

MOTOR VEHICLE AND TRAILER EXCISE FACT SHEET

Do owners pay a tax for their motor vehicles each year?

In 1928, [G.L. c. 60A](#) was enacted and imposed a local excise in lieu of a personal property tax. An excise is a tax upon an event or privilege. In this case, the motor vehicle excise is imposed for the privilege of registration. It is not assessed for the use of the roads and monies collected from the excise are general fund revenues available to support municipal operations.

The motor vehicle excise is assessed on a calendar year basis. Registration of a vehicle during an excise calendar year automatically triggers assessment of an excise for that year. Therefore, an owner whose vehicle is registered on the January 1 of the calendar year, or at any time during that year, is subject to an excise. The excise is assessed to the registered owner of the vehicle by the municipality where the vehicle is customarily kept, as shown on the owner's application for registration to the Registry of Motor Vehicles (Form RMV-1). Corrections of name, model, registration number, make or year of manufacture must be recorded with the Registry of Motor Vehicles.

How is the motor vehicle excise calculated?

The owner's motor vehicle excise is \$25 per \$1000 of excise value for the calendar year, which is uniform throughout the Commonwealth. The excise value for the year is calculated by applying the percentage fixed by [G.L. c. 60A, sect. 1](#) to the manufacturer's list price for vehicles of the same make, type, model, and year of manufacture. The percentage declines over several years until it reaches 10% of that list price in the fifth year after manufacture and all succeeding years for the life of the vehicle. The statutory percentages are:

<u>Excise Assessed for</u>	<u>Percentage</u>
Year before model year	50%
Model year	90%
Second year	60%
Third year	40%
Fourth year	25%
Fifth and following years	10%

Can the excise value be adjusted based on the condition or purchase price of a vehicle?

No. The excise is not an ad valorem or sales tax and therefore, it is not based on the current fair market value or purchase price of the particular vehicle. Instead, the values of vehicles for excise purposes are determined exclusively through the statutory formula under [G.L. c. 60A, sect. 1](#). Under that formula, all vehicles in the same classification (make, type, model, age) are valued the same based on the manufacturer's list price, which results in all owners of the same vehicle paying the same excise each year. A taxpayer does not have a right to an individual determination of value based on the current condition or actual purchase price of the vehicle. [*Lily Transportation Corporation v. Board of Assessors of Medford*](#), 427 Mass. 228 (1998).

Is there a minimum excise?

Yes. A motor vehicle excise must be at least \$5. [G.L. c. 60A, sect. 1](#). If the computed excise results in an excise less than \$5, the excise is \$5.

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Abatements:

An abatement is in order in the following cases:

- 1) When the motor vehicle is sold and the registration is cancelled or when the vehicle is traded for another vehicle.
- 2) When a registrant and motor vehicle are transferred to another state or county with proof of registration in such state or country AND proof of cancellation of registration in Massachusetts.
- 3) When a motor vehicle is overvalued.
- 4) When there is a subsequent registration of the same vehicle in the same year by the same person.
- 5) When the vehicle is stolen and notification of theft within 48 hours is given to police and certificate of registration surrendered not less than 30 days after the theft and certificate from Registry verifying the same.

A proportionate abatement of the excise may be granted if any of the above conditions is met and the application is properly and timely filed. Forms for applying for abatement or refund are available from the Assessor's Office, or online at www.grotonma.gov. Application for abatement will be considered timely filed if received by the Assessors within 3 years after the excise tax was due, or one year after the excise tax was paid, whichever is later.

Penalties:

The excise tax is due and payable within 30 days of the date of issue. If not paid when due, it is subject to penalties of interest, demand, charges and fees.

A motor vehicle excise tax remaining unpaid after the due date must be reported by the Tax Collector to the Registry of Motor Vehicles for suspension of registration. Registration may also be suspended for unpaid excise taxes in prior years.