

Personal Property Tax Relief Act

The 1998 General Assembly enacted the Personal Property Tax Relief Act which provides relief from personal property taxes otherwise payable on the first \$20,000 of value for qualifying vehicles.

Code of Virginia Section 58.1-3523 states that vehicles qualifying for property tax relief may include “any passenger car, motorcycle and pickup or panel truck that is determined by the Commissioner of the Revenue of the county or city in which the vehicle has situs (physical location) to be (i) privately owned or (ii) leased pursuant to a contract requiring the lessee to pay the tangible personal property tax on such vehicle.”

Using the definitions as set forth in the Code of Virginia Section 56.2-100, “passenger car” means every motor vehicle designed and used primarily for the transportation of no more than ten persons, “pickup or panel truck” means every motor vehicle designed for transportation of property having a registered gross weight under 7,501 pounds and “motorcycle” means every motor vehicle designed to travel on not more than three wheels.

The 2002 General Assembly enacted HB 30 which requires the Department of Taxation to develop and implement, not later than January 1st, 2003, a comprehensive Personal Property Tax Relief Act Compliance Program. The objectives of the program are: 1) to enhance taxpayer knowledge and compliance with PPTRA, and 2) establish cost-effective verification and audit procedures. HB 30 authorizes the Tax Commissioner to promulgate (to make known) administrative guidelines to implement the PPTRA Compliance Program.

What is the Personal Property Tax Relief Act?

The Personal Property Tax Relief Act of 1998 provides tax relief for passenger cars, motorcycles and pickup or panel trucks having a registered gross weight of less than 7,501 pounds. To qualify, a vehicle must:

be owned by an individual or leased by an individual under a contract requiring the individual to pay the personal property tax;

AND

be used less than 50% for business purposes.

Motor homes, trailers and farm use vehicles do not qualify for tax relief.

Does your vehicle qualify for car tax relief?

If you can answer **YES** to any of the following questions, your motor vehicle is considered by State Law to have a business use and does **NOT** qualify for Car Tax Relief.

Is more than 50% of the mileage for the year used as a business expense for Federal Income Tax purposes or reimbursed by an employer?

Is more than 50% of the depreciation associated with the vehicle deducted as a business expense for Federal Income Tax purposes?

Is the cost of the vehicle expensed pursuant to Section 179 of the Internal Revenue Service Code?

Is the vehicle leased by an individual and the leasing company pays the tax without reimbursement from the individual?

“Certification”

As part of the Compliance Program, Commissioners of the Revenue, Treasurers and other local officials having assessment or collection responsibilities shall implement provisions for certification by the vehicle owners as to vehicle use for business purposes.

In jurisdictions where a FILE BY EXCEPTION method is used for personal property tax returns, certification shall be obtained at the time of the following:

- 1. The file by exception process in which citizens shall be required to notify the locality of any changes in vehicle use on an exception basis, and either*
- 2. Payment of personal property tax bill where payment can be constructed as a certification of vehicle use*

Tax Bills Examples:

“I certify that by paying this bill, Personal Property Tax Relief is given only to personal use vehicle(s).”

“I certify that unless otherwise indicated as business use, the vehicle(s) listed herein are for personal use.”

****IMPORTANT NOTICE from Amherst County Commissioner of the Revenue regarding Personal Property Tax Relief****

In 2005 the General Assembly placed a 950 million dollar cap on the Personal Property Tax Relief effective January 1st, 2006.

Each locality will receive a portion of the 950 million dollars based on the amount of tax relief they received from the state in 2004. Amherst County will receive \$2,199,018.35 in relief for the tax year 2006 and thereafter. The percent of relief the county will receive is 0.2315. This percentage of relief you receive could change each year based on the number of qualifying vehicles.

This amount of tax relief must be divided among all qualifying vehicles in the county. Only personal use motor vehicles with a gross weight less than 7,501 pounds qualify. If a vehicle is used more than 50% for business or is depreciated on your Federal Income Tax return more than 50%, the vehicle will not qualify. Motor homes and farm use vehicles with or without state tags will not qualify.

****Please note**** Starting Jan. 1, 2012 high mileage will be taken into consideration if a 762 Personal Property form is filed before May 1. Provide a copy of the vehicle’s last inspection receipt for proof of mileage. You are required to file a 762 form with the Commissioner of the Revenue if you have made any changes during the year.

If after reading this information and you are not sure if your vehicle is for business or personal use, contact our office and we will determine the use of your vehicle based on the guidelines that we have been given and the actual individual facts per case. Please contact this office if you have any questions.