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Assessment Administration: Law, Procedures and Valuation

Module 9 – Motor Vehicle Excise

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Note: At the top of the TOC is a search field. You can search for items listed in the table of contents and then jump to that section when reviewing content. However, you must complete each Self Assessment Quiz at the end of each lesson in order to move to the next lesson or search for topics in upcoming lessons.

Division of Local Services

Click the button to reference **Module 9** of the ***DLS 101 Handbook***



What you will Learn

Lesson	Title
1	Excise Assessment
2	Excise Abatements
3	Excise Exemptions

Overview of Motor Vehicle Excise

An **excise** is a tax assessed upon an event or privilege.

The **motor vehicle excise** is a tax assessed on **owners** of registered motor vehicles for the **privilege of registration**.

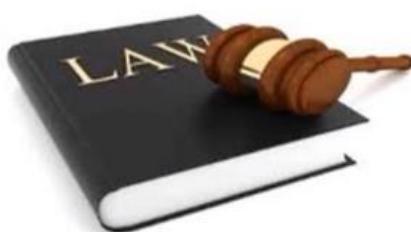


- Owners of motor vehicles subject to or exempt from the excise are also exempt from personal property taxes
- The motor vehicle excise is assessed on a **calendar year** basis
 - An owner whose vehicle is registered on **January 1** of the excise calendar year, or at **any time** during that calendar year, is assessed an excise for that year
 - If the vehicle is unregistered on January 1, the owner is assessed a personal property tax unless the owner registers the vehicle during the calendar year

Person and Place Assessed

Motor vehicle excise is assessed to the **registered owner** by the **city or town** in which the vehicle is **principally garaged**.

- A person who **registers** a vehicle is considered its **owner**
- The place a vehicle is **principally garaged** is the place shown on the **owner's application for registration** to the Registry of Motor Vehicles (Form RMV-1)
 - In most but not all cases, a vehicle will be principally garaged in the city or town where the owner **resides** or has a **principal place of business**
 - If a vehicle is principally garaged outside Massachusetts, the Commonwealth through the Department of Revenue assesses the excise



Amount Assessed

You apply a tax rate of **\$25 per \$1,000** of the **valuation** of the vehicle according to the statutory depreciation schedule to determine the **excise** for a **full calendar year**.

- Owners of vehicles registered as of January 1, and during January, are assessed for the **full calendar year**
- Owners of vehicles registered **after January 31** are assessed for the month the vehicle is registered and the months remaining in the calendar year

Example. The excise on a vehicle registered on March 31 is assessed for the months of March through December, *i.e.*, $10/12^{\text{th}}$ of the excise amount for the full calendar.

- The **minimum** excise is **\$5**
 - If the value of the vehicle, or pro-ration by months registered, results in an excise less than \$5, the excise is \$5



Vehicle Valuation

The **valuation** of a motor vehicle for excise purposes is a percentage of the **manufacturer's suggested list price** for the vehicle in the year of manufacture.



- Year before model year 50%
- Model year 90%
- Second year 60%
- Third year 40%
- Fourth year 25%
- Fifth and following years 10%

Vehicle Valuation - Example

Example: 2018 model car with a \$40,000 Manufacturer's Suggested List Price

2017	50%	\$20,000
2018	90%	\$36,000
2019	60%	\$24,000
2020	40%	\$16,000
2021	25%	\$10,000
2022 and following years	10%	\$4,000



Lesson Recap

Excise Definition	An excise is a tax assessed upon an event or privilege. The motor vehicle excise is assessed to owners of motor vehicles for the privilege of registration.
Calendar Year Basis	The motor vehicle excise is assessed on a calendar year basis and if registered after January 31, is pro-rated based on the number of months the vehicle is registered during that year.
Person and Place Assessed	The motor vehicle excise is assessed to the person who registers the vehicle and is considered its owner by the city or town in which the vehicle is principally garaged.
Excise Amount	The excise is assessed at \$25 per \$1,000 of the valuation of the vehicle according to a statutory depreciation schedule. The valuation is based on a percentage of the manufacturer's suggested list price of the make and model when new.

Abatement Grounds

An assessed owner who documents that one of the following **reasons** applies is entitled to a motor vehicle excise **abatement**.

