply (refer to <a href="#">VLIC-4.620</a>). END REVISION&gt;&gt;&gt;&gt;&gt;</li></ul>	

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## OVERVIEW

Charitable organizations that are registered with the Internal Revenue Service (IRS) as a non-profit organization under § 501 (c)(3) of the Internal Revenue Code are exempt from paying motor vehicle sales and use tax (SUT). If the organization transacts more than 5 vehicle donations or sales to individuals annually, the organization must register with the Motor Vehicle Dealer Board (MVDB).

Charitable organizations may choose, but are not required, to title a vehicle acquired through sale or donation in the name of the organization before donating it to a person in need.

Title applications for vehicles sold to an organization primarily for use in transporting to markets for sale produce that is produced by local farmers and sold to the organization must be processed by the Titling Work Center at Headquarters (HQ).

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## CUSTOMER REQUIREMENTS

### Donor or Seller of Vehicle:

1. Sign the vehicle over to the charitable organization on the Certificate of Title.
  - If the vehicle is sold to the organization, record the vehicle's sale price in the Sales Price field on the Certificate of Title,OR

- If the vehicle is donated to the organization, write “Charitable Gift” in the Sales Price field on the Certificate of Title.
2. Submit a bill of sale to be given to the charitable organization, including the following information:
    - Vehicle identification number (VIN),
    - Vehicle make and year,
    - Sale price of the vehicle, or statement that it was a charitable gift,
    - Date of the sale or donation,
    - Printed name of buyer and seller, and signature of seller.

**Charitable Organization or Donee Applying for Title:**

**NOTE:** Charitable organizations may, but are not required to, title a vehicle acquired through sale or donation prior to giving it to a person in need. The person receiving a donated vehicle (donee) from a charity that has not first been titled in the charitable organization’s name must submit the same documentation that would be required from the charitable organization when applying for title.

1. Submit the completed Certificate of Title.
2. Submit a statement on the official letterhead stationery of the charitable organization, certifying that the charity is registered under § 501 (c)(3) of the IRC as a non-profit organization, and that the charitable organization will not drive nor permit the vehicle to be driven.

**EXCEPTION:** Charitable organizations that qualify as “World Charities”, or qualify for the “Farmer Non-Profit” tax exemption are not required to make the statement that the organization will not drive or permit the vehicle to be driven.

3. Submit the bill of sale given to the charitable organization by the donor or seller evidencing the donation or sale of the vehicle to the charitable organization, which includes:
  - VIN,
  - Vehicle make and year,
  - Sale price of the vehicle, or statement that it was a charitable gift,
  - Date of the sale or donation,
  - Printed name of buyer and seller, and signature of the seller.
4. Submit a Purchaser’s Statement of Tax Exemption ([SUT 3](#)) (refer to [VLIC-4.620](#))
5. Pay required fees in accordance with [VLIC-3.000](#).
  - Charitable organizations applying for title are exempt from SUT under § 501(c) (3) of the IRC provided they do not also register the vehicle for use by the organization (refer to [VLIC-4.620](#)).
  - Charitable organizations applying for title that purchase a vehicle primarily for use in transporting to market produce that was grown by, and purchased from local farmers (**FN**) are exempt from SUT under § 501 (c)(3) of the IRC regardless if they title and tag the vehicle for use by the organization (refer to [VLIC-4.620](#)).
    - Vehicles sold to a tax exempt organization that qualifies for tax exempt code “**FN**” (Farmer Non-Profit) may not be processed in the CSC. The customer may mail the documents to the address below:
 

Virginia Department of Motor Vehicles  
 Titling Work Center  
 “Farmer Non-Profit” Exemption  
 P.O. Box 27412  
 Richmond, VA 23269
  - Charitable organizations applying for title that are organized primarily for distributing food, clothing, medicines and other necessities of life are exempt from SUT under § 501(c)(3) of the IRC regardless if they title and tag the vehicle for use by the organization (refer to [VLIC-4.620](#)).
  - Donees (person receiving a vehicle donated to them by a charity) applying to title the vehicle **MUST** pay the greater of either the SUT on the reported sale price (or on the NADA trade-in value if the vehicle was donated), or minimum SUT when titling a vehicle.

