

SCDMV Dealer Connection

Updates from SCDMV to You



New Sales Tax Rules

The South Carolina Infrastructure and Economic Development and Reform Act (Bill 3516) was enacted at the 122nd session of the South Carolina Legislature. This Bill includes the following major changes that will go into effect through January 1, 2019:

- ⇒ Infrastructure Maintenance Fee effective July 1, 2017
- ⇒ Maximum sales tax increase effective July 1, 2017
- ⇒ Increase in Registration Fees effective January 1, 2018
- ⇒ Road Use Fees effective January 1, 2018
- ⇒ Motor Carrier vehicle assessment fees effective January 1, 2019

This article addresses what you need to know regarding the Infrastructure Maintenance Fee and maximum sales tax increase that will become effective July 1, 2017.

Effective July 1, 2017, an Infrastructure Maintenance Fee (IMF) will be imposed on all **newly acquired AND registered** vehicles in SC at a rate of 5% of the sales price up to \$500. If the dealer holds a SC retail license or offers to license and register the vehicle, the dealer must collect the fee and remit to SCDMV.

This means that for every vehicle purchased from a dealership that will be registered (tagged), the fee must be collected **AND submitted with the title work to SCDMV**. For instance, a vehicle sold for \$10,000 or more would impose the \$500 IMF, \$15 title fee, \$24 plate fee (for base plates), for a total of \$539 to be submitted to SCDMV. Previously, sales taxes were reported to SCDOR. The IMF will be reported to SCDMV. Financial institutions registering vehicles for their customers should also report the IMF to SCDMV along with title and registration fees. The sales price (minus trade values) must be indicated on the Form 400 for any sale less than \$10,000.

For vehicles that are titled only (no plates), the dealer must collect 5% sales taxes on the price of the vehicle up to \$500. This includes vehicles that the dealer sells, but does not register for the customer. Sales taxes will continue to be reported to SCDOR.

Dealerships participating in the EVR program will be billed the IMF along with the plate fee, title fee, and EVR fee, via the EVR system.

On the sale of vehicles that will be registered in another jurisdiction, the IMF will be collected and reported to SCDMV via a form that will be prescribed by the Department. This form must be submitted within 45 days of the date of sale to the Department by mail. EVR dealers may include the form along with bundle reports.

Reciprocity with other jurisdictions and the same sales tax exemptions will apply to both the IMF and sales taxes. **At no time will a customer pay both IMF and sales taxes.**

The IMF fees and maximum tax increase will be applied to all transactions **sold** on July 1st or later. Vehicles sold prior to July 1st will remain at the \$300 cap and sales taxes for those transactions will be submitted to SCDOR as they are now.

The title application (Form 400) will be updated to indicate these fees. Please continue to use the existing title applications until the new ones are distributed.

Email any questions regarding these changes to cartaxes@scdmv.net.

New Procedures

Sales Price

With the reporting of the IMF to SCDMV effective July 1, the sales price of vehicles up to \$10,000 **MUST** be indicated on the title application in Section 1. If the vehicle is \$10,000 or more, the \$500 IMF cap applies. Therefore, dealers may indicate ">\$10,000" for the sales price, if applicable, or leave the entry blank. Note that \$500 IMF will be due, if the entry is left blank.

State-Wide Titling Classes

Please see our website for a list of titling classes once a month throughout the state.



Let us know immediately of any cancellations because there is often a wait list of individuals wishing to attend.

Car Tax Conference Calls

SCDMV will be conducting conference calls to discuss the Sales Tax changes the week of June 12th. During these calls, SCDMV will answer any questions dealers may have on the changes that will take effect on July 1. Please email questions to **car-taxes@scdmv.net**. Use the same email to register for the conference call at one of the sessions listed below.

Tuesday, June 13th — 10:00 a.m.

Tuesday, June 13th — 2:00 p.m.

Wednesday, June 14th — 2:00 p.m.

Wednesday, June 14th — 4:00 p.m.

Additional sessions will be scheduled the week of June 19th, if warranted. Each session will last one hour and is limited to 50 participants. You will need an email address to receive the conference call information.

New Title Applications Coming...

The Department is preparing new title applications as follows:

- ⇒ *Updated Form 400* — an update to the existing application to include an option for IMF or Sales Taxes. This application will be ready for download and/or ordering by July 1st or shortly thereafter. Until then, continue using the existing Form 400; but, be sure to indicate if the vehicle is being registered in Section A, and indicate the sales price less than \$10,000 in Section I.
- ⇒ *New Duplicate Title Application* — for use when requesting a duplicate title via mail or in our branch offices. Note that a duplicate title may be requested online by the owner or lien holder.
- ⇒ *New Lien Recording Application* — for use when recording a lien for an existing titled owner. This form will eliminate some of the non-process required entries from the existing title application.

The format of the existing Form 400 is changing. SCDMV will allow companies time to reformat their system to accommodate the new format. The new forms will be available Summer 2017.

Vehicles Initially Registered Out of State

Also, included in the *Infrastructure and Economic Development and Reform Act*, is the provision that the infrastructure maintenance fee is imposed when a vehicle required to be registered in South Carolina that was first registered in another state by the owner is subsequently registered for the first time in South Carolina by the same owner. The IMF for this provision is \$250.

For example, if a person living in Georgia purchased a motor vehicle and first registered it with in Georgia, then that person would owe the \$250 Infrastructure Maintenance Fee when that person moves to South Carolina and registered the vehicle with SCDMV.

The \$250 fee for a vehicle registered out-of-state and later registered in South Carolina does not apply if the owner of the item is serving on active duty in the armed forces of the United States. The \$250 fee also does not apply to a spouse or dependent of a person serving on active duty in the armed forces of the United States.

New SCDMV Web Site

In July 2017, SCDMV will debut a new website.

New features include:

- ⇒ Mobile oriented design
- ⇒ Easy navigation
- ⇒ Directions to nearest locations
- ⇒ Online self service
- ⇒ Information for drivers, dealers, businesses, and more

Stay Tuned...

Stay tuned to additional process and procedural changes for the Infrastructure and Economic Development Reform prior to implementation on January 1, 2018.

Changes to Moped laws will not be in effect until October 2018 (Bill H. 3247).

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