- Vehicle is **overvalued**
- Owner **transferred ownership** of vehicle during excise calendar year
- Owner **moved out of Massachusetts** during excise calendar year
- Owner **moved to another city or town within Massachusetts** during previous excise calendar year
- Owner's **vehicle was stolen** during excise calendar year
- Owner **re-registered vehicle** during excise calendar year

Overvaluation

An assessed owner whose excise was assessed for more than the **percentage of the manufacturer's suggested list price** of the vehicle that applies for the excise year under the **statutory depreciation schedule** is entitled to a motor vehicle excise abatement.

Example: A 2017 motor vehicle excise assessed on a 2018 model year vehicle was valued at 90% of the manufacturer's suggested list price, instead of the 50% in the statutory depreciation schedule for an excise assessed in the year before the year of manufacture. The assessed owner is entitled to an abatement of the difference.

- After granting the abatement, you should **notify the Registry of Motor Vehicles (RMV)** of the correction in order to prevent incorrect excises from being assessed in future years
- You **cannot** grant abatements based on the actual purchase price or the current condition of the vehicle
 - The excise is not based on the actual purchase price or "book value" of the vehicle
 - All vehicles of the same make, model and year have the **same valuation** for excise purposes

Ownership Transfer

An assessed owner who (1) **transfers title** to a vehicle and (2) **cancels or transfers its registration** during the excise calendar year is entitled to a motor vehicle excise abatement.

- **Ownership** of the vehicle may be transferred by:
 - Sale
 - Trade
 - Gift
 - Repossession
 - Lemon Law return
 - Insurance settlement or
 - Any other type of disposition where title passes
- Your **cannot** grant an abatement if the assessed owner **retains ownership** of the vehicle after canceling or transferring the registration

Note: There must be **both** a change in ownership and termination of the registration during the excise calendar year.



Move out of Massachusetts

An assessed owner who (1) **moves** out of Massachusetts, (2) **registers** the vehicle in the new state or country and (3) **cancels** or **does not renew** the Massachusetts registration during the excise calendar year is entitled to a motor vehicle excise abatement.

- You may **treat** registration in the new state or country as a **cancellation** of the Massachusetts registration
- You should also abate any **excise assessed** for a **subsequent year**
 - If the Massachusetts registration continues into another calendar year, you should have the assessed owner **cancel** the registration **first** so no further excises are assessed

Move within Massachusetts

An assessed owner is entitled to a motor vehicle excise abatement if the owner:

1. **Moves** to another city or town in Massachusetts before January 1 of the excise calendar year and
2. **Notifies the RMV** of the taxpayer's change of address and vehicle's place of garaging **by January 1** of the excise calendar year (within 30 days of the move if later)

- You **cannot** abate if the owner did **not notify** the RMV of the change of address and place of garaging by January 1 of the excise calendar year (or within 30 days of the move if later)
- You **abate** the entire excise and within 60 days of the abatement, **notify** the assessors of the city or town where the excise should have been assessed and committed for the excise calendar year
 - The assessors of that city or town must recommit the excise so the owner is taxed for the year

Note: There is **no abatement** if an assessed owner moves to another Massachusetts city or town during the **same calendar year** as the excise.

Vehicle Stolen or Re-registered

An assessed owner whose vehicle was stolen is entitled to a motor vehicle excise abatement if, during the excise calendar year, the owner:

1. **Reported** the theft to the local police within **48 hours** of discovering it and
2. **Canceled** the vehicle registration and **obtained a certificate regarding the theft** from the RMV at least 30 days after the theft

An assessed owner is entitled to a motor vehicle excise abatement if, during the excise calendar year, the owner:

1. **Canceled** the vehicle registration and
2. **Retained ownership** of the vehicle and
3. **Re-registered** the vehicle

Note: You **abate** the **second** excise on the vehicle for the calendar year that was assessed upon re-registration **in full**.

Abatement Amount - Move or Theft

An abatement granted an assessed owner is **pro-rated** if, during the excise calendar year, the owner:

- **Moves out of Massachusetts or**
- **Has a vehicle stolen**

Note: Abatement is pro-rated based on the number of **months remaining** in the calendar year **after the last action** required for abatement to occur.

Example: An assessed owner reports a stolen vehicle to the police in July and cancels the registration and obtains a certificate from the RMV in August. You abate for **September through December**, *i.e., 4/12* of the excise assessed for the calendar year.

Abatement Amount – Ownership Transfer

An abatement granted an assessed owner who **transfers ownership** of a vehicle is **pro-rated** based on the **month** the owner **cancels or transfers** the registration.

