

# Vehicle Licensing Guide

## Sales and Use Tax-Motor Vehicle Sales VLIC 4.620

**Original Date:** 08/01/1977  
**Revision Date:** 06/10/2024

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POLICY	
<b>Title:</b> Sales and Use Tax-Motor Vehicle Sales	
<b>Effective Date:</b> August 1, 1977	<b>Revision Date:</b> January 1, 2021
<b>Authority:</b> Code of Virginia §§ <a href="#">46.2-1508.1</a> , <a href="#">58.1-603.2</a> , <a href="#">58.1-605</a> , <a href="#">58.1-606</a> , <a href="#">58.1-609.2</a> , <a href="#">58.1-2400</a> thru <a href="#">58.1-2405</a> , <<<<<REVISION Va. Const. art. X, § <a href="#">6</a> END REVISION>>>>>	
<b>Policy:</b> Unless exempted by Code of Virginia, DMV will collect motor vehicle sales and use tax (SUT) at time of titling based on a vehicle's sale price (or NADA trade-in value if there is no sale price), or a minimum SUT of \$75, whichever is greater. Unless otherwise indicated, are calculated at the following rates: <ul style="list-style-type: none"><li>• 4.15% tax or the minimum tax, whichever is greater, on the sale and use of motor vehicles if the motor vehicle is required to be registered (whether it is actually registered or not).</li><li>• 3% tax or the minimum tax, whichever is greater on gross sale price for manufactured homes/mobile homes.</li><li>• 2% tax or the minimum tax, whichever is greater, on the sale price for mobile offices.</li></ul> Pursuant to Va. Code § <a href="#">58.1-2402</a> , for mopeds, all-terrain vehicles (ATVs), and off-road motorcycles DMV will collect SUT at time of titling at the following rates: <ul style="list-style-type: none"><li>• 6% tax on the sale and use of a moped, ATV or off-road motorcycle when:<ul style="list-style-type: none"><li>◦ &lt;&lt;&lt;&lt;&lt;REVISION</li><li>◦ Sold in Northern Virginia (NOVA)/Hampton Roads/Central Virginia by a Virginia licensed motor vehicle dealer, or</li><li>◦ Sold by an out-of-state dealer or as a casual sale and garaged in Northern Virginia/Central Virginia. <b>END REVISION&gt;&gt;&gt;&gt;&gt;</b></li></ul></li><li>• 1% tax, in addition to the tax above, on the sales and use of a moped, ATV, or off-road motorcycle when<ul style="list-style-type: none"><li>◦ Sold in the Historic Triangle (City of Williamsburg, James City County, and York County) by a Virginia licensed motor vehicle dealer, or</li><li>◦ Sold by an out-of-state dealer or as a casual sale and garaged in the Historic Triangle.</li></ul></li><li>• 5.3% tax on the sale and use of a moped, ATV or off-road motorcycle when:<ul style="list-style-type: none"><li>◦ &lt;&lt;&lt;&lt;&lt;REVISION</li><li>◦ Sold by Virginia licensed motor vehicle dealer in VA, but not in Northern Virginia/Hampton Roads/Central Virginia, or</li><li>◦ Sold by an out-of-state dealer or by casual sale and garaged in VA, but not in NOVA/Hampton Roads/Central Virginia. <b>END REVISION&gt;&gt;&gt;&gt;&gt;</b></li></ul></li></ul> <<<<<REVISION See <a href="#">Moped/ATV/Off-Road Motorcycle SUT Rates</a> table in this procedure for a complete list of Northern Virginia, Central Virginia, Hampton Roads, and Historic Triangle cities and counties. <b>END REVISION&gt;&gt;&gt;&gt;&gt;</b> <b>IMPORTANT:</b> Minimum SUT requirements do NOT apply to mopeds, ATVs or off-road motorcycles. SUT for these vehicles is calculated based on the actual sales price. Additionally, because no NADA trade-in value is available for these vehicles, SUT is based on the NADA average retail value when there is no sales price available (refer to the <a href="#">Internet NADA Guide</a> ).	

## POLICY

### Exceptions:

Motor Vehicle Sales and Use Tax is not collected on:

- Vehicles that are not required by Code of Virginia to be registered or that are to be used as rental motor vehicles.
- Manufactured/mobile homes permanently attached to real estate and included in the sale of the real estate.
- Repossessed vehicles reacquired by the owner under the same terms and conditions of the original contract.
- Mopeds, ATV's, or off-road motorcycles that are eligible for an agricultural exemption, as provided in Va. Code § [58.1-609.2](#).
- Mopeds, ATVs, or off-road motorcycles purchased in a casual sale and titled in Virginia **but garaged out-of-state**.
- A transfer of title with lien when approved by the lienholder to add or remove owner name(s) with no change to the original loan contract, and provided at least one of the original owners remains on the title (refer to [VLIC-3.625](#)).
- A transfer of title with lien when approved by the lienholder to re-title the vehicle in the current owner's name for the purpose of recording a new lien for reasons other than for the purchase of the vehicle (refer to [VLIC-3.625](#)).
- Vehicles issued nonnegotiable titles to record liens for vehicles purchased in VA by nonresidents for titling out-of-state cannot be registered, and are therefore exempt from SUT (refer to [VLIC-3.347](#)).

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## DEFINITIONS

**Discounts** - Incentives that are not subject to sales tax offered by dealers or manufacturers to reduce the sales price of a vehicle at time of sale.

**Extended Warranty** – Also referred to as a **service agreement**, a **service contract**, or a **maintenance agreement**; is a prolonged warranty offered to customers in addition to the standard warranty on the purchase of a motor vehicle. Extended warranties cost extra.

**Manufacturer's rebate/Discount/Incentive payment** - Incentives given by the manufacturer to the purchaser at time of sale. The customer may choose to apply the rebate or incentive payment to the price of the vehicle or keep it for personal use. If the customer chooses to apply the rebate or incentive to the purchase price of the vehicle to reduce the final sales price, the SUT is calculated on the reduced amount.

**Sale Price**- The total price paid for a motor vehicle and all attachments and accessories, excluding any federal manufacturers' excise tax, with no allowance or deduction for trade-ins, unpaid liens or encumbrances.

Sale price shall not include

- Manufacturer rebate,
- Manufacturer incentive payment applied to the transaction by the customer or dealer as a reduction in the sales price or as payment for the vehicle
- Cost of controls, lifts, automatic transmission, power steering, power brakes or any other equipment installed in or added to a motor vehicle which is required by law or regulation as a condition for operation of a motor vehicle by a handicapped person.

Mopeds, ATVs, and off-road motorcycles titled in Virginia are charged SUT at different tax rates than other vehicles, based on either the location of the sale or where the vehicle is garaged (see Moped/ATV/Off-Road Motorcycle Tax Rates table below).

- If purchased from a Virginia dealer/retailer, tax is based on the jurisdiction where the sale took place.
- If purchased from an individual or an out-of-state dealer/retailer, tax is based on the jurisdiction where the customer garages the vehicle.
- If purchased out-of-state and titled in Virginia but garaged out-of-state, the transaction is NOT TAXED.

**IMPORTANT:** It is the CSR's responsibility to enter the "MB" tax exempt code for vehicles purchased out-of-state that are being titled in Virginia, but garaged out-of-state. These vehicles are tax exempt. The system will not make this determination.

See table below:

Moped/ATV/Off-Road Motorcycle SUT Rates			
Purchased From:	Jurisdiction Where Vehicle Was Sold		
Virginia Dealer or Retailer	Northern Virginia (NOVA)/ Hampton Roads/ Central Virginia <sup>1,2</sup> HRTAC/NVTC/PRTC/CVTA	Historic Triangle <sup>3</sup> (City of Williamsburg, James City County, York County)	Other Virginia Jurisdiction
	Tax Rate 6%	Tax Rate 7.0%	Tax Rate 5.3%

OR			
Purchased From:	Jurisdiction Where Vehicle Will Be Garaged		
Individual or an Out-of-State Dealer/Retailer	Northern Virginia (NOVA)/ Hampton Roads/ Central Virginia <sup>1,2</sup> HRTAC/NVTC/PRTC/CVTA	Historic Triangle <sup>3</sup> (City of Williamsburg, James City County, York County)	Other Virginia Jurisdiction
	Tax Rate 6%	Tax Rate 7.0%	Tax Rate 5.3%
<p>1. These areas are called Hampton Roads Transportation Accountability Commission (HRTAC) - Northern Virginia Technology Council (NVTC) - Potomac and Rappahannock Transportation Commission (PRTC) - Central Virginia Transportation Authority.</p> <p>2. These areas include: The Counties of Arlington, Charles City, Chesterfield, Fairfax, Goochland, Hanover, Henrico, Isle of Wight, James City, Loudoun, New Kent, Powhatan, Prince William, Southampton, and York the Cities of Alexandria, Chesapeake, Fairfax, Falls Church, Franklin, Hampton, Manassas, Manassas Park, Newport News, Norfolk, Poquoson, Portsmouth, Richmond, Suffolk, Virginia Beach, and Williamsburg. The town of Ashland.</p> <p>3. As listed in Va. Code § <a href="#">58.1-603.2</a> this area includes the City of Williamsburg, James City County, and York County.</p>			

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## OVERVIEW

Motor Vehicle SUT is calculated based on the sale price reported on the title, Manufacturer's Certificate of Origin (MCO), bill of sale, or on the application for title. For casual vehicle sales between individuals, the sale price recorded on a title certificate by the seller is the equivalent of a bill of sale.

