



Important Information for Used Motor Vehicle Dealers Paying Tax to the Department of Motor Vehicles (DMV)

You are receiving this letter because you have been identified as a used motor vehicle dealer (dealer) who is currently required to pay sales tax directly to the Department of Motor Vehicles (DMV) when you submit a vehicle registration application. Some dealers may encounter situations where payments made to DMV do not match payments included on their sales and use tax returns filed with us. If you receive notification from us about additional amounts due, such as a Notice of Demand, then you may request a report of the payments you have made to DMV that were received by CDTFA. To request your report of payments, please contact our Customer Service Center. Contact information is available at the bottom of this letter.

Please be aware that CDTFA receives payment information from DMV monthly. Depending on when a sale occurs and when you make your corresponding tax payment, there may be a delay in your DMV tax payments being applied to your sales and use tax account. A balance will be displayed on your sales and use tax account until we receive your payment from DMV. In addition, it is critical that the information you put on the Report of Sale (ROS) is accurate and complete so that there are no delays in the posting of your payments that could result in CDTFA issuing you a bill.

To further help you during this transitional process of changing who you make your payments to, we have included some additional information, reminders, and resources below:

Sales and use tax reporting

- You must continue to timely file your sales and use tax returns with us and report all your retail sales of used motor vehicles, including sales where you paid tax to DMV, in addition to sales of other items. The return also includes a line for tax paid to DMV and a schedule you are required to fill out – CDTFA-531-MV, *Used Vehicle Dealers – Sales Report*.¹
- You must report your sales in the period the sale occurred, based on the ROS date, and not when you receive payment for the vehicle. For example, if you make a sale in February, receive payment from your customer in March, and register or pay the tax to DMV in March, you must report the February sale on your February sales and use tax return that would be due on March 31st and not on your March return that would be due on April 30th.
- Your payments should be submitted to DMV at the time of registration and will be applied to your sales and use tax account based on the ROS date. If you do not report your sales in the correct reporting periods, you may receive billings from us.
- You are required to provide the vehicle selling price reported to DMV for each vehicle sold on form CDTFA-531-MV. DMV only collects the tax on the vehicle sales price. Other taxable charges, such as document fees, smog certification fees, mandatory warranties, among others must still be reported on line 1 (Total Sales) of your sales and use tax return.

Example: You paid tax to DMV based on the selling price of the vehicle. You also charged your customer a fee for the preparation of documents (doc fee), which is a taxable charge made in connection with the sale of the vehicle. You must report both the sales price of the vehicle and the doc fee on line 1 of your sales and use tax return; however, on CDTFA 531-MV you would only list the sales price of the vehicle and the amount of tax paid to DMV.

¹ www.cdtfa.ca.gov/formspubs/cdtfa531mv.pdf

DMV payments

- You must complete and submit an ROS timely, as required by DMV.
- You must provide DMV your seller's permit number along with your tax payment to ensure we are able to apply your payment to your sales and use tax account.

Please note: If you use a service provider to electronically report vehicle sales, contact your provider to ensure your seller's permit number is accurately recorded on each ROS.

- You may contact DMV by email at DMVTAXINQ@dmv.ca.gov for confirmation of your payments.

Online webinars

We frequently host sales and use tax return preparation webinars for used motor vehicle dealers. If you are interested in attending a seminar, please visit our Tax Education Events webpage at www.cdtfa.ca.gov/seminar/. Then, click *Used Car Dealers Tax Return Preparation Webinar*, then select *Register Online* to sign up.

Video tutorial

A video tutorial is available to help you complete your sales and use tax return and schedule CDTFA-531-MV. You will find it on our *Online Services* webpage at www.cdtfa.ca.gov/services/#Tutorials. From the webpage, select the *Returns* heading, select the *Sales and Use Tax* subheading, and then click *How to File Schedule MV*.

For more information

You can find more information in our *Tax Guide for Motor Vehicle Dealers* at www.cdtfa.ca.gov/industry/used-vehicle-dealers.htm and in our *New Legislation Affecting Dealers - FAQs* at www.cdtfa.ca.gov/industry/faqs-for-used-vehicle-dealers.htm.

Additional assistance

You may call our Customer Service Center at 1-800-400-7115 (CRS:711) for general information and guidance. Customer service representatives are available Monday through Friday from 7:30 a.m. to 5:00 p.m. (Pacific time), except state holidays.