Example 1: An assessed owner sells a motor vehicle in July and **cancels the registration on that vehicle or transfers it to another vehicle** in August. You abate from September through December, *i.e.*, 4/12 of the excise assessed for the calendar year.

Example 2: An assessed owner sells a motor vehicle in July and **cancels the registration on that vehicle in that same month**. You abate from August through December, *i.e.*, 5/12 of the excise assessed for the calendar year.

Example 3: The assessed owner **sells a motor vehicle in July, but transfers that registration to another vehicle in that same month**. You abate from July through December, *i.e.*, 6/12 of the excise.

Abatement Application Deadline

An assessed owner must apply **in writing** to the assessors for abatement of a motor vehicle excise:

- **Within 3 years** after the excise was **due** **or**
- **1 year** after the excise was **paid** (whichever is later)



Example: A motor vehicle excise was due on February 25, 2018.

- The assessed owner payed the excise on February 20, 2018. Any abatement application is due by February 25, 2021.
- If the assessed owner pays the excise on December 1, 2019, the application is still due by February 25, 2021 (the 3 year window).
- If the assessed owner pays the excise on June 10, 2021, however, the application must be filed by June 10, 2022.

Please review the example before moving on.



Time to Act on Abatement Applications

You must grant or deny an excise abatement no later than **3 months** after the receipt of the abatement application.



- The 3 month action period can be **extended by written consent** of the assessed owner
- If you **do not act** on an application within 3 months (or extended period), the abatement is “**deemed**” (treated as) **denied**
- You must **notify assessed owners** whether you have granted or denied an abatement, or whether the application is “deemed denied,” **within 10 days** of the date of the action or deemed denial

Appeals

An assessed owner aggrieved by your action on an abatement application may **appeal** to the Appellate Tax Board (ATB).

- After you act on, or are deemed to have denied, an abatement application, you cannot take further action, except to reach a final settlement, either:
 - During the 3 month appeal period or
 - After the taxpayer appeals
- In counties where county government has not been abolished, an assessed owner has the alternative of appealing to the county commissioners
 - You have the **right to transfer** the case from the county commissioners to the ATB

Note: Interest at 6% is paid on refunds of paid excises **abated by the ATB or county commissioners** from the date the excise was paid

- No interest is paid on refunds of paid excises **you abate**

Late Abatement Applications

You **may** abate a motor vehicle excise that is **unpaid** even if the assessed owner files an application **after the deadline**.

- You have the **discretion** to act on abatement applications filed **more than 3 years** after the excise due date **if the excise is unpaid**
 - An assessed owner has **no appeal** from your action or inaction on the late-filed application
 - An assessed owner's recourse is to **pay the tax** and **apply** for abatement by right within **1 year**

Example: A motor vehicle excise is due on February 25, 2018. Abatement applications are due February 25, 2021.

On May 1, 2021, the assessed owner applies for abatement. The excise is unpaid, but the assessors do exercise their discretionary authority to act on the late filed application. The owner cannot appeal.

The assessed owner then pays the excise on June 1, 2021. The owner can now apply for abatement until June 1, 2022 and **appeal** the assessors' action on that application.

Please review the example before moving on.



Abatements Without Taxpayer Application – Uncollectible Excises

The collector can request that you abate **uncollectible** motor vehicle excises where the assessed owner is dead, broke or gone.

- The collector **notifies** you of the uncollectible excise
- You have **30 days** to process the abatement
- You may inquire about the reasons the excise is uncollectible, but the collector decides whether the excise is uncollectible



Minimum Abatement

You **cannot** grant an abatement that is **less than \$5** or results in a motor vehicle excise of **less than \$5**, **unless** you abate the excise in **full**.



Lesson Recap

Abatement Grounds	Assessed owners may be entitled to abatements of their motor vehicle excise for several reasons including overvaluation, a transfer of ownership, a move out of Massachusetts and theft of a vehicle. Some of these reasons require cancellation of the registration or other condition.
Abatement Amount	Abatements granted due to a transfer of ownership, a move out of Massachusetts or stolen vehicle are pro-rated based on the month the last condition required for abatement occurs.
Abatement Applications	Applications for abatement must be in writing and filed with the assessors within 3 years after the date the excise was due or 1 year after the date the excise was paid, whichever is later.
Late Applications	Assessors have discretion to abate when an assessed owner applies more than 3 years after the excise was due if the excise is unpaid.