Items listed as part of a vehicle's sales price on which SUT is calculated are:

- Processing fees for the sale of a vehicle charged by Virginia, and out of state licensed motor vehicle dealers, unless the transaction is SUT exempt under Va. Code [58.1-2400](#) thru [58.1-2405](#),
- Dealer reductions for trade-in,
- Other encumbrances against the vehicle.

Items listed as part of a vehicle's sales price on which SUT is NOT calculated:

- Dealer's price discount
- Cost of extended warranties purchased at the time of sale,
- Manufacturer's discount
- Manufacturer's rebate
- Manufacturer's incentive payment
- Cost of controls, lifts, automatic transmission, power steering, power brakes or any other equipment installed in or added to a motor vehicle which is required by law or regulation as a condition for the operation of a motor vehicle by a handicapped person (refer to Va. Code § [58.1-609.10](#))

### Low Sales Price

If the system determines the reported sales price is too low based on the trade-in value given in the *NADA Official Used Car Guide*, customers must verify sale price in accordance with [VLIC-4.625](#).

If a customer is unable to provide proof of sales price as required in [VLIC-4.625](#), the SUT is assessed based on the NADA trade-in value returned by the system.

### SUT Exemptions

Certain titling transactions are exempt from paying SUT pursuant to Code of Virginia (refer to [SUT Exempt Transaction Guidelines](#) table.)

Title transactions qualify for an exemption from paying SUT only when the transaction corresponds to one of the SUT exemptions listed in Va. Code §§ [58.1-2400](#) thru [58.1-2405](#), or Va. Const. article X, § [6](#). If the transaction does not conform to one of the exemption descriptions in Va. Code, the customer must pay the greater of either the SUT based on the sales price (or NADA trade-in value when no sales price is reported), or minimum SUT to allow the transaction to process.

- Use NADA average retail value in place of trade-in value for mopeds, ATVs, and off-road motorcycles. No NADA trade-in value is provided for these vehicles and minimum SUT requirements do not apply (refer to the [Internet NADA Guide](#)).
- If the transaction does not conform to any of the exemption scenarios listed, but the customer feels it should qualify, he may choose to pay the required SUT at time of transaction, then submit supporting documentation and apply for a refund at a later date (refer to Refunds-Vehicle Products [VLIC-4.705](#)).

**IMPORTANT CHANGES TO SUT REQUIREMENTS FOR MINIMUM SUT**

Title transactions not specifically exempted from paying SUT in Va. Code § [58.1-2400](#) thru [58.1-2405](#) are required to pay the greater of either the SUT on the sales price of the vehicle (or NADA trade-in value if no sales price exists), or minimum SUT.

**EXCEPTION:** Use NADA average retail value in place of trade-in value for mopeds, ATVs, and off-road motorcycles. No NADA trade-in value is available for these vehicles and minimum SUT requirements do not apply (refer to [VLIC-4.620](#) and [Internet NADA Guide](#)).

Below is a list of transactions that in the past were charged only minimum SUT that are **REQUIRED TO PAY SUT** following standard SUT guidelines:

- Abandoned vehicle being titled by the AVP applicant (refer to [VLIC-3.305](#)),
- Beneficiary designated by vehicle owner-transfer after death (refer to [VLIC-3.506](#)),
- Business owner who does not have majority ownership who is titling business vehicle in his name,
- Business takeover and business is titling vehicles in name of new business,
- Charitable donation of vehicle to an organization that qualifies under § 501 (c)(3) of Internal Revenue Code (refer to [VLIC-3.310](#)), when the organization chooses to title and register the vehicle in the name of the organization, but **IS NOT** primarily organized as a World Charity, or qualified for the [Farmer Non-Profit tax](#) exemption to distribute clothing, medicines, food, shelter, and other necessities to needy persons both in the US and the world.
  - Organizations that **ARE** primarily organized as a [WORLD CHARITY](#), or that qualifies for the Farmer Non-Profit exemption, are SUT exempt when choosing to title and register a vehicle in the organization's name.
- Gifting vehicle to anyone other than spouse, adopted or biological son or daughter, or parent
  - **Tax code "X"** must be entered in the system for this transaction when processing vehicles gifted by the owner to non-qualifying persons even though no longer paying only the minimum SUT.
- MSL applicants for a mechanic's or storage lien on a vehicle who are not licensed motor vehicle dealers pay SUT when titling an MSL vehicle in their name.

**EXCEPTION:** MSL applicants titling a vehicle in their name are exempt from SUT under the [TRANSFER \(T\)](#) code when ALL of the following is true:

- Vehicle value is determined to be \$3,000 or less,
- Vehicle is 6 years old or older, and
- No vehicle record is found.

**NOTE:** Licensed motor vehicle dealers holding an MSL lien who title a MSL vehicle for resale are SUT exempt under the [DEALER EXEMPT \(D\)](#) code, regardless of the vehicle year, value, or whether a record is found.

- Prize winnings,
  - **Tax code "G"** must be entered in the system for this transaction when processing vehicles won through raffles, lotteries, etc., even though no longer paying only the minimum SUT.
- Repossessed vehicle titled AND registered to lienholder (refer to [VLIC-3.125](#)),
- Repossessed vehicle titled back to owner under a new lien contract (new terms and conditions) (refer to [VLIC-3.625](#)),
- Vehicle donated to church and titled and registered in church's name,
  - UNLESS the vehicle is donated to a church and qualifies under the [CHURCH BUS](#) exemption.

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**CUSTOMER REQUIREMENTS**

1. Submit Certificate of Title, Application for Certificate of Title and Registration ([VSA-17A](#)) or Application for Certificate of Title-Manufactured Home ([VSA-17B](#)) and other documents as required for the vehicle being titled following guidelines in [VLIC-3.000](#).
2. Determine the customer's eligibility to receive credit for SUT paid to another state using the table below:

Guidelines for Crediting SUT Paid to Another State Va. Code § <a href="#">58.1-2403</a> refer to <a href="#">Out-of-State/ME Tax Credit (C)</a>			
<b>Applicant is transferring a vehicle to Virginia that has a title issued in the applicant's name by another state or Armed Forces</b>		<b>Applicant is titling a vehicle in Virginia that was purchased in another state and is not yet titled in the applicant's name</b>	
<b>If the vehicle is titled in the owner's name for less than 12 months</b>	<b>If the vehicle is titled in owner's name for 12 or more months<sup>1</sup></b>	<b>If SUT is paid in the state where purchased</b>	<b>If no SUT is paid in the state where purchased</b>
<b>CUSTOMER MUST:</b> 1. Submit ONE of the following to receive the	<b>Customer pays no SUT. Grant full credit for SUT paid</b>	<b>CUSTOMER MUST:</b>	<b>Customer pays Virginia SUT on the sales price recorded on the</b>

## Guidelines for Crediting SUT Paid to Another State

Va. Code § 58.1-2403 refer to [Out-of-State/ME Tax Credit \(C\)](#)

