

Vehicle Licensing Guide

Lemon Law Vehicles
VLIC-3.340

Original Date: 05/10/2006

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POLICY	
Title: Lemon Law Vehicles	
Effective Date: May 10, 2006	Revision Date:
Authority: Code of Virginia §§ 59.1-207.9 et. seq.	
Policy: For vehicles purchased new from a manufacturer, its agents or authorized dealer that qualify for refund under Virginia's Motor Vehicle Warranty Enforcement Act (VMVWEA) (lemon law), DMV shall refund sales and use tax (SUT) paid for the purchase of the vehicle. Lemon law refunds are processed only by the Titling Work Center at DMV Headquarters (HQ). Applications and other documents are mailed to the Titling Work Center by the applicant or reviewed by customer service center (CSC) staff and forwarded to the work center.	
Exception: N/A	

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OVERVIEW

The Virginia Motor Vehicle Warranty Enforcement Act (VMVWEA), often called Virginia's lemon law, provides statutory guidance for consumers who purchased a new motor vehicle to receive from the manufacturer or their authorized representatives either a replacement motor vehicle or a full refund of purchase price when the manufacturer was not able to bring the vehicle into compliance with its warranty within eighteen months of the date of delivery to the customer.

A vehicle is eligible under the VMVWEA (lemon law) if any one of the following is true:

- The manufacturer has attempted to repair the vehicle to correct the same warranty issue three or more times and the same issue continues to exist, or
- The warranty issue is a serious safety defect and has been repaired one or more times and the same issue continues to exist, or
- The vehicle is out of service due to repair for a total of thirty calendar days (unless repairs could not be performed due to circumstances beyond the control of the manufacturer).

If the manufacturer agrees to replace the motor vehicle with a comparable motor vehicle that is acceptable to the customer, or accept return of the motor vehicle and refund the full contract price, DMV will refund any applicable SUT paid as follows:

- If the vehicle is replaced with another vehicle, SUT paid towards the purchase price of the original vehicle is credited towards the SUT due for the replacement vehicle. If any SUT remains, it is refunded.
- If the manufacturer refunds the full contract price to the purchaser, a full amount of SUT paid is refunded.

<<<<<REVISION

Vehicles purchased used are **not** eligible under the VMVWEA. Purchasers of used vehicles that are returned to the seller due to a mechanical defect or failure may be eligible to receive a refund of SUT pursuant to Va. Code § [58.1-2423](#), provided conditions are met, following guidelines in [VLIC-4.705](#). **END REVISION>>>>>**

CUSTOMER REQUIREMENTS

1. Submit the following:
 - A completed “Application for Refund of Sales and Use Tax ([SUT 2](#))”
 - Dealers must check the appropriate box on the application to indicate franchised or non-franchised dealership.
 - A written statement on company letterhead from the manufacturer or franchised dealer specifically stating that the vehicle was returned under the VMVWEA.
 - Dealer applicants must also submit a statement or receipt signed by the customer that the dealer has refunded the SUT to the customer.

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FRONT COUNTER CSR

1. Verify completion of the [SUT 2](#).
 - It must specifically state “**returned under the VMVWEA**” in the “Refund Request Information” section of the application (it cannot say “**or other exchange form**”).
 - Photocopies are **not** accepted.
2. Advise the customer that:
 - Approved SUT refunds will be mailed within 6-8 weeks.
 - Denied SUT refunds will be mailed the following within 15 days of the receipt of the request in the Titling Work Center:
 - A notice of denial,
 - All originally submitted documentation, and
 - Explanation why denied.
3. Mail the [SUT 2](#) and all supporting documentation to Titling Work Center.

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DMV CONTACT CENTER ACTIONS

- Advise customers requesting the status of their refund that it takes 30 days from the date the check is released for it to arrive.
- If more than 30 days have passed:
 - a. Log into Oracle Financials to check the status of the refund
 - b. Inquire using customer name, social security number, or Tax ID
 - c. Provide the following information to the customer:
 - Date the check was issued,
 - Address the check was mailed to,
 - Or information about any debt offset, if applicable.
 - d. For additional research, or if the refund check is to be reissued, send a DL9 to the Refund Processing Work Center, location code 181. Include:
 - Customer name
 - OR
 - Social Security Number/Tax ID
 - Phone number
 - Refund check number (if known)

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POINTS TO REMEMBER

- If the customer receives a full refund of the purchase price of the vehicle under the Lemon Law, DMV must refund the SUT paid at the time the vehicle was titled.
- Either the customer or the dealer may apply for a refund of the SUT.
- If the customer receives a replacement vehicle and it is:
 - A LOWER VALUE than the lemon, DMV refunds the difference between the SUT paid on the lemon and the SUT owed on the replacement vehicle.

- The SAME VALUE as the lemon, the SUT paid on the lemon is applied to the SUT owed on the replacement vehicle.
- A HIGHER VALUE than the lemon, the customer pays the difference between the SUT paid on the lemon and the SUT owed on the replacement vehicle.
- The SUT 2 must state that the vehicle was "returned under the VMVWEA (it cannot say, "or other exchange form".
- Photocopies of documents are NOT acceptable.
- A refund can be applied for up to three years from the date of titling the vehicle.
- DMV only issues a refund if the SUT is \$5 or more.

<<<<REVISION

- Only the [Titling Work Center](#) processes SUT refunds. DO NOT advise customers to drive to Headquarters to submit paperwork. These transactions are not processed same day. **END REVISION>>>>**
- For information on the Lemon Law, customers should contact:

**Office of Consumer Affairs
Virginia Department of Agriculture and Consumer Services
102 Governor Street
Richmond, VA 23219
(804) 786-2373
1-800-552-9963**

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RELATED LINKS

[Lemon Law \(DMVnow\)](#)
[Office of Consumer Affairs](#)

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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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