



Sales of Motor Vehicles to Out-of-State Limited Liability Companies (LLCs)

Motor vehicle dealers (dealers) making vehicle sales to out-of-state limited liability companies (LLCs) for use outside the state must keep proper shipping and delivery documents when claiming the vehicles are exempt sales in interstate commerce. If you are a dealer making these types of sales, you may be responsible for the sales tax if you do not keep proper documentation. Even if you maintain such documentation, if the vehicle is actually delivered in California, you will be liable for sales tax on the transaction.

Documenting the delivery of a vehicle to an out-of-state location

In order for your sale to be an exempt sale in interstate commerce, you must deliver the vehicle to your customer outside the state using your own delivery facilities (for example, your delivery truck) or by a carrier, customs broker, or forwarding agent.¹ Regardless of how the delivery is made, if at any time the vehicle is diverted in transit and not delivered outside California, you will be responsible for the sales tax due on the vehicle.²

You must keep records, such as delivery receipts, expense vouchers supporting delivery outside California, bills of lading, and transportation plans from the carrier making the delivery, to support that the vehicle was delivered outside California. For a list of additional documents that may support an exemption, see publication 101, *Sales Delivered Outside California*.³ When using a delivery service hired by you or your customer, we suggest you check the Federal Motor Carrier Safety Administration's website⁴ to verify if the transport company is licensed for interstate transportation. If they are not licensed for interstate transportation, then we may consider the vehicle not delivered outside of California, and the transaction may be subject to sales tax.

When making vehicle sales for use outside California, purchasers and dealers will generally complete CDTFA-447⁵, *Statement Pursuant to Section 6247 of the California Sales and Use Tax Law*, and/or CDTFA-448⁶, *Statement of Delivery Outside California*, to document the exempt sale. However, you will be liable for tax on the vehicles without proper shipping documentation.

Example: You sold a vehicle to a Montana-registered LLC. You and your customer completed CDTFA-447, and you obtained a bill of lading from the shipping company, which you have on file. Your customer provided an out-of-state address on the form; however, the shipping company actually delivered the vehicle to your customer in California. You will be responsible for the sales tax on the vehicle as the sale is not an exempt sale in interstate or foreign commerce.

Updated forms and procedures dealers

We have made updates to forms CDTFA-447 and CDTFA-448. You and your customer must fully complete the applicable form(s) and furnish any required attachments, including copies of driver's licenses; otherwise, the transactions will be subject to further investigation. Please make sure to use the updated forms for your transactions going forward.

Your customer may be responsible for use tax

When making sales without tax to out-of-state LLCs that have members who are California residents, please inform your customers that they may still be responsible for the use tax if they bring the vehicle into California within 12 months of the purchase date.⁷ They must retain documentation supporting continued use outside of California.

Additionally, if your customer registers the vehicle outside of California for the purpose of evading the payment of taxes, they will be liable for a penalty of 50 percent of the tax determined to be due on the purchase price of the vehicle.⁸

Additional Resources

For more information, please see our publication 34, *Motor Vehicles Dealers*⁹, and our *Tax Guide for Motor Vehicle Dealers*.¹⁰

If you have questions regarding this notice, visit our website at www.cdtfa.ca.gov, or call our Customer Service Center at 1-800-400-7115 (TTY:711). Customer service representatives are available Monday through Friday from 7:30 a.m. to 5:00 p.m. (Pacific time), except state holidays.

¹ www.cdtfa.ca.gov/lawguides/vol1/sutr/1620.html, see subdivision (a)(3)(B)

² www.cdtfa.ca.gov/lawguides/vol1/sutr/1620.html, see subdivision (a)(3)(A)

³ www.cdtfa.ca.gov/formspubs/pub101/documenting-your-sales-and-delivery.htm

⁴ i-public.fmcsa.dot.gov/LIVIEW/pkg_carrquery.prc_carrlist

⁵ www.cdtfa.ca.gov/formspubs/cdtfa447.pdf

⁶ www.cdtfa.ca.gov/formspubs/cdtfa448.pdf

⁷ www.cdtfa.ca.gov/lawguides/vol1/sutr/6248.html

⁸ www.cdtfa.ca.gov/lawguides/vol1/sutr/1610.html, see subdivision (c)(1)(B)

⁹ www.cdtfa.ca.gov/formspubs/pub34.pdf

¹⁰ www.cdtfa.ca.gov/industry/motor-vehicle-dealers/