Applicant is transferring a vehicle to Virginia that has a title issued in the applicant's name by another state or Armed Forces		Applicant is titling a vehicle in Virginia that was purchased in another state and is not yet titled in the applicant's name	
If the vehicle is titled in the owner's name for less than 12 months	If the vehicle is titled in owner's name for 12 or more months <sup>1</sup>	If SUT is paid in the state where purchased	If no SUT is paid in the state where purchased
<p><b>out-of-state credit:</b></p> <ul style="list-style-type: none"> <li>• The Bill of sale showing payment of SUT to another state</li> <li>• Buyer's order showing SUT was paid to another state</li> <li>• Receipt for SUT paid</li> <li>• Letter from an out-of-state DMV or tax collection agency (on their letterhead) indicating amount of SUT paid</li> <li>• Lease agreement indicating SUT paid</li> </ul> <p>Full SUT credit is given and no SUT is due if acceptable proof is submitted.</p> <p>OR</p> <p>2. If unable to submit proof, no tax credit is allowed:</p> <ul style="list-style-type: none"> <li>• Pay SUT on the vehicle's NADA Trade-In value, or</li> <li>• Pay SUT on the NADA average retail value for mopeds, ATVs, and off-road motorcycles.</li> </ul>	<p>to the other state using the appropriate tax code (C).</p>	<p>1. Submit ONE of the following to receive credit for SUT paid in other state:</p> <ul style="list-style-type: none"> <li>• Buyer's order showing SUT was paid to a dealer in the other state,</li> <li>• Letter from an out of state DMV or tax collection agency (on their letterhead) indicating amount of SUT paid,</li> </ul> <p>2. If applicant paid less SUT to the other state than is due in Virginia, he must pay the difference between the tax paid in the other state and SUT due in Virginia</p> <p>OR</p> <p>3. If unable to prove tax was paid, no tax credit is allowed.</p> <p>4. Pay SUT on the sales price recorded on the title or application</p>	<p>title or application</p>

<sup>1</sup> To determine if the applicant has owned the vehicle for 12 or more months:

- Calculate the time that has passed between the purchase date on the title or VSA-17A and the current date.
- If there is a discrepancy between the purchase date recorded on the VSA-17A and the title, use the purchase date recorded on the title.
- If there is a discrepancy between the purchase date recorded on the title and the bill of sale, use the purchase date on the bill of sale.

3. Submit required proof of eligibility for SUT exemption (if applicable) (refer to [SUT Guidelines](#) table).
4. Pay required titling fees.

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### FRONT COUNTER CSR

1. Review and verify completion of application for title and other submitted titling documents following guidelines in [VLIC-3.000](#).
2. Determine the customer's eligibility to receive credit for SUT paid to another state using the [Guidelines for Crediting SUT Paid to Another State](#) table under step 2. in the Customer Requirements section above.
3. To receive credit for SUT paid to a dealer in another state for a vehicle not yet titled in his name, verify the customer has submitted:
  - A buyer's order showing the SUT was collected by the dealer, or
  - A letter on DMV letterhead from the state where the vehicle was purchased showing the amount of SUT paid.

If the tax collected in the other state is less than that due to Virginia, the customer must pay the difference between the SUT paid in the other state and Virginia's SUT.

4. Verify customer eligibility for other SUT exemptions, if applicable, by clicking on the appropriate SUT exemption in the table below.

SUT Exemption Code Table <sup>1</sup>		
<a href="#">Bus Line (BL)</a>	<a href="#">Indian Tribe (IT)</a>	<a href="#">Public Use (P)</a>
<a href="#">Church Bus (CB)</a>	<a href="#">Insurance Loss (I)</a>	<a href="#">Red Cross (RC)</a>
<a href="#">Common Carrier (K)</a>	<a href="#">Insurance Non-Salvage (IS)</a>	<a href="#">Non-Warranty (NW)</a>
<a href="#">Dealer (D)</a>	<a href="#">Leased Vehicle (LE)</a>	<a href="#">Registration Exempt (A6)</a>

SUT Exemption Code Table <sup>1</sup>		
<a href="#">Disabled Veteran (DV)</a>	<a href="#">Living Trust (TT)</a>	<a href="#">Rental Vehicle (U)</a>
<a href="#">Driver Education-Leased (B)</a>	<a href="#">Medical (Q)</a>	<a href="#">Repossession (R)</a>
<a href="#">Embassy (IE)</a>	<a href="#">Moped/ATV/Off-Road Motorcycle (A)</a>	<a href="#">Retail Tax (RT)</a>
<a href="#">Family Member (F)</a>	<a href="#">Moped/ATV/Dirt Bike (MB)</a>	<a href="#">Scanner (M)</a>
<a href="#">Federal Government (FG)</a>	<a href="#">Nonnegotiable (L)</a>	<a href="#">Substitute Tax (S)</a>
<a href="#">Fire/Rescue (FR)</a>	<a href="#">Non-Profit Exempt (Y)</a>	<a href="#">Transfer (T)</a>
<a href="#">Heavy Truck/Truck/Bus (HT)</a>	<a href="#">Farmer Non-Profit (FN)<sup>2</sup></a>	<a href="#">World Charity (WC)</a>
<a href="#">Heir (HE)</a>	<a href="#">Out-of-State/ME Tax Credit (C)</a>	<a href="#">Farm Use Vehicle w/Placard (FP)</a>

<sup>1</sup> For questionable SUT exempt transactions, refer to the [Transactions Not Qualified for Tax Exemption](#) table at the end of this procedure, which includes, but is not limited to, transactions commonly confused as tax exempt.

<sup>2</sup> Farmer Non-Profit tax exemptions must be processed by the Titling Work Center at DMV HQ.

- For customers unable to submit acceptable evidence that the transaction is eligible for the SUT exemption, or who feel they should qualify for the exemption but the transaction does not conform to any of the exemption scenarios listed on the [SUT Exempt Transaction Guidelines Table](#):
  - i. Give the customer the option to pay the required SUT based on NADA trade-in value to allow the title to process, and
    - Use NADA average retail value in place of trade-in value for mopeds, ATVs, and off-road motorcycles (refer to the [Internet NADA Guide](#)). No NADA trade-in value is available.
  - ii. Advise the customer that after titling, he may submit supporting documentation and apply for a refund (refer to [VLIC-4.705](#)).
- CSRs must key tax codes for certain title transactions listed below, even though the transaction does not qualify for exemption from SUT:
  - Enter **tax code "X"** when gifting vehicle to anyone other than spouse, adopted or biological son or daughter, or parent,
  - Enter **tax code "G"** for vehicles won as a prize.

**NOTE:** Do not remove the tax code once keyed, unless it is determined the vehicle was not a gift, or was not won as a prize.

5. Continue processing title in accordance with [VLIC-3.000](#).

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### SUT GUIDELINES TABLE

SUT EXEMPT TRANSACTION GUIDELINES				
Title Transaction Type and Tax Code	Exemption Eligibility Requirements	PAY Motor Vehicle SUT	SUT 3 Required	Reference
<b>Bus Line (BL)</b>	Motor vehicle having seats for more than 7 passengers and sold to an urban or suburban bus line the majority of whose passengers use the buses to travel distances of less than 40 miles, one way, on the same day. <b>NOTE:</b> Exemption does <b>not apply</b> to leased vehicles.	No	Yes (Not required if GVWR is over 26,000)	<a href="#">58.1-2403 (12)</a> <a href="#">Return to Table</a>
<b>Church Bus (CB)</b>	A motor vehicle designed for the transportation of 10 or more passengers, purchased by and for the use of a church which is conducted not for profit. Not required to present § 501 (c)(3) provided it is bought and used by a church: <ul style="list-style-type: none"> <li>▪ Churches include ALL religious organizations such as synagogues, mosques or Christian churches.</li> <li>▪ Vehicle may be a bus or van to qualify.</li> </ul>	No	Yes	<a href="#">58.1-2403 (14)</a> <a href="#">Return to Table</a>

