

The 2017 Oregon Legislature passed House Bill 2017, which included two new vehicle taxes. The **vehicle privilege tax** is a tax for the privilege of selling new vehicles in Oregon. The **vehicle use tax** applies to Oregon residents and businesses that purchase new vehicles from dealers outside of Oregon. Both taxes are calculated at 0.5 percent of the retail sales price of new vehicles. The tax is applicable on sales made on or after January 1, 2018.

### **What are in-state vehicle dealers responsible for?**

Vehicle dealers in Oregon are responsible for paying the **vehicle privilege tax** on each new taxable vehicle sale. Taxable new vehicles are those with 7,500 or fewer miles on the odometer that have never been titled in Oregon. The following vehicles and sales are not subject to the vehicle privilege tax:

- New motorized vehicles with a gross vehicle weight rating of 26,000 pounds or more.
- Vehicles sold to purchasers who aren't Oregon residents.
- Vehicles sold to businesses where the primary use of the vehicle will occur outside of Oregon.
- Vehicles sold at auction, if the event is less than seven consecutive days and the public is charged admission.

Dealers may collect the amount of the tax from the purchaser in the same manner and at the same time as the collection of document processing fees.

### **What are out-of-state vehicle dealers responsible for?**

Taxable new vehicles are those with a gross vehicle weight of 26,000 pounds or less and 7,500 miles or fewer on the odometer. For a full list of vehicles subject to the use tax, visit [www.oregon.gov/dor](http://www.oregon.gov/dor).

Dealers must collect and remit the tax if they have a physical presence in Oregon sufficient to create a substantial nexus for tax purposes. Generally, physical presence means employees or independent contractors regularly work in Oregon, or there's ownership of real property in Oregon. Dealers who are unsure whether their business has a physical presence in Oregon should consult a tax professional or attorney to determine the legal obligations associated with their particular circumstances.

Dealers without a physical presence in Oregon may still choose to collect and remit the tax on behalf of their customers. If a dealer chooses to collect and remit the tax, they must do so for all vehicles sold that are subject to the tax. If a dealer chooses not to collect and remit the tax on behalf of customers, the customers will have to file and pay the tax before the title/registration can be issued.

If the consumer pays the tax at the time of sale, the dealer will obtain a certificate of use tax paid/collected by recording the transaction in the Department of Revenue's self-service web portal, Revenue Online. The certificate should be included with the title and registration application to Oregon's DMV.

## **Returns and payments**

Returns and payments are due on or before the last day of the month following the end of each quarter. The Department of Revenue's self-service web portal, Revenue Online, provides convenient tools for managing tax accounts, including electronic return filing and payment options.

Dealers must register with the Department of Revenue before their first return and payment are due (April 30, 2018). Dealers can't obtain a certificate of tax paid/collected, file or pay without being registered for a vehicle privilege or use tax account. Registration instructions will be available in January 2018 at [www.oregon.gov/dor](http://www.oregon.gov/dor).

### **What is the purchaser responsible for?**

Oregon residents who buy a new vehicle from an out-of-state dealer and don't pay the Oregon use tax at the time of sale must report the purchase and pay the tax directly to the Oregon Department of Revenue. **Returns and payments are due by the 20th of the month following the month of purchase.** The vehicle can't be titled and registered in Oregon until the use tax has been paid and proof of payment has been submitted to the DMV.

If the consumer pays the tax at the time of sale, the dealer will obtain a certificate of use tax paid/collected by recording the transaction in the Department of Revenue's self-service web portal, Revenue Online. The certificate should be included with the title and registration application to Oregon's DMV.