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**FRONT COUNTER CSR**

1. Review the Certificate of Title following the guidelines in [VLIC-3.000](#).
  - For donated vehicles, verify that “Charitable Gift” is written in the Sales Price field in Section A of the title.
2. Review the submitted statement of exemption to verify that:
  - The statement is on the official letterhead stationary for the organization,
  - The statement certifies that the charity is registered under § 501(c) (3) of the IRC,-
  - The statement includes wording that “**The organization will not drive nor permit the vehicle to be driven**”.

**EXCEPTION:** Charitable organizations that qualify as “World Charities”, or that qualify for the “Farmer Non-Profit” tax exemption are not required to make the statement that the organization will not drive or permit the vehicle to be driven.

3. For incomplete or incorrect tax exemption statements, advise the customer they will have to obtain a corrected letter from the parent organization.

**IMPORTANT: DO NOT ASSUME** that § 501 (c) (3) organizations submitting a **Retail Sales Tax Exemption Certificate** proving exemption from **Retail Sales and Use Tax** pursuant to Va. Code § 58.1-600 et. Seq. are also exempt from **Motor Vehicle SUT**. If in doubt, ask for a statement in writing that they are exempt from Motor Vehicle SUT from the parent organization (refer to [VLIC-4.620](#)).

4. Advise customers applying for the Farmer Non-Profit SUT exemption that:
  - a. The transaction must be verified and processed by the Titling Work Center at HQ, and
  - b. The customer must mail required titling documents and payment for title and registration to the Titling Work Center at the address below. CSC DO NOT forward Non-Profit tax exemption titling documents to HQ.

Virginia Department of Motor Vehicles  
Titling Work Center  
"Farmer Non-Profit" Exemption  
P.O. Box 27412  
Richmond, VA 23269

5. Collect required fees and continue processing the title in accordance with [VLIC-3.000](#).
  - Charitable organizations are exempt from SUT under § 501(c) (3) of the IRC provided they do not title and tag the vehicle for use by the organization (refer to [VLIC-4.620](#)).
  - Charitable organizations that are World Charities and that are organized primarily for distributing food, clothing, medicines and other necessities of life are exempt from SUT under § 501(c)(3) of the IRC regardless if they title and tag the vehicle for use by the organization (refer to [VLIC-4.620](#)).
  - Charitable organizations that qualify for the Farmer Non-Profit exemption are exempt from SUT under § 501(c)(3) of the IRC regardless if they title and tag the vehicle for use by the organization (refer to [VLIC-4.620](#)); tax exemption **must be** processed by Titling Work Center.
  - Donees (person receiving a vehicle donated to them by a charity) applying to title the vehicle **MUST** pay the greater of the SUT on the reported sale price (or on the NADA trade-in value if donated), or the minimum SUT.

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  - For mopeds, ATVs, and off-road motorcycles donated to a charitable organization, base SUT on the NADA average retail value. No NADA trade-in value is available for these vehicles and minimum SUT requirements do not apply (refer to [VLIC-4.620](#) and the [Internet NADA Guide](#)). **END REVISION>>>>>**

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## POINTS TO REMEMBER

- **DO NOT ASSUME** that § 501 (c) (3) organizations submitting a **Retail Sales Tax Exemption Certificate** proving exemption from **Retail SUT** pursuant to Va. Code § 58.1-600 et. Seq. are also exempt from **Motor Vehicle SUT**. If in doubt, ask for a statement in writing that they are exempt from Motor Vehicle SUT from the parent organization (refer to [VLIC-4.620](#)).
- World charities and charitable organizations that qualify for the Farmer Non-Profit exemption may title and tag the vehicle for use by the organization and still qualify for the tax exemption. **END REVISION>>>>>**
- Charitable organizations may, but are not required to, title a vehicle acquired through sale or donation in the name of the organization before donating it to a person in need.
- The person receiving the donated vehicle (donee) that has not been titled from the charity must submit the same documentation required from the charitable organization when applying for title.
- Donees (persons receiving a vehicle donated to them by a charity) **MUST** pay SUT on the greater of the reported sale price (or the NADA trade-in value if donated), or the minimum SUT when titling the vehicle in their name.

**<<<<<REVISION**

  - For mopeds, ATVs, and off-road motorcycles donated to a charitable organization, base SUT on the NADA average retail value. No NADA trade-in value is available for these vehicles and minimum SUT requirements do not apply (refer to [VLIC-4.620](#) and the [Internet NADA Guide](#)). **END REVISION>>>>>**

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## CONTACT

For additional information contact :

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

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