## SUT EXEMPT TRANSACTION GUIDELINES

Title Transaction Type and Tax Code	Exemption Eligibility Requirements	PAY Motor Vehicle SUT	SUT 3 Required	Reference
<b>Common Carrier (K)</b>	<p>A motor vehicle having more than 7 passenger seats and sold to a restricted common carrier or common carrier of passengers.</p> <ul style="list-style-type: none"> <li>▪ Vehicle <b>MUST</b> be registered under one of the following operating authorities: Common Carrier of Passengers (PA), Irregular Route (IR), or Sight-Seeing Carrier (SS).                             <ul style="list-style-type: none"> <li>○ Inquire on operating authority to verify active status</li> </ul> </li> <li>▪ Exemption does <b>NOT APPLY</b> to leased vehicles.</li> </ul>	No	Yes (Not required if GVWR is over 26,000)	<p><a href="#">58.1-2403 (19)</a></p> <p><a href="#">Return to Table</a></p>
<b>Dealer (D)</b>	<p>When titling in Virginia Dealer or non-Virginia Dealer name. The Vehicle <b>MUST</b> be:</p> <ul style="list-style-type: none"> <li>▪ For <b>RESALE</b> only, and</li> <li>▪ Remain unregistered</li> </ul> <p><b>NOTE:</b> Verify the dealer license number entered on the application is a valid dealer number by inquiring on the <a href="#">dealer table in the system</a>.</p>	No	No	<p><a href="#">58.1-2403 (11)(a)</a></p> <p><a href="#">Return to Table</a></p>
	<p>When titling in name of automotive manufacturer that has headquarters in VA.</p> <ul style="list-style-type: none"> <li>▪ The vehicle must <b>NOT</b> be commercially leased.</li> </ul>	No	No	<p><a href="#">58.1-2403 (11)(b)</a></p> <p><a href="#">Return to Table</a></p>
<p><b>DOES NOT QUALIFY FOR THE DEALER EXEMPTION</b> if licensed as a rebuilder only. Licensed rebuilders titling a vehicle without a dealer's license will be required by the system to pay SUT.</p>				
<b>Disabled Veteran (DV)</b>	<p><del>REVISION</del></p> <p>SUT is not charged for <u>one</u> vehicle used by or for a veteran (of the United States armed forces or Virginia National Guard only) if they either:</p> <ul style="list-style-type: none"> <li>• have 100% service-connected permanent, and total disability.</li> </ul> <p><b>OR</b></p> <ul style="list-style-type: none"> <li>• are being paid at the 100 percent disability rate because they are unemployable due to their service-connected disabilities AND they have the permanent and total disability rating listed on the Veteran's Affairs letter or Explanation (refer to <a href="#">Benefit Samples</a>). <b>END REVISION&gt;&gt;&gt;&gt;</b></li> </ul> <p>The title of the vehicle must be in either the veteran's name and/or his/her spouse's name. The veteran or veteran's spouse can apply for the exemption by submitting the required proof of disability (VSA54 or benefits letter).</p> <p>If multiple qualifying veterans co-own multiple vehicles, then each veteran may use the exemption on 1 vehicle each.</p> <p>The vehicle must be purchased on or after 01/01/2021.</p> <p>The exemption applies only for automobiles and pickup trucks. Motorcycles, trailers, mopeds, and autcycles are ineligible.</p> <p>If the exemption was used on a vehicle that's been sold, the exemption may be used again on a new vehicle.</p>	No	Yes	<p>Va. Const. art. X, § <a href="#">6</a></p>

## SUT EXEMPT TRANSACTION GUIDELINES

Title Transaction Type and Tax Code	Exemption Eligibility Requirements	PAY Motor Vehicle SUT	SUT 3 Required	Reference
<b>Driver Education Leased (B)</b>	<p>For vehicles loaned or leased to a private nonprofit institution of learning for the sole purpose of instruction of driver's education when such education is part of the school's curriculum for full-time students. Customer MUST submit:</p> <ul style="list-style-type: none"> <li>▪ Letter from the lienholder (if applicable) or from the dealership as proof the vehicle is loaned for driver education purposes and the school responsible for no payment, and</li> <li>▪ A copy of the lease agreement (if applicable) showing that no payment is required.</li> </ul>	No	No	<p><a href="#">58.1-2403 (15)</a></p> <p><a href="#">Return to Table</a></p>
<b>Embassy (EI)</b>	<p>The American Institute in Taiwan personnel</p> <ul style="list-style-type: none"> <li>▪ Personnel applying for the exemption should present an Institute tax exemption card.</li> </ul>	No	Yes	<p>Exempted by Federal Statute from all federal, state, and local taxes.</p> <p><a href="#">Return to Table</a></p>
<p><b>DO NOT USE THE EMBASSY EXEMPTION CODE FOR:</b></p> <ul style="list-style-type: none"> <li>▪ Consular, diplomatic officers of foreign governments, their employees or agents, and members of their families other than Taiwanese personnel. Others must be referred to the Diplomatic Motor Vehicle Office, U.S. Department of State, Washington, D.C.</li> <li>▪ Honorary Consuls who are U.S. citizens are not exempt and must pay SUT and registration fees.</li> </ul>				
<b>Family Member (F)</b>	<p>Title transferred as a <b>gift to son, daughter, or parent of transferor</b> with no lien assumed and no payment made. Title transferred to the <b>son, daughter, or parent who is the designated beneficiary of the deceased vehicle owner</b> with no lien assumed. Enter the "F" code to allow exemption. The following applies to both scenarios above:</p> <ul style="list-style-type: none"> <li>▪ Only biological and adoptive relationships qualify.</li> <li>▪ The exemption can be allowed even if the vehicle being gifted is currently titled jointly with the son, daughter or parent who receives the vehicle as a gift.</li> <li>▪ Sons, daughters, and parents can add co-owners at time of titling.</li> </ul> <p><b>NOTE:</b> Step parents and step children are NON-EXEMPT.</p>	No	Yes	<p><a href="#">58.1-2403 (7)</a></p> <p><a href="#">Return to Table</a></p>
	<p>Title transferred as a <b>gift to spouse of transferor</b>. Title Transferred to <b>the spouse as the designated beneficiary of the deceased vehicle owner</b>. Enter the "F" code to allow exemption.</p> <ul style="list-style-type: none"> <li>▪ The exemption remains valid when an existing lien is being assumed by the spouse.</li> <li>▪ The exemption allowed even if the vehicle being gifted is currently titled jointly with the spouse who receives the vehicle as a gift.</li> <li>▪ Spouses can add co-owners at time of titling.</li> </ul>	No	Yes	<p><a href="#">58.1-2403 (7)</a></p> <p><a href="#">Return to Table</a></p>
<p><b>DOES NOT QUALIFY FOR FAMILY MEMBER GIFT EXEMPTION WHEN:</b></p> <ul style="list-style-type: none"> <li>▪ The title is transferred as a gift to anyone <b>OTHER THAN</b> the spouse, or adopted or biological son, daughter, or parent of the transferor. In this case <b>SUT is paid BASED ON THE NADA TRADE-IN VALUE<sup>1,2</sup>, OR MINIMUM SUT</b>, whichever is greater (refer to <b>GIFT (X)</b> in the <b>Transactions Not Qualified for SUT Exemption</b> table, below).</li> <li>▪ The title is transferred to a <b>designated beneficiary</b> who is <b>OTHER THAN</b> the spouse or adopted or biological son, daughter, or parent of the deceased owner. In this case SUT is paid <b>BASED ON THE NADA TRADE-IN VALUE<sup>1,2</sup> OR MINIMUM SUT</b>, whichever is greater; process in accordance with <a href="#">VLIC-3.506</a>.</li> </ul>				
<b>Federal Government (FG)</b>	<p>Farm Credit Bank-vehicle owned or leased for USE BY THE BANK.</p> <ul style="list-style-type: none"> <li>▪ Must submit a copy of the lease agreement (if applicable) to prove that lessee is responsible for payment of tax.</li> </ul>	No	No	<p><a href="#">58.1-2403 (1)</a></p>
	<p>Farm Credit Bank owned but leased to the private sector.</p>	No	No	<p><a href="#">58.1-2403 (1)</a></p>

## SUT EXEMPT TRANSACTION GUIDELINES

Title Transaction Type and Tax Code	Exemption Eligibility Requirements	PAY Motor Vehicle SUT	SUT 3 Required	Reference
	Federal Agencies owned or leased <ul style="list-style-type: none"> <li>▪ Must submit a copy of the lease agreement (if applicable) to prove that lessee is responsible for payment of tax.</li> </ul>	No	No	<a href="#">58.1-2403</a> (1)
	Federal Credit Union owned, leased by, or leased to.	No	No	12 USC §1768 VA AG Office 3/20/95 Memorandum U.S. v. Maine, 524 F.S. 1056 (D.C. 1981) and U.S. v. Mich., 851 F.2d 803 (6 <sup>th</sup> Cir. 1988). <a href="#">Return to Table</a>
<b>Fire/Rescue (FR)</b>	Vehicle registered by a non-Profit (volunteer) fire department or emergency medical service agency. <ul style="list-style-type: none"> <li>▪ If purchased to use as a prize (i.e. give away at a raffle), SUT must be paid.</li> </ul>	No	Yes	<a href="#">58.1-2403</a> (3) <a href="#">Return to Table</a>
<b>Heavy Truck/Tractor/Bus (HT)</b>	Buses, trucks, tractors and trailers with a manufacturer's gross vehicle weight rating (GVWR) or gross combination weight rating of 26,001 pounds and above, if registered in Virginia. <ul style="list-style-type: none"> <li>▪ If ownership document for buses doesn't show the GVWR, ask the customer to provide the GVWR. No proof is required.</li> </ul>	No	No	<a href="#">58.1-2402</a> A(2) <a href="#">Return to Table</a>
<b>Heir (HE)</b>	Inherited by a will or as a legal heir.	No	No	<a href="#">58.1-2403</a> (26)
	Titled in the name of a deceased person and transferred to the spouse or heir, or under the will of such deceased person.	No	No	<a href="#">58.1-2403</a> (26) <a href="#">Return to Table</a>
	<b>DO NOT USE HEIR EXEMPTION WHEN:</b> <ul style="list-style-type: none"> <li>▪ Removing deceased's name from title designated as "and/or survivor"; process as substitute title in accordance with <a href="#">VLIC-3.120</a>.</li> <li>▪ Transferring title to a designated beneficiary after death of owner; process in accordance with <a href="#">VLIC-3.506</a>.</li> </ul>			
<b>Indian Tribe (IT)</b>	Vehicle must be registered to member of the Pamunkey, Eastern Chickahominy, Monacan, Indian Nation, Nansemond, Rappahanock, Upper Mattaponi, Mattaponi, Chickahominy or other recognized Indian tribe of Virginia <b>living on a tribal reservation in Virginia.</b> <ul style="list-style-type: none"> <li>• Customer MUST provide a signed official letter from the Tribal Government Chief's office indicating the customer lives on the tribal reservation in Virginia.</li> <li>•</li> </ul>	No	Yes	<a href="#">58.1-2403</a> (4) <a href="#">Return to Table</a>
<b>DOES NOT QUALIFY FOR INDIAN TRIBE EXEMPTION UNLESS</b> letter states he lives on a reservation IN VIRGINIA. Request management or designee assistance if question remains.				
<b>Insurance Loss (I)</b>	Vehicle sold to insurance company or local government group self-insurance pool solely for disposal after settlement on the total loss if the vehicle is: <ul style="list-style-type: none"> <li>▪ 6 Model Years Old or LESS</li> <li>OR</li> <li>▪ Valued at \$10,000 OR MORE</li> </ul> Must submit copy of the "Proof of Loss" or other proof that the owner was paid for a total loss.	No	No	<a href="#">58.1-2403</a> (16) <a href="#">Return to Table</a>

