



Return Update and Information for Used Vehicle Dealers

Return Update

Legislation that went into effect January 1, 2021, requires used vehicle dealers to provide detailed vehicle sales information when filing their sales and use tax returns. Many dealers are also required to pay the tax on vehicle sales directly to the Department of Motor Vehicles (DMV). In an effort to assist in the reconciliation process for tax paid to the DMV, starting April 1, 2022, please include the Vehicle Identification Number (VIN) for all vehicles sold when filing your CDTFA-531-MV, *Used Vehicle Dealers Sales Report*¹. A revision to CDTFA-531-MV is being made to add a new column for you to furnish VINs beginning with your March 2022 return which is due May 2, 2022. This will be in addition to the transaction information you are currently reporting. Adding this information will alleviate some of the difficulties dealers have encountered when filing returns after paying the tax directly to the DMV.

Reporting Sales in the Proper Reporting Period

Sales reported to the California Department of Tax and Fee Administration (CDTFA) should be reported on your sales and use tax return in the month when the sale occurs and not when the payment for the vehicle is received or when the registration and tax is paid to the DMV (certain dealers are required to pay tax to the DMV). Tax is due based on an accrual basis and not on a cash basis. For example, if you make a sale in February, receive payment from your customer in March, and register and/or pay the tax to the DMV in March, you must report the February sale on your February sales and use tax return and **not** on your March return. Tax payments made to the DMV will be applied to your sales and use tax return in the period in which the sale is made (based on the Report of Sale date).

You Must Include Additional Taxable Charges on Your Sales and Use Tax Return

The DMV only collects the tax on the vehicle sales price and not on other taxable charges such as document fees, smog certification fees, mandatory warranties, etc. While you are required to provide the Vehicle Selling Price Reported to DMV for each vehicle sold on CDTFA-531-MV, you should not include additional charges on this form. However, you are required to report the additional charges, along with your vehicle sales, on your sales and use tax return on line 1, Total Sales. For example, you paid tax to the DMV based on the selling price of the vehicle. You also charged your customer a fee for the preparation of documents (doc fee), which is a taxable charge made in connection with the sale of the vehicle. You must report both the sales price of the vehicle and the doc fee on line 1 of your sales and use tax return.

For more information on how tax applies to some additional common charges made by motor vehicle dealers, please see the Special Charges Related to Motor Vehicle Sales section in our *Tax Guide for Motor Vehicle Dealers* at www.cdtfa.ca.gov/industry/used-vehicle-dealers.htm#SpecialCharges. For help completing CDTFA-531-MV, a [video tutorial](#) is available on our Online Services webpage at www.cdtfa.ca.gov/services/#Tutorials. From the webpage, select the *Returns* heading, *Sales and Use Tax* subheading, and select *How to File Schedule MV*.

Why am I Receiving This Letter?

You received this letter because our records indicate you are a used vehicle dealer. If you are not a used vehicle dealer and you received this letter in error, please contact us at the number below so that we can update your account information.

For More Information

Additional information can be found in our *Tax Guide for Motor Vehicle Dealers* at www.cdtfa.ca.gov/industry/used-vehicle-dealers.htm and in our *New Legislation Affecting Used Vehicle Dealers - Frequently Asked Questions (FAQs)* at www.cdtfa.ca.gov/industry/faqs-for-used-vehicle-dealers.htm.

You may also call our Customer Service Center at 1-800-400-7115 (CRS:711). Customer service representatives are available Monday through Friday from 8:00 a.m. to 5:00 p.m. (Pacific time), except state holidays.

¹ www.cdtfa.ca.gov/formspubs/cdtfa531mv.pdf