



Informational Guideline Release

Bureau of Municipal Finance Law
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Supersedes IGRs 86-209 and 83-206 in part, Bulletin 2006-15B in part, the 2005 Motor Vehicle Excise Manual in part and Inconsistent Prior Written Statements

MOTOR VEHICLE EXCISE EXEMPTIONS **FOR** **INDIVIDUALS WHO LEASE VEHICLES**

[Chapter 165, §§ 91-94 of the Acts of 2014](#)
(Amends [G.L. c. 60A, § 1](#))

This Informational Guideline Release (IGR) informs local officials about recent legislation that expands the eligibility of certain individuals who lease vehicles for motor vehicle excise exemptions. It also explains the standards and procedures that apply to these exemptions generally.

Topical Index Key:

Motor Vehicle Excise

Distribution:

Assessors

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SUMMARY:

These guidelines explain recent amendments made in motor vehicle excise exemptions for certain individuals under [G.L. c. 60A, § 1](#). Previously, these individuals could only obtain an exemption for the excise assessed on one vehicle owned and registered by them for personal, non-business use. As a result of amendments made by the Fiscal Year 2015 State Budget, these excise exemptions have now been extended to excises assessed on vehicles the individuals lease as well. [St. 2014, c. 165, §§ 91-94](#). Those excises will ordinarily be assessed to the leasing company that owns the vehicle. The lease can be for any length of time during the excise calendar year.

These amendments are effective for exemptions granted of motor vehicle excises assessed for calendar years beginning on or after January 1, 2015. **The amendments apply to all excise exemptions for individuals, including local acceptance exemptions, without any local action.**

These guidelines supersede prior guidelines and any inconsistent prior written statements or documents to the extent they state motor vehicle excise exemptions are not available to individuals who lease vehicles.

GUIDELINES:

A. ELIGIBLE INDIVIDUALS

The following individuals qualify for a motor vehicle excise exemption:

1. Veterans

Veterans who:

- a. According to the United States Department of Veterans Affairs (VA), have (1) actually lost, or have the permanent loss of use of, at least one foot or hand, or (2) have permanent legal blindness in at least one eye, due to his or her military service; or

- b. Have been determined by the Registry of Motor Vehicles Medical Advisory Board (RMV MAB) to be permanently disabled due to his or her military service. See [Bulletin 2015-01B, Motor Vehicle Excise Exemptions for Veterans – Revised Registry of Motor Vehicle Procedure](#).

2. Non-veterans

Non-veterans who have lost or have a permanent loss of use of both legs, both arms or the sight in both eyes.

3. Prisoners of War and Surviving Spouses

If accepted by the city or town, former prisoners of war and their surviving spouses until remarriage.

4. Domiciliary Military Personnel

If accepted by the city or town, Massachusetts residents who are in active military service and deployed outside Massachusetts for at least 45 days in the excise calendar year.

B. EXEMPTION PROCEDURE

1. Application

A taxpayer must file an application with the board of assessors for each excise calendar year. [State Tax Form 126-MVE \(long form\)](#) or [State Tax Form 126-MVE \(short form\)](#) may be used for that purpose. Applications must be received by the assessors within three years after the excise was due, or one year after the excise was paid, whichever is later. [G.L. c. 60A, § 2](#).

Assessors may abate motor vehicle excises in order to put into effect an exemption in certain circumstances where the taxpayer did not timely apply for abatement, but only if the excise is still outstanding. [G.L. c. 60A, § 8](#). Any action on a late filed application is solely discretionary and cannot be appealed to any local or state board, agency or official. The taxpayer's recourse is to pay the excise and file an abatement application within one year of the payment date. See [Informational Guideline Release \(IGR\) No. 04-209, Motor Vehicle and Boat Excise Abatements](#).

2. Documentation

Once documentation of an eligibility factor that would not change has been provided, e.g., the taxpayer was a prisoner of war or has a disability as determined by the VA, RMV MAB or doctor, as applicable, and an exemption granted, the taxpayer does not have to provide that documentation in future years.