## SUT EXEMPT TRANSACTION GUIDELINES

Title Transaction Type and Tax Code	Exemption Eligibility Requirements	PAY Motor Vehicle SUT	SUT 3 Required	Reference
<b>Insurance-Non Salvage (IS)</b>	Vehicle sold to insurance company or local governmental group self insurance pool after settlement for a stolen vehicle.	No	No	<a href="#">58.1-2403 (16)</a> <a href="#">Return to Table</a>
	Vehicle sold to insurance company or local government group self insurance pool for the sole purpose of disposal after a settlement on the total loss if the vehicle is: <ul style="list-style-type: none"> <li>▪ OVER 6 MODEL YEARS OLD</li> <li><b>OR</b></li> <li>▪ Valued UNDER \$10,000</li> </ul> Must submit copy of the "Proof of Loss" or other proof that the owner was paid for a total loss.	No	No	<a href="#">58.1-2403 (16)</a>  <a href="#">Return to Table</a>
<b>Leased (LE)</b>	Qualifies if vehicle is purchased by the lessee, provided lessee: <ul style="list-style-type: none"> <li>▪ Is an individual (not a business or corporation)</li> <li><b>AND</b></li> <li>▪ Paid SUT at the time they leased the vehicle</li> </ul> Lessee must present: <ul style="list-style-type: none"> <li>▪ Original copy of the lease to DMV or other evidence that the lessee has paid the SUT to Virginia (NOT TO ANY OTHER STATE.)</li> <li>▪ Exemption only applies when ownership is transferred from the lessor to the lessee as a purchase at the end of the lease agreement.</li> </ul> <b>NOTE:</b> Review the lease agreement to determine the actual lessor (also the owner listed on the title record). When a dealership is listed as the lessor, many times there is a clause transferring the lease to the manufacturer's leasing company.	No	No	<a href="#">58.1-2403 (25)</a>  <a href="#">Return to Table</a>
<b>Living Trust (TT)</b>	Qualifies for exemption when a vehicle is transferred to trustees of a revocable trust and the following is true: <ul style="list-style-type: none"> <li>▪ Vehicle owner(s) is also a beneficiary of the trust (regardless if other beneficiaries are named), and</li> <li>▪ No consideration (i.e. money, payment, value, etc.) has passed between the owner and the beneficiaries of the trust.</li> </ul>	No	No	<a href="#">VLIC-3.515</a> <a href="#">58.1-2403 (23)</a>  <a href="#">Return to Table</a>
	Qualifies for exemption also when the vehicle is transferred back from the trust to the original owner.	No	No	<a href="#">VLIC-3.515</a> <a href="#">58.1-2403 (24)</a>  <a href="#">Return to Table</a>
<b>Medical (Q)</b>	Self-contained mobile unit designed solely for human diagnostic or therapeutic service that is sold to, rented or used by a non-profit hospital or cooperative hospital service organization. <ul style="list-style-type: none"> <li>▪ This exemption ONLY applies to the self-propelled and trailer units, NOT to the power unit (such as a tractor) that pulls the trailer unit.</li> <li>▪</li> </ul>	No	No	<a href="#">58.1-2403 (20)</a>  <a href="#">Return to Table</a>
<b>Moped/ATV/Off-Road Motorcycle (A)</b>	Mopeds, ATV's, or off-road motorcycles that are eligible for an agricultural exemption as farm equipment, as provided in Va. Code § <a href="#">58.1-609.2</a> .	No	Yes	<a href="#">58.1-609.2</a> <a href="#">58.1-2403 (27b)</a>  <a href="#">Return to Table</a>

## SUT EXEMPT TRANSACTION GUIDELINES

Title Transaction Type and Tax Code	Exemption Eligibility Requirements	PAY Motor Vehicle SUT	SUT 3 Required	Reference
<b>Moped/ATV/Off-Road Motorcycle (MB)</b>	Mopeds, All-Terrain Vehicles (ATV), and off-road motorcycles, as defined in Va. Code § <a href="#">46.2-100</a> , are SUT exempt when purchased from an individual (in a casual sale), titled in VA, but <b>garaged out-of-state</b> . CSR will enter tax exempt code “MB” ONLY in these cases.	No	No	<a href="#">58.1-2403</a> (27a) <a href="#">Return to Table</a>
	<p><b>DO NOT USE THE “MB” TITLE TAX EXEMPTION FOR:</b></p> <p>Mopeds, ATVs, and off-road motorcycles purchased from motor vehicle dealers.</p> <p>Mopeds, ATVs, off-road motorcycles purchased from individuals, titled and <b>garaged in VA</b> (refer to <a href="#">Transactions Not Qualified for SUT Exemption</a>). SUT is due when titling these vehicles.</p> <p>Mopeds, ATVs, and off-road motorcycles that are eligible for an agricultural exemption as farm equipment, as provided in Va. Code § <a href="#">58.1-609.2</a> (refer to <a href="#">Mopeds/ATVs/Off-Road Motorcycles (A)</a>).</p>			
<b>Nonnegotiable (L)</b>	Title issued ONLY to record a lien to a lienholder(s). <ul style="list-style-type: none"> <li>Purchased in Virginia by a nonresident for the sole purpose of recording a lien on a vehicle that will be registered in another state other than Virginia.</li> </ul> <p><b>NOTE:</b> Virginia residents do not qualify for this exemption</p>	No	No	<a href="#">58.1-2403</a> (13) <a href="#">Return to Table</a>
	<p><b>DO NOT USE THE NONNEGOTIABLE TITLE EXEMPTION (L) FOR:</b></p> <ul style="list-style-type: none"> <li>Nonnegotiable titles being issued for imported vehicles when applicant is unable to prove compliance with Federal Motor Vehicle Safety Standards (FMVSS) (refer to <a href="#">VLIC-3.330</a>).</li> <li>Nonnegotiable titles being issued for vehicles that have been rebuilt/repaired, titled and registered out of state that have an OOS or NMVTIS brand/status that is equivalent to Virginia’s nonrepairable vehicle (junk, for destruction, parts only, not to be repaired, etc.), (refer to <a href="#">VLIC-3.347</a>).</li> </ul>			
<b>Non-Profit Exempt (Y)</b>	Vehicles <b>TRANSFERRED</b> as gift or through a sale to a charitable organization that is exempt from taxation if registered under § 501 (c) (3) of the Internal Revenue Code, provided the vehicle is not re-titled and registered in the organization’s name, but is intended for resale or donation.	No	Yes	<a href="#">VLIC-3.310</a> <a href="#">46.2-1508.1</a> <a href="#">58.1-2403</a> (21) <a href="#">Return to Table</a>
	<p>Organizations that are exempt from Retail Sales and Use pursuant to Va. Code § 58.1-600 et. Seq. ARE NOT also exempt from <b>Motor Vehicle</b> SUT. If in doubt, ask for a statement in writing that they are exempt from Motor Vehicle SUT from the parent organization.</p> <p><b>VEHICLES SOLD TO § 501 (c)(3)</b> organizations that are considered to be world charities may be titled in the name of the organization and still be SUT exempt provided they meet the definition in Va. Code § <a href="#">58.1-2403</a> (22) Refer to Tax Code <a href="#">WORLD CHARITIES (WC)</a>.</p> <p><b>IF THE ORGANIZATION IS A CHURCH</b> and they are titling and registering a vehicle designed to transport 10 or more passengers for church use, refer to the <a href="#">CHURCH BUS</a> exemption above.</p>			
<b>Farmer Non-Profit (FN)</b>	Vehicle is <b>SOLD</b> to an organization that is exempt from taxation under § 501 (c)(3) of the Internal Revenue Code and the vehicle is used primarily by the organization to transport to markets for sale produce that is (i) produced by local farmers, and (ii) sold by such farmers to the organization. <b>NOTE:</b> This “FN” SUT exemption must be processed by Titling Work Center at Headquarters.	No	Yes	<a href="#">58.1-2403</a> (28) <a href="#">Return to Table</a>
<b>Farm Use Vehicle w/ Permanent Farm Use</b>	A pickup truck, panel truck, or sport utility vehicle used exclusively for exempt agricultural/horticultural purposes that is operating with a Permanent Farm Use Placard.	No	Yes	<a href="#">VLIC-4.215</a> <a href="#">58.1-2403</a> (30) <a href="#">Return to Table</a>