Exemptions

Some **individuals, organizations or entities** are **exempt** from the motor vehicle excise assessed on one or all of the vehicles they own and register.



Exempt **individuals** are **also exempt** from the excise assessed on vehicles they **lease**

- The excise is assessed to the owner-lessor, not the lessee
- This cost is usually passed on to the lessee by the terms of the lease, but the owner-lessor remains legally liable for payment



- Exempt organizations or entities are **not exempt** from the excise on vehicles they lease with the **exception** explained later for certain charitable organizations
- The individual, organization or entity can meet the exemption qualifications at **any time** during the excise calendar year
- Applications for exemption from the excise are due on the **same date** as applications for excise abatements

Exemptions – Entities and Organizations

Governments, charitable organizations and religious organizations are **exempt** from the motor vehicle excise assessed on **all** of the vehicles they **own and register**.

- The United States, the Commonwealth of Massachusetts, or any political subdivision of the Commonwealth are exempt for **all** vehicles they **own and register**
 - Government entities are **not exempt** for any vehicles they lease
- **Charitable or religious organizations** that **qualify** for an **exemption** from **personal property taxes** are exempt for **all** vehicles they **own and register**
 - A charitable organization that is **not a degree granting or diploma awarding educational institution** is also exempt for all vehicles they lease provided:
 1. Lease covers the **entire excise calendar year**
 2. Vehicles are **owned and registered** by a lessor **engaged** in the business of leasing motor vehicles

Example: A charitable hospital leases a motor vehicle beginning on July 1, 2018 and ending on June 30, 2021. The hospital is exempt from the calendar year 2019 and 2020 excises assessed on the leased vehicle.

Please review the example before moving on.



Exemptions – Individuals

Individuals are entitled to exemption from the motor vehicle excise assessed on **one** vehicle they **own and register or lease** for **personal, non-business use**.

- An individual who qualifies and owns more than one vehicle may have the exemption applied to the **vehicle of choice**
 - A **full exemption** is granted even if the individual is not the sole owner or lessee of the vehicle, e.g., co-owns or leases it with his or her spouse
- Individuals who qualify for exemptions, and the following persons acting on their behalf, **may apply** to the assessors:
 - A qualifying individual's **spouse** if the vehicle is **jointly owned and registered or leased** in the names of the individual and spouse
 - A deceased qualifying individual's **surviving spouse**, or personal representative of the estate, if the individual did not apply while alive

Exemptions – Disabled or Blind Non-Veterans

Individuals who are **not veterans** and have **specific disabilities** are **exempt** from the motor vehicle excise assessed on **one** of the vehicles they **own and register or lease for personal, not business use.**

- The **non-veteran** who owns or leases the vehicle must have:
 - **Actually lost both legs or both arms**
 - **Permanent loss of use of both legs or both arms, or**
 - **Permanent legal blindness in both eyes**

Note: There is **no exemption** for the **surviving spouse** of a qualifying non-veteran.

Exemptions – Disabled or Blind Veterans

Individuals who are **veterans** and have **specific disabilities** are **exempt** from the motor vehicle excise assessed on **one** of the vehicles they **own and register or lease for personal, not business use.**



- The veteran who owns or leases the vehicle must:
 - Have been **honorably discharged** from peacetime or wartime military service
 - **Be disabled due to that service** according to the following standards:
 - The U.S. Department of Veterans Affairs must certify that due to that service the veteran has:
 - **Actually lost at least one foot or hand,**
 - **Permanent loss of use of at least one foot or hand, or**
 - **Permanent legal blindness in at least one eye**

OR

 - The Medical Advisory Board (MAB) within the RMV issued a **disabled veteran (DV) plate** or a **letter** notifying the veteran it determined the veteran has a **permanent service-connected disability**

Note: There is **no exemption** for the **surviving spouse** of a qualifying veteran.

Exemptions – Massachusetts Servicemembers

Military personnel who are **Massachusetts domiciliaries** may be exempt from the motor vehicle excise assessed on **one** of the vehicles they **own and register or lease** for personal, not business use.