3. **Eligibility Date**

There is no fixed qualification date for motor vehicle excise exemptions. The taxpayer just needs to meet all the qualifying criteria, including the ownership or leasing of the motor vehicle for which the excise was assessed, during the excise calendar year. The ownership or lease can be for **any length of time** during the excise calendar year.

4. **Exempt Vehicles**

For each eligible taxpayer, the exemption from the excise for any excise calendar year is limited to **one** vehicle, owned or leased, for personal, non-business use at a time, i.e., the taxpayer cannot receive an exemption on two vehicles, whether owned or leased, at the same time in the same excise calendar year. G.L. c. 60A, § 1. The vehicle may be owned or leased with a spouse or other person.

a. **Ownership or Lease of Multiple Vehicles**

An applicant who owns or leases more than one vehicle may select the vehicle for which the exemption will apply for the excise calendar year.

b. **Retention of Exempted Vehicle**

A taxpayer granted an exemption for a particular vehicle for an excise calendar year **may not receive** an exemption for that excise calendar year on another vehicle the taxpayer purchases or leases later in the year **if the taxpayer continues to own or lease the first vehicle for the rest of the year**. If the taxpayer continues to own or lease more than one vehicle into the next excise calendar year, the taxpayer may select the vehicle for which the exemption will apply in the next year. See Section B-4-a.

c. **Disposition of Exempted Vehicle**

A taxpayer granted an exemption for a particular vehicle for an excise calendar year **may receive** the exemption for that excise calendar year on another vehicle the taxpayer purchases or leases later in the year **if the taxpayer disposes of the vehicle or terminates the lease during the year**. The assessors may grant an exemption on a second vehicle for the remainder of the excise calendar year as essentially a continuation of the annual exemption as follows:

- (1) If the taxpayer owned the exempted vehicle and purchases another vehicle, the taxpayer (a) must transfer title to the exempted vehicle; and (b) transfer the registration on the exempted vehicle to the second vehicle or cancel the registration on the exempted vehicle and obtain a new registration on the second vehicle.
- (2) If the taxpayer owned the exempted vehicle and leases another vehicle, the taxpayer (a) must transfer title to the exempted vehicle; and (b) cancel the registration on the exempted vehicle.

- (3) If the taxpayer leased the exempted vehicle and leases another vehicle at the end of the lease period or otherwise, the lease on the exempted vehicle must be up or terminated.

C. EXEMPTION AMOUNT

The exemption is for the entire amount of the excise regardless of the number of any co-owners or co-lessees.

D. STATE REIMBURSEMENT

Subject to annual appropriation, cities and towns will be reimbursed for excises exempted for eligible taxpayers who lease vehicles, unless the exemption granted requires local acceptance. See Section A- 3 and 4 above. The attached chart summarizes all excise exemptions that are reimbursed.

State Reimbursement of Motor Vehicle Excise Exemptions

ELIGIBLE TAXPAYERS	REIMBURSEMENT ¹	
	Owned Vehicles	Leased Vehicles
Non-veterans who have lost or have a permanent loss of use of both legs, both arms or the sight in both eyes	None	Exemption granted
World War I veterans, World War II veterans, Korean War veterans, Viet Nam War veterans who have one of the following disabilities as determined by the VA: <ul style="list-style-type: none"> • Actual loss of at least one foot or hand, • Permanent and complete loss of use of at least one foot or hand, or • Permanent impairment of vision meeting certain specifications in at least one eye 	None	Exemption granted
World War I veterans, World War II veterans, Korean War veterans, Viet Nam War veterans who have a permanent disability determined by the RMV MAB	Exemption granted	Exemption granted
Peacetime veterans Wartime veterans <u>other than</u> World War I, World War II, Korean and Viet Nam	Exemption granted	Exemption granted
If locally accepted, former prisoners of war and their surviving spouses (until remarriage) If locally accepted, Massachusetts residents in active military service and deployed outside Massachusetts for at least 45 days in excise calendar year	None	None

¹ Subject to annual appropriation