## SUT EXEMPT TRANSACTION GUIDELINES

Title Transaction Type and Tax Code	Exemption Eligibility Requirements	PAY Motor Vehicle SUT	SUT 3 Required	Reference
<b>Placard (FP)</b>	<p><b>DOES NOT QUALIFY FOR EXEMPTION WHEN</b> vehicle is not being used solely for exempt agricultural/horticultural purposes or is operating with any other plate type.</p> <ul style="list-style-type: none"> <li>If the vehicle is registered for nonexempt purposes or sold to an individual that does not qualify for the FP exemption, SUT is owed based on the current market value of the vehicle at the time of registration/sale.</li> </ul>			
<b>Non Warranty (NW)</b>	<p>A seller is applying to title a used vehicle back into his name that was sold and returned to the seller by the purchaser due to mechanical defect or failure. Transaction is exempt from SUT using NW tax exempt code.</p> <ul style="list-style-type: none"> <li>Vehicle is retitled in seller's name within 45 days of purchase date due to mechanical defect or failure, and</li> <li>Purchase price was refunded to the purchaser, and</li> <li>Purchaser no longer has possession of the vehicle.</li> </ul>	No	Yes	<p><a href="#">58.1-2403</a> (29)</p> <p><a href="#">Return to Table</a></p>
<b>Out of State Tax Credit (C)</b>	<p>Vehicle<sup>1</sup> or manufactured (mobile) home being registered in VA for the first time qualifies for the credit if the applicant holds a valid, assignable title or registration issued to him by another state or a branch of the US Armed Forces, a territory (American Samoa, Guam, Puerto Rico and the Virgin Islands), or foreign country, and one of the following is true:</p> <ul style="list-style-type: none"> <li>Vehicle/manuf. home has been owned for 12 months or more OR</li> <li>Customer submits proof of SUT paid to another state, US Armed Forces, territory, or foreign country if owned less than 12 months.</li> </ul> <p><sup>1</sup> Out-of-state vehicles issued a nonnegotiable title for a nonrepairable equivalent brand are also eligible for this tax credit (refer to <a href="#">VLIC-3.347</a>).</p>	No	No	<p><a href="#">58.1-2402</a> (1,2)</p> <p><a href="#">58.1-2403</a> (10)</p> <p><a href="#">Return to Table</a></p>
	<p><b>DOES NOT QUALIFY FOR OUT OF STATE CREDIT WHEN</b> vehicle is owned less than 12 months and customer is unable to submit proof of SUT paid. Customer must pay:</p> <ul style="list-style-type: none"> <li>VA SUT based on the NADA trade-in value to allow the transaction to process, OR</li> <li>VA SUT based on the NADA average retail value for mopeds, ATVs, and off-road motorcycles.</li> </ul> <p>Refer to Front Counter CSR, #2, <a href="#">Guidelines for Crediting SUT Paid to Another State</a> guidelines.</p>			
	<p>Foreign military personnel, NATO members (or foreign civilians working for the military), temporarily assigned in VA, qualify for the credit if the applicant holds a valid assignable vehicle title or registration <b>issued by a foreign</b> government and one of the following is true.</p> <ul style="list-style-type: none"> <li>Vehicle/manuf. home has been owned for 12 months or more OR</li> <li>Customer submits proof of SUT paid to another state, US Armed Forces, territory, or foreign country if owned less than 12 months.</li> </ul>	No	No	<p><a href="#">58.1-2403</a> (10) and 10/15/87 AG Memo</p> <p><a href="#">Return to Table</a></p>
	<p><b>DOES NOT QUALIFY FOR OUT OF STATE CREDIT WHEN</b> members of NATO military forces purchase and title a vehicle in Virginia. SUT is paid in this case.</p>			
<b>Public Use (P)</b>	<p>Vehicles sold to, rented, or used by the State of Virginia or any political subdivision (state, city, town or county-owned or leased).</p> <p>This includes vehicles titled for use by an institution of higher education solely for purposes of vehicle technology research.</p> <ul style="list-style-type: none"> <li>Must submit copy of the lease agreement showing lessee is responsible for the tax.</li> </ul>	No	No	<p><a href="#">58.1-2403</a> (2)</p> <p><a href="#">46.2-750</a></p> <p><a href="#">Return to Table</a></p>

## SUT EXEMPT TRANSACTION GUIDELINES

Title Transaction Type and Tax Code	Exemption Eligibility Requirements	PAY Motor Vehicle SUT	SUT 3 Required	Reference
	Vehicles used by an institution of higher education for vehicle technology research are SUT exempt (Public-P) and may be titled in a CSC, but are usually processed in the Tinting Work Center at HQ. Registrations for these vehicles are processed ONLY by the Special Registration Work Center at HQ.			
<b>Red Cross (RC)</b>	American Red Cross owned vehicle.	No	Yes	<a href="#">58.1-2403 (1)</a> 10/85 AG Memo <a href="#">Return to Table</a>
	American Red Cross leased vehicle: <ul style="list-style-type: none"> <li>▪ Must submit copy of lease agreement showing American Red Cross is responsible for the tax.</li> </ul>	No	Yes	<a href="#">58.1-2403 (1)</a> <a href="#">Return to Table</a>
<b>Registration Exempt (A6)</b>	Vehicles NOT required to be registered: <ul style="list-style-type: none"> <li>▪ Customers moving to VA with vehicles titled/registered in another state are not required to register the vehicle or pay SUT for the first 30 days.</li> <li>▪ Other vehicles which are exempt from registration are not required to pay SUT (refer to <a href="#">Registration Exempt Vehicles</a>).</li> </ul>	No	No	<a href="#">58.1-2401</a> <a href="#">Return to Table</a>
<b>Rental Vehicle (U)</b>	To qualify for a rental vehicle SUT exemption: <ul style="list-style-type: none"> <li>▪ The rental vehicle MUST have a rental period of LESS THAN 12 months</li> <li>▪ Rental company must be licensed in VA</li> </ul> <b>NOTE:</b> Does not qualify if vehicle is registered for use by rental co.	No	No	<a href="#">58.1-2402</a> <a href="#">Return to Table</a>
<b>Repossession (R)</b>	To qualify the vehicle must be repossessed under a recorded lien by a lienholder and titled in the lienholder's name. <ul style="list-style-type: none"> <li>▪ Not eligible if also registered in lienholder's name.</li> <li>▪ Out-of-state vehicles issued a nonnegotiable title for a nonrepairable equivalent brand are also eligible for this tax credit when repossessed (refer to <a href="#">VLIC-3.347</a>).</li> </ul>	No	No	<a href="#">58.1-2403 (5)</a> <a href="#">VLIC-3.125</a> <a href="#">Return to Table</a>
	<b>DOES NOT QUALIFY FOR REPOSSESSION EXEMPTION WHEN it is:</b> <ul style="list-style-type: none"> <li>▪ Repossessed and lienholder registers it in lienholder's name (refer to <a href="#">VLIC-3.125</a>). Must pay SUT on NADA trade-in value<sup>1,2</sup>, or minimum, whichever is greater.</li> <li>▪ Repossessed then refinanced to the same owner under a new contract. SUT must be collected on the full amount of the lien (refer to <a href="#">VLIC-3.625</a>).</li> <li>▪ Repossessed and transferred back to the owner under the same terms and conditions of the original contract. These vehicles may qualify under "<a href="#">Transfer (T)</a>" exemption code.</li> </ul>			
<b>Retail Tax (RT)</b>	Trailer Kits, sold <b>unassembled</b> : <ul style="list-style-type: none"> <li>▪ Credit retail sales tax paid towards the required SUT using the "Retail Tax" code to collect the difference.</li> </ul>	Yes	No	1/30/95 AG Memo <a href="#">Return to Table</a>
	<b>DO NOT USE RETAIL TAX EXEMPTION FOR</b> assembled trailers sold by dealers (refer to <a href="#">Transactions Not Qualified for SUT Exemption</a> ). SUT is charged for these transactions at time of titling.			
<b>Scanner (M)</b>	Self-contained mobile computerized axial tomography (CAT) scanner sold to, rented or used by a non-profit hospital or cooperative hospital service organization. <ul style="list-style-type: none"> <li>▪ Applies only to a self-propelled or trailer unit. Does NOT apply to power units (i.e. tractor) that pull the trailer unit.</li> </ul>	No	Yes	<a href="#">58.1-2403 (18)</a> <a href="#">Return to Table</a>

