

CALCULATING MOTOR VEHICLE SALES TAX

on casual sales between private parties

The Registry of Motor Vehicles and the Department of Revenue follow Massachusetts law in determining the amount of sales tax to be paid on the purchase of a motor vehicle. It must be the **higher of** the NADA value of the vehicle as published in the Used Car Guide as “clean trade-in” value [NADAguides.com] OR the actual price paid for the vehicle. The condition of the car will not reduce the sales tax determined.

When should I dispute the amount of motor vehicle sales or use tax?

If the sales tax charged was incorrectly calculated for the motor vehicle purchased. For example, if the NADA “clean trade-in” value used in the calculation was not specifically for the car you purchased. Or, if the actual price paid for the vehicle, as used in the calculation, was an incorrect amount. Those are good reasons to dispute the sales tax.

What if I think the NADA value is too high based on the condition of the car?

Massachusetts law requires the Registry of Motor Vehicles to use the higher of the NADA value or the purchase price in determining the sales tax. The Department of Revenue cannot take the condition of the vehicle into account when considering an abatement request. If the NADA value is higher than the purchase price, the NADA value must be used, regardless of the vehicle’s condition and DOR will not allow a different value.