- The service member who owns or leases the vehicle must be on full-time active duty and must have served **outside Massachusetts** for at least **180 consecutive days** of the excise calendar year to receive the exemption
 - If the servicemember is wounded or killed in an armed conflict during the year, the 180 day limitation does not apply

Exemptions – Former Prisoners of War

In a city or town that accepts a **local option**, veterans who **were prisoners of war** are **exempt** from the motor vehicle excise assessed on **one** of the vehicles they **own and register or lease for personal, not business use**.

- Acceptance of this option is by vote of the legislative body of the city or town subject to local charter
 - The exemption takes effect the **January 1 after the calendar year** the acceptance is voted
- The U.S. Department of Veterans Affairs, or the veteran's discharge, must document that the veteran who owns or leases the vehicle was held as a prisoner of war
 - The veteran does **not** have to have a POW plate

Note: The veteran's **surviving spouse** is **exempt** until remarriage.

Exemptions – Federal Servicemembers Civil Relief Act

Active duty **military personnel** who are **not domiciled in Massachusetts** are not subject to the motor vehicle excise assessed on all of the vehicles they **own and register** that are **not used in a business or trade** under the **federal Servicemembers Civil Relief Act**.

- The servicemember's **commanding officer** must **certify** that the servicemember is **domiciled in a state other than Massachusetts** and is **stationed in Massachusetts or elsewhere due to military orders**
- **Vehicles owned and registered** by the servicemember's **spouse** are also not subject to the excise if the servicemember's **commanding officer** certifies that servicemember and the spouse are **domiciled in the same state** and the spouse is in Massachusetts **solely to reside** with the servicemember

General Registrations

Some individuals or businesses issued **general registrations** for their motor vehicle excises by the **RMV** are exempt from the motor vehicle excise on all of their vehicles if certain requirements are met.

- Special general registration plates (Section 5 plates) are issued to:
 1. Motor vehicle manufacturers
 2. Motor vehicle dealers
 3. Farmers
 4. Motor vehicle repairers
 5. Owner-contractors
- Vehicles registered under a general registration and operated with **manufacturer, dealer or farm** plates may qualify for exemption
- Vehicles registered under a general registration and operated with **repair or owner-contractor** plates are **not exempt**



Dealer Plate Special Excise

Vehicles owned by a **manufacturer or dealership** and operated with manufacturer or dealer plates issued under a general registration are **exempt** from the motor vehicle excise.

- A dealership is assessed a **special \$100 excise per dealer plate issued** to it by the RMV instead of the regular motor vehicle excise
- Vehicles displaying manufacturer or dealer plates are exempt if operated:
 - By any person for sale, demonstration and other business purposes
- Vehicles displaying **dealer plates** are exempt if operated:
 - By owners and their spouses, and by employees of the dealership with sales responsibilities, for any purpose, including personal use

Note: Some additional restrictions apply.



Farm Plates

Vehicles owned by a farmer and operated with farm plates issued under a general registration are **exempt from the motor vehicle excise.**

- Vehicles operated with **farm plates** are exempt from the excise if the following applies:
 1. Owner-farmer **applies** for the exemption
 2. Vehicles are **not passenger** vehicles
 3. Vehicles are used **exclusively** for farm purposes
- Personal use of vehicles with farm plates makes the owner subject to a regular excise on the vehicles and a \$100 penalty



Note: **Farm tractors** are not motor vehicles and are subject to **personal property tax** or, if owned by an individual principally engaged in agriculture, the **farm animal and machinery excise**.



Lesson Recap



Exempt Organizations and Entities	Governments, charitable organizations and religious organizations are generally exempt from the motor vehicle excise on all vehicles they own and register. Charitable organizations other than educational institutions are also exempt for vehicles they lease for a full calendar year.
Exempt Individuals	Individuals who are exempt from the motor vehicle excise include veterans and non-veterans with specific disabilities, some Massachusetts active duty military personnel, and if a local option exemption is accepted, veterans who were prisoners of war. Individuals are exempt for 1 vehicle they own and register or lease for personal, non-business purposes. Under federal law, active duty personnel and their spouses, who are domiciled in another state, but in Massachusetts due to military orders are exempt from any excise on all vehicles they own and register for personal use.
Special Plates	Manufacturers, dealers and farmers who register their vehicles under a general registration and operate them with special plates are exempt from the motor vehicle excise if certain conditions are met. Dealers are assessed a special excise based on the number of dealer plates issued to them.
Exemption Applications	Excise exemption applications are due by the same deadline and are processed in the same manner as excise abatement applications.