## SUT EXEMPT TRANSACTION GUIDELINES

Title Transaction Type and Tax Code	Exemption Eligibility Requirements	PAY Motor Vehicle SUT	SUT 3 Required	Reference
<b>Substitute Tax (S)</b>	To correct recorded title information due to DMV errors.	No	No	<a href="#">VLIC-3.455</a> <a href="#">Return to Table</a>
	Vehicle designated as "lemon" replaced with a vehicle of the same value. <ul style="list-style-type: none"> <li>▪ SUT paid on the original purchase of the lemon applied toward tax for the replacement vehicle.</li> <li>▪ Must submit letter from manufacturer or distributor stating vehicle is a replacement received under the Virginia Motor Vehicle Warranty Enforcement Act (Virginia Lemon Law).</li> </ul>	No	No	<a href="#">59.1-207.9</a> , et seq.  <a href="#">Return to Table</a>
	<b>DOES NOT QUALIFY FOR SUBSTITUTE TAX EXEMPTION FOR LEMON VEHICLE WHEN:</b> <ul style="list-style-type: none"> <li>▪ Vehicle described as "Lemon" replaced with a vehicle of higher value. SUT is due on the difference in value.</li> <li>▪ Vehicle obtained under any warranty other than the Lemon Law. MUST pay required SUT in these cases.</li> <li>▪ Vehicle sold <b>used</b> then returned to seller. These vehicles may qualify under <a href="#">Non-Warranty Exemption (NW)</a>.</li> </ul>			
<b>Transfer (T)</b>	Transfer title with lien to add or remove one owner from the title provided there is no change to the loan contract and one of the original owners remains on the title.	No	No (Requires an SUT 4)	<a href="#">VLIC-3.625</a>
	Transfer title with lien when re-titling into original owner's name for the purpose of recording a new lien, for reasons other than for the purchase of the vehicle.	No	No (Requires an SUT 4)	<a href="#">VLIC-3.625</a>
	Transfer title for a repossessed vehicle back to the original owner under the same terms and conditions of the original contract.	No	No (Requires an SUT 4)	<a href="#">VLIC-3.625</a>
	SUT is NOT due for MSL vehicles being titled in the MSL lienholder's name when ALL of the following is true: <ul style="list-style-type: none"> <li>▪ Vehicle is valued at \$3,000 or less, and</li> <li>▪ Vehicle is 6 years old or older, and</li> <li>▪ No vehicle record was found in the system</li> </ul>	No	No	<a href="#">46.2-644.03</a> <a href="#">VLIC-3.345</a>  <a href="#">Return to Table</a>
	<b>DOES NOT QUALIFY</b> for this SUT exception when the vehicle is determined to be valued at greater than \$3,000, or newer than 6 years old, or when a vehicle record IS found. See Mechanic's or Storage Lien vehicle in the <a href="#">Transactions NOT Qualified for SUT Exemption</a> table. MSL lienholders who are also licensed motor vehicle dealers are SUT exempt under the <a href="#">DEALER EXEMPT (D)</a> .			
	From individual, partnership, or company to create a corporation or limited liability company (L.L.C.).	No	Yes	<a href="#">VLIC-3.415</a> <a href="#">58.1-2403 (8)</a>
	From a wholly-owned subsidiary to its parent corporation or vice versa.	No	Yes	<a href="#">VLIC-3.415</a> <a href="#">58.1-2403 (9)</a>
	To majority stockholder or partnership when corporation or limited liability company (L.L.C.) is dissolved.	No	Yes	<a href="#">VLIC-3.415</a> <a href="#">58.1-2403 (8)</a>
Transfer ownership and registration (if applicable) from deceased person to their estate.	No	No	---- <a href="#">Return to Table</a>	
<b>World Charity (WC)</b>	Vehicle <b>SOLD</b> to a charitable organization exempt from taxation if registered under § 501 (C) (3) of the Internal Revenue Code <b>WHEN ORGANIZED PRIMARILY TO</b> distribute food, clothing, medicines and other life necessities and provide shelter in the U.S. and the world. These vehicles may be registered for use by the organization.	No	Yes	<a href="#">58.1-2403 (22)</a>  <a href="#">Return to Table</a>
	Organizations that are exempt from Retail Sales and Use pursuant to Va. Code § 58.1-600 et. Seq. ARE NOT also exempt from Motor Vehicle SUT. It must qualify/conform to one of the exemptions listed in § <a href="#">58.1-2403</a> . If in doubt, ask for a statement in writing that they are exempt from Motor Vehicle SUT from the parent organization.  For vehicles <b>TRANSFERRED</b> (not sold) to a § 501 (c) (3) organization that are intended for resale or to be donated refer to <a href="#">NON-PROFIT EXEMPT (Y)</a> .			

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<sup>2</sup> No NADA trade-in value is available for mopeds, ATVs, and off-road motorcycles vehicles; therefore SUT is based on the **NADA average retail value** when there is no sales price (refer to the [Internet NADA Guide](#)).

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## TRANSACTIONS NOT QUALIFIED FOR SUT EXEMPTIONS

Vehicle transactions listed below are commonly confused with transactions that are exempt from SUT. The system is programmed to calculate the appropriate SUT. Transactions listed MUST pay SUT unless marked as not applicable (N/A).

TRANSACTIONS NOT QUALIFIED FOR SUT EXEMPTION			
<a href="#">Return to Table</a>			
Transaction	Description	PAY SUT <small>Greater of SUT on the Sale Price/ NADA Trade-In<sup>1,2</sup>, or Minimum SUT (if applicable)</small>	Reference
<b>Abandoned Vehicles Titled to AVP Applicant</b>	AVP vehicles titled to the person who entered it into the AVP are required to pay SUT due on NADA trade-in value <sup>1,2</sup> , or minimum SUT, whichever is greater.	Yes	<a href="#">VLIC-3.305</a>
<b>Beneficiary Designated</b>	Transferred to the beneficiary designated on the title record after the death of the owner (re-titled within 120 days of owner death). BENEFICIARIES who are also the deceased vehicle owner's spouse, son, daughter, or parent MAY QUALIFY FOR the Family Member (F) SUT exemption; refer to the <a href="#">FAMILY "F"</a> exemption on the SUT Exemptions Guidelines table for qualifications.	Yes	<a href="#">VLIC-3.506</a>
<b>Business Owner of 50% or Less of Business Titles in his Name</b>	Business owner without majority ownership of business (50% or less) titles business vehicle in his name.	Yes	---
<b>Business Takeover</b>	Business takeover and the buying entity titles vehicles into the new business name.	Yes	---
<b>Church Titling and Registering Donated Vehicle</b>	If a church titles and registers a donated vehicle, the greater of SUT on NADA trade-in value <sup>1,2</sup> or minimum SUT is due. <b>NOTE:</b> Check the <a href="#">Church Bus (CB)</a> tax exemption to see if the vehicle qualifies in accordance with Va. Code § <a href="#">58.1-2403</a> (14).	Yes	---
<b>Clean Fuel Vehicle</b>	Fueled by natural gas, liquefied natural gas or petroleum.	Yes	<a href="#">VLIC-4.315</a>
<b>Court Order-Divorce</b>	Directing DMV to transfer the ownership of a vehicle to a spouse as part of a divorce settlement. CUSTOMERS MAY QUALIFY FOR <a href="#">Family Member (F)</a> SUT exemption ONLY if vehicle is gifted to spouse, son, daughter or parent.	Yes (Unless joint owner gives vehicle to spouse)	Va. Code § <a href="#">46.2-633</a>
<b>Dealer Gift-Spouse/Child</b>	Dealer gifting vehicle from inventory for resale to spouse or child.	Yes	Informational Bulletin (IB)-005 (22/1/1991) <a href="#">Front Counter CSR#3</a>
<b>Farm Vehicles without Farm Use Placard<sup>3</sup></b>	Vehicles that were exempt from SUT when titled and issued a Permanent Farm Use Placard are required to pay SUT based on the vehicle's current market value at the time such vehicle is registered for a nonexempt use, or the vehicle is sold to a person that does not qualify for the FP exemption. <b>NOTE:</b> Ensure that prior to issuing a registration, the FP exemption is removed from the title record and that the appropriate amount of SUT is collected based on the NADA current market value of the vehicle, not the sales price of the vehicle.	Yes	<a href="#">58.1-2403 (30)</a>
<b>Gift (X)</b>	Title transferred as a gift to someone OTHER THAN the spouse, or adoptive or biological son, daughter, or parent of the transferor. CSR must key the "X" code for these transactions. <b>NOTE:</b> CSR must enter the "X" code.	Yes	---
<b>Lemon Vehicle-Replaced with Higher Value Vehicle</b>	Vehicle designated as a "lemon" is replaced with a vehicle of higher value. <ul style="list-style-type: none"> <li>▪ SUT is paid on the difference in value.</li> <li>▪ Must submit letter from manufacturer or distributor stating vehicle is a replacement received under the Virginia Motor Vehicle Warranty Enforcement Act (Virginia Lemon Law).</li> </ul>	Yes (Must pay SUT on difference in price)	<a href="#">59.1-207.9</a> et. seq. <a href="#">Return to Table</a>

