

Dear County Tax Assessor-Collector:

In the last year, some motor vehicle dealers have closed their businesses. In a number of these situations, the dealers collected the motor vehicle sales tax that was due, but failed to remit the tax or title application to your office.

Texas Tax Code Section 152.041(e) allows the county tax assessor-collector to accept application for title without additional tax being submitted, when a title applicant paid motor vehicle sales tax to a licensed Texas dealer, but the dealer failed to remit the tax.

Based on the statute, the Comptroller's office has no objection to county tax assessor-collectors accepting these title applications without additional tax being collected, if two conditions are met:

- The title applicant must provide documentation of tax paid to the dealer. A copy of the sales contract or invoice itemizing the tax paid is sufficient documentation.
- The county tax assessor-collector must notify the Comptroller's office in writing of the dealer's failure to remit the tax, as required by the Tax Code. The notice should contain the name and address of the seller and include documentation of the payment of the tax to the seller. The notice must be submitted by the 31st day after the date the application for title is accepted. This notice requirement would also be satisfied if title applications accepted under 152.041(e) are sent to the Texas Department of Transportation (TxDOT) under separate cover with the appropriate back-up documentation as directed by TxDOT.

You will not be held responsible for the motor vehicle sales tax on transactions under the conditions described above, provided the dealer or person collecting the tax was not acting as a deputy or representative for the county at the time of collection.

If you have any questions, please call our office toll free at (800) 252-1382 or send an e-mail to tax.help@cpa.state.tx.us.

Sincerely,
Curt Swenson
Tax Policy Division