



Vehicle Use Tax and Calculator Questions and Answers

January 2018

If you recently purchased a vehicle from an out-of-state dealer and plan to register it in Arizona, you may owe use tax. Below are questions and answers to provide guidance about use tax and the Vehicle Use Tax Calculator.

For general information about Use Tax, please refer to [Publication 610A - Use Tax for Individual Income Taxpayers](#) on the ADOR website.

To calculate the amount of use tax you owe on your out-of-state vehicle purchase, use the [Vehicle Use Tax Calculator](#) on our website at www.azdor.gov, under "E-Services."

Q. What is use tax?

A. Use tax is imposed on the "storage, use or consumption in Arizona" of tangible personal property (such as a car) that is purchased from a retailer. When you purchase a vehicle from an out-of-state dealer and register it in Arizona, you show your intent to store or use it in Arizona. Therefore, the purchase is subject to state and city use tax. There is no county use tax.

Q. How do I calculate my use tax liability? And what is the use tax rate?

A. The Vehicle Use Tax Calculator is available on our website to help you determine how much use tax you owe. The state use tax rate is 5.6%. There is no county use tax in Arizona.

City use tax rates vary by city and are listed in our TPT Tax Rate Tables on our website under "Transaction Privilege Tax", then "Rates and Deduction Codes." You can also look up the rate on our [Arizona Transaction Privilege Tax Look Up Tool](#). (Note: City transaction privilege tax (TPT) and use tax rates are the same.)

Q. I purchased my car online from a dealer and had it shipped to Arizona. Do I owe use tax?

A. Yes. If the dealer does not have nexus in Arizona (i.e. a business location or other presence in Arizona, for tax purposes), you will owe use tax when you register your vehicle at Motor Vehicle Division (MVD). If you paid sales tax or excise tax at the time of purchase, your use tax liability may be reduced.

Q. I purchased my vehicle from an online dealer. The dealer has a business location in Arizona but did not include any tax on my bill of sale. Do I owe use tax?

A. No. Because the online dealer is an Arizona business, the dealer is responsible for the tax due on the sale of the vehicle. The dealer should report and remit TPT to Arizona Department of Revenue (ADOR). You do not owe use tax on the purchase even if the bill of sale does not show an itemized tax amount. Arizona Revised Statutes (A.R.S.) § 42-5155(F).

Q. I purchased my vehicle from a private party. Do I owe use tax?

A. No. Casual sales between private parties are not taxable. When you register your vehicle at MVD, bring a copy of the bill of sale or any documentation that shows you purchased the vehicle from a private party.

Q. I purchased my car in a foreign country. Do I owe use tax?

A. Yes. Arizona law does not give any credit for taxes paid in a foreign country on the purchase of a vehicle. However, individuals who purchase vehicles outside of the United States and register their vehicles in Arizona are entitled to a \$200 *deduction* to the tax base used to calculate the state use tax due. A.R.S. § 42-5159(A)(10). There is no corresponding deduction for city use tax.

When using the Vehicle Use Tax Calculator, be sure to check the box labeled "Vehicle purchased out of country?"

Q. I registered my vehicle in Arizona but the vehicle was never in Arizona. Do I owe use tax?

A. When you register your vehicle in Arizona, the registration is considered "use" in Arizona and subject to use tax.

Q. I am in the military. I registered my vehicle in Arizona but the vehicle has never entered Arizona. Do I owe use tax?

A. Yes. Registering your vehicle in Arizona is considered "use" in Arizona and therefore subject to tax. There are no exemptions for purchases by Military members.

Q. I purchased a vehicle from an out-of-state dealer and then registered it in Arizona. Then I sold the vehicle shortly after I registered it. Do I still owe use tax?

A. Yes. You owe use tax on the purchase of your vehicle.

January 2018

Q. Why does the MVD require that I pay use tax in order to register my vehicle?

A. The MVD is required by law to collect use tax at the time of title transfer or registration of a vehicle. MVD will notify the ADOR of the tax collected (A.R.S. § 28-2056). If ADOR determines that MVD did not collect the full/correct amount of use tax due, ADOR will contact you for the remaining balance.

Q. I paid tax when I purchased my vehicle. Do I still owe use tax to Arizona?

A. If you have documentation to prove that you paid sales tax or excise tax on your out-of-state vehicle purchase, MVD will reduce your Arizona state and city use tax by the corresponding amount of state and city tax paid. (There is no county use tax in Arizona.) The bill of sale must include the dealer's zip code and the amount of sales tax or excise tax paid. If the out-of-state tax that you paid is less than the amount of use tax due to Arizona, you will owe the difference. A.R.S. § 42-5159(A)(2) and MCTC Sec. 640.

If the out-of-state dealer collected use tax at the time of the purchase and provides the service of registering your vehicle for you in Arizona through a title company, the title company should remit the use tax collected to MVD. If ADOR determines that MVD did not collect the full/correct amount of use tax due, ADOR will contact you for the remaining balance.

Q. Does the Vehicle Use Tax Calculator calculate credit for the tax I paid out-of-state?

A. Yes. Enter all available information from the bill of sale. The Calculator will account for the tax paid if you provide information in the fields "Tax Paid Out of State" and "Dealer Zip Code."

Q. When I enter my address in the Vehicle Use Tax Calculator, I receive an error message, "We could not find a match for the Street Address and Zip Code entered. Please enter a valid Street Address and Zip Code or Go to Map." What do I do?

A. At the end of the error message, click on the link "Go to Map," and select your location using Google Maps.

Q. I live outside the city limits; how do I calculate my use tax liability?

A. Use the Vehicle Use Tax Calculator to calculate your use tax liability. The Calculator will determine the correct jurisdiction for calculating the amount of use

tax. If you believe there is an error with the Calculator, you can request a letter from the City Clerk to verify your jurisdiction. For further assistance, contact ADOR by email at VehicleUseTax@azdor.gov or by phone at (602) 716-6450.

Q. In the Vehicle Use Tax Calculator, do I use the "Trade-In Value" field to calculate my lien pay-off?

A. No. Your lien pay-off does not affect your use tax liability. Only enter the value of your trade-in vehicle in the "Trade-In Value" field.

Q. I think MVD charged me the wrong amount of use tax. Who can I contact to correct the issue?

A. Use the Vehicle Use Tax Calculator to verify the amount of use tax due. If the result is different than what you paid at MVD, please contact ADOR by phone at (602) 716-6450 or email at VehicleUseTax@azdor.gov. If you email ADOR, please include your name, address, and phone number where we can reach you.

Q. What do I do if MVD did not give credit for my trade-in vehicle or manufacturer's rebate?

A. Verify your use tax liability using the Vehicle Use Tax Calculator. Make sure to enter the "Trade-In Value" or "Manufacturer Rebate" amount in the appropriate field. If the Calculator result is different than the amount of tax you paid to the dealer and/or MVD, please contact ADOR by phone at (602) 716-6450 or email at VehicleUseTax@azdor.gov. You will need to provide ADOR with a copy of your vehicle purchase agreement. If you email ADOR, please include your name, address, and phone number where we can reach you.

Q. I paid use tax when I registered my vehicle at MVD. Why did I receive a letter from ADOR stating that I owe use tax?

A. If MVD did not collect the full amount of use tax, ADOR will contact you for the remaining balance due. For example, if MVD only collected the state use tax, you may still owe city use tax. You can use the Vehicle Use Tax Calculator to verify the amount of use tax that you owe.