## TRANSACTIONS NOT QUALIFIED FOR SUT EXEMPTION

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Transaction	Description	PAY SUT Greater of SUT on the Sale Price/ NADA Trade-In <sup>1,2</sup> , or Minimum SUT (if applicable)	Reference
<b>Manufactured Home (H)</b>	Use Manufactured Home tax code H at time of titling to record collection of the 3% manufactured home SUT. Tax code H does NOT exempt SUT.	Yes (Pay 3% Manuf. Home SUT)	--- <a href="#">Return to Table</a>
	<b>MANUFACTURED HOMES</b> permanently attached to, and included in the sale of real estate (converted to real estate), follow guidelines in <a href="#">VLIC-102C</a> .		
<b>Manuf. Home-Converted to Real Estate</b>	Manuf./mobile home converted to real estate. No title transaction is processed in this case; no SUT is due.	N/A (No transaction processed in system)	<a href="#">VLIC-3.440</a>
<b>Mechanic's or Storage Lien Vehicle Transferred to MSL Applicant</b>	MSL lienholders who are not licensed motor vehicle dealers and who are titling the MSL vehicle in their name must pay SUT when any ONE of the following conditions is true: <ul style="list-style-type: none"> <li>▪ Vehicle is valued at greater than \$3,000, or</li> <li>▪ Vehicle is less than 6 years old, or</li> <li>▪ A vehicle record IS found in the system</li> </ul>	Yes	<a href="#">46.2-644.03</a> <a href="#">VLIC-3.345</a>
<b>Moped/ATV/Off-Road Motorcycle</b>	Mopeds, All-Terrain Vehicles (ATV), and off-road motorcycles, as defined in Va. Code § <a href="#">46.2-100</a> , being titled and garaged in VA are subject to SUT at time of titling. SUT is charged at <a href="#">different tax rates</a> .	Yes	<a href="#">46.2-100</a>
	<b>NOTE:</b> <ul style="list-style-type: none"> <li>▪ Mopeds, ATVs, and off-road motorcycles purchased in a casual sale, titled in VA but garaged out-of-state are tax exempt (refer to <a href="#">Mopeds/ATVs/Off-Road Motorcycles (MB)</a> in SUT Exempt Transaction Guidelines table above).</li> <li>▪ Mopeds, ATV's, and off-road motorcycles eligible for an agricultural exemption are tax exempt as provided in Va. Code § <a href="#">58.1-609.2</a> (refer to <a href="#">Mopeds/ATVs/Off-Road Motorcycles (A)</a>).</li> <li>▪ Dirt bikes sold and titled as dirt bikes are exempt from paying SUT.</li> <li>▪ Dirt bikes converted and sold as on-road motorcycles are NOT SUT exempt.</li> </ul>		
<b>NATO Member-Titling Vehicle in VA</b>	NATO military force members who purchase and title a vehicle in Virginia. <b>NOTE:</b> Do not confuse with the <a href="#">Out of State Tax Credit</a> exemption for NATO members who hold a title or registration <b>issued by a foreign government</b> .	Yes	<a href="#">Out of State tax credit</a>
<b>Nonnegotiable Title</b>	<ul style="list-style-type: none"> <li>▪ Nonnegotiable titles being issued for imported vehicles for applicants unable to prove compliance with Federal Motor Vehicle Safety Standards (FMVSS) (refer to <a href="#">VLIC-3.330</a>).</li> <li>▪ Nonnegotiable titles being issued for vehicles that have been rebuilt/ repaired out of state that have an OOS or NMVTIS brand/status that is equivalent to VA's nonrepairable vehicle (junk, for destruction, parts only, not to be repaired, etc.), (refer to <a href="#">VLIC-3.347</a>).</li> </ul>	Yes	<a href="#">VLIC-3.347</a> <a href="#">VLIC-3.555</a>
<b>Prize Winnings (G)</b>	Customers winning a vehicle in a raffle, lottery, etc. <b>NOTE:</b> Vehicles won as a prize is processed using the tax code "G".	Yes	----
<b>Repossessed-Refinanced</b>	Repossessed and refinanced to owner under new contract. Repossessed and registered in lienholder name.	Yes	<a href="#">VLIC-3.125</a> <a href="#">VLIC-3.625</a>
<b>Second-Stage Manuf. Vehicle</b>	Vehicle chassis and body purchased separately and combined.	Yes	<a href="#">VLIC-3.220</a>
<b>Seized Vehicle</b>	Purchased from U.S. Internal Revenue Service or U.S. Alcohol, Tobacco, and Firearms Unit.	Yes	<a href="#">VLIC-3.360</a>
<b>Special Equipment-Handicapped</b>	Special equipment installed on a vehicle as required by law to allow for safe operation by handicapped driver. <b>NOTE:</b> SUT is paid on the base price of the vehicle, but not on the cost of the special equipment required by law to allow safe operation of the vehicle by a handicapped person (refer to Va. Code § <a href="#">58.1-609.10</a> ).	Yes	<a href="#">SUT 5</a>

## TRANSACTIONS NOT QUALIFIED FOR SUT EXEMPTION

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Transaction	Description	PAY SUT <small>Greater of SUT on the Sale Price/ NADA Trade-In<sup>1,2</sup>, or Minimum SUT (if applicable)</small>	Reference
<b>Trailer Kit-Assembled</b>	Trailer kits assembled and sold by dealers are charged Motor Vehicle SUT.	Yes	<a href="#">VLIC-3.235</a>
<b>Trailer-Homemade</b>	Trailers-homemade <b>MUST</b> pay SUT on the greater of: <ul style="list-style-type: none"> <li>▪ The dollar amount invested in the construction of the homemade trailer, or</li> <li>▪ The minimum SUT.</li> </ul>	Yes	<a href="#">VLIC-3.235</a>
<b>Transfer Title with Lien-Assume Balance of Loan</b>	Transfer of title with lien when buyer assumes balance of seller's lien at time of purchase (buyer was not on original contract). Pay the greater of SUT due on the balance of the loan plus any monies paid to seller, or minimum SUT.	Yes	<a href="#">VLIC-3.625</a>
<b>Vehicle Trade</b>	Trade of one vehicle for another with no additional exchange of value. Each owner must pay SUT for vehicle purchased based on NADA trade-in value, or minimum SUT if greater.	Yes	----
<b>VIN Discrepancy Correction</b>	VIN discrepancy resulting from incorrect paperwork sent by dealer or customer, for which a corrected title is issued. No SUT is collected on the corrected substitute title.	N/A (Substitute title)	<a href="#">VLIC-3.455</a> Va. Code § <a href="#">58.1-609.10</a>

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<sup>2</sup> No NADA trade-in value is available for mopeds, ATVs, and off-road motorcycles vehicles; therefore SUT is based on the **NADA average retail value** when there is no sales price (refer to the [Internet NADA Guide](#)).

<sup>3</sup> SUT owed is to be calculated based on the current market value of the vehicle, not the NADA trade-in value.

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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](#)