

1. When is my Annual Declaration due?

Your initial Annual Declaration is due within 30 days of opening an active license within the county of the physical dealer location. Annual Declarations are due annually thereafter on or before **February 1**, consisting of the **previous** year's calendar monthly statements (January 1st through December 31st).

2. How is my dealership(s) value determined?

In most cases, a dealer's value is determined by the dealership itself. Each dealership is required to file an Annual Declaration with the appraisal district, and a copy to the tax office, in the county where the dealer is physically located. The Annual Declaration is a summary of the previous year's sales divided by 12. The end value is applied to the current year multiplied by the current year's tax rate to generate a bill. If an Annual Declaration is not filed, the appraisal district will use best practices to determine the current year's value.

3. Will I be notified of my current year's value? What if I do not agree with the current year's value?

Yes, each dealer will receive a value notification from the appraisal district based on the previous year's Annual Declaration or best practices used by my appraisal district on or about April 1st of the current tax year. If the dealer does **not** agree with the value, the dealer should follow the usual protest procedures within the notice – by May 31st or within 30 days of delivery of the notice of the appraised value.

4. Who do I need to notify if my mailing address is different from the dealer physical location?

You must notify the appraisal district in which the dealership(s) physical location is located. Notifying the appraisal district is detrimental to receiving your dealer's value notification and tax office correspondence. You must also notify the agency in which you are licensed as a dealer.

5. I have been issued a dealer number but have not started the business. Am I required to file the Monthly Statements / Declaration?

Yes. Your dealership is considered active beginning on the date the dealer number is issued and continues until the license is canceled or expires.

6. Do I need to notify someone if my dealership is closing or moving?

Yes. Initial notification should be to the Montague County Tax Office and Montague County Appraisal District in writing (or by email). Additional notification is required to the appropriate licensing authority (Texas Dept of Motor Vehicles, Texas Parks &

Wildlife, OR Texas Dept of Housing and Community Affairs). Please include License Number, Business Name, Physical Location, and Signature or Name (if emailed).

7. Why is it necessary to inform county and agencies of moved businesses or closed businesses?

There are many factors involved. But a couple of important aspects would be an additional tax that may be owed and subject to a lawsuit if delinquent, a business may be considered opened and valued from year to year until notified (businesses are valued as of January 1 of each year), and other ramifications that are not noted in this paragraph. Please contact the Montague County Tax Office at 940-894-3601 with additional questions.

8. If I move during the year, will my tax factor change?

No. The tax VIT tax rate is based on the January 1 location of the business. You will use the same VIT tax rate for the entire year. Your dealership will have a new VIT tax rate for the new location starting January 1.

9. How is my dealership(s) VIT rate calculated?

Each location in your county will have a specific tax rate. The tax rate for each location is divided by 12, then divided by 100 to come up with the per unit VIT tax rate.

10. When is each monthly statement and/or payment due?

A dealer is to file with the Tax Assessor/Collector, with a copy to the appraisal district, a statement covering the sale or lease of each motor vehicle, heavy equipment, manufactured house, or vessel sold by the dealer in the prior month. Statements **and** Payments of VIT shall be received or postmarked no later than the 10th of the month to avoid penalties (20th of the month for Heavy Equipment Dealer **only**). Statements and/or Payments received after the due date will incur associated penalties as required by law. **Monthly statements confirming no sales are also required.**

11. Why do I have to file monthly forms each month if I don't have any sales or own inventory?

The law requires each dealer to file every month that their dealer number is active, even if your dealership does not have sales or inventory. If your dealership has not made any sales in the prior month fill out the ownership information, and account number and write or type "NO SALES" on the form before submitting it to the necessary offices.

12. Are penalties assessed for filing monthly statements after the due date?

Yes. Penalties are assessed based on Texas Property Tax Code 23.122 (o) (n).

Late Payments

23.122 (o) An owner who fails to remit unit property taxes due as required by this section shall pay a penalty of 5% of the amount due. If the amount is not paid within 10 days after the due date, the owner shall pay an **additional penalty of 5%** of the amount due.

Late Statements

23.122 (n) In addition to other penalties provided by law, a dealer who fails to file or fails to timely file a statement as required by this section shall forfeit a penalty. A tax lien attaches to the dealer's business personal property to secure payment of the penalty. A penalty forfeited under this subsection is **\$500 for each month or part of a month** in which a statement is not filed or timely filed after it is due.

Please note: The Montague County Tax Collector, the collector's designated agent, or the county or district attorney shall enforce the terms of subsection 23.122 (o)(n).

13. If I sell an inventory item out of county or out of state, do I still need to pay the Vehicle Inventory Tax (VIT)?

Yes. The inventory was sold/leased from within the county that's operating the license.

14. If all sales are dealer to dealer, do I have to file? Is there an exception?

Yes. All sales must be reported regardless of the type of sale. An exception to the rule is if your dealer is considered "Wholesale" only by the Texas Department of Motor Vehicles, this will allow you to opt out of reporting requirements.

15. Can I opt-out of reporting monthly with an active license?

Yes. The dealership **must** file annually an election form if you meet the requirement and conditions of Dealer Election Form 50-815 (PDF). The filing deadline is August 31 of current year for the following year's monthly reporting.

16. Can my dealership send a computer listing of sales?

Yes. Complete the dealer information and account number on the designated form. Under the inventory, type or write "See Attached" and submit both forms to the appropriate offices.

17. Will my dealership's VIT tax rate change from year to year? Why?

Yes. Your dealer VIT rate is subject to change based on the dealership's physical location entities. At the end of each year, the taxing entities (schools, cities, MUD, etc...) set their tax rates. Rates may stay similar from year to year keeping your VIT rate the same. Although, if rates change dramatically based on funds needed by the entity, the VIT rate may also change. Your dealership should always be using the VIT rate assigned by the Tax Assessor-Collector annually.

18. I paid into escrow on each sale during the year. Why would I owe more taxes after the 12 months of reporting/paying?

Your escrow payments are based on the sales in the current year, but your tax is based on the prior year sales. If the current year sales are less than the prior year sales, your dealership will owe more than you have placed in VIT escrow.

19. Do I need to pay Vehicle Inventory Tax (VIT) on dealer-to-dealer, fleet, or subsequent sales?

No. Vehicle Inventory Tax (VIT) is only required on retail sales.

20. Do I need to collect Vehicle Inventory Tax (VIT) if my business begins after January 1? When should I start collecting/paying the VIT?

Your dealership is considered open as of the origination date of your active General Distinguishing Number (GDN). Although, you should not be collecting a VIT until after your first calendar year is complete (the calendar year ends on December 31). Starting January 1 of the year after the GDN was opened, VIT must be paid on a monthly basis on or before the 10th of each month (20th of the month for Heavy Equipment Dealers **only**) following the prior month's sales.