



SPECIAL NOTICE

**CALIFORNIA DEPARTMENT
OF TAX AND FEE
ADMINISTRATION**

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CDTFA WEBSITE

www.cdtfa.ca.gov

CUSTOMER SERVICE CENTER

1-800-400-7115

TTY

711

Update for Used Motor Vehicle Dealers Starting July 1, 2025

Senate Bill (SB) 132 (Stats. 2025, ch. 17)¹ amended Revenue and Taxation Code (RTC) section 6295² to provide that an application (registration/transfer) submitted to the Department of Motor Vehicles (DMV) by the dealer will be deemed a tax return filed with the California Department of Tax and Fee Administration (CDTFA) with respect to the amounts reported to DMV. As a result of this change, for sales made on or after July 1, 2025, dealers required to pay tax to DMV on vehicle sales no longer need to include vehicle sales amounts reported to DMV on their sales and use tax return.

Dealers must continue to file a sales and use tax return with CDTFA to report other sales and claim tax recovery credit, which may include the following:

- Any vehicle sales which were not reported to DMV (for example, demand title sales or out-of-state sales),
- Any non-vehicle, taxable charges that are in addition to the vehicle sales amounts reported to DMV, such as document fees (since DMV only collects tax on the vehicle sales prices and does not currently collect tax on these amounts),
- Any other sales of tangible personal property, and
- Any tax recovery transactions, such as dealer-financed bad debt losses or taxable merchandise returns.

In addition to the above, schedule CDTFA-531-MV, *Used Vehicle Dealer—Sales Report*, will be removed from the sales and use tax return, as it is no longer needed.

For more information

We encourage you to read our recently updated *Tax Guide for Motor Vehicle Dealers* at www.cdtfa.ca.gov/industry/motor-vehicle-dealers for more information. You may also call our Customer Service Center at 1-800-400-7115 (TTY:711) Monday through Friday from 7:30 a.m. to 5:00 p.m. (Pacific time), except state holidays.

¹ https://leginfo.legislature.ca.gov/faces/billNavClient.xhtml?bill_id=202520260SB132

² RTC section 6295 requires certain used motor vehicle dealers to pay applicable sales tax and any applicable use tax on their retail sales of certain used motor vehicles to DMV when they submit a vehicle registration application. This requirement, however, does not relieve the dealer of the obligation to file sales and use tax returns with CDTFA.