

# KEY INSIGHTS

## TO HELP YOU PREPARE FOR CALIFORNIA AB 85

- 1** AB 85 will require used vehicle dealers to remit sales tax directly to DMV as part of the reg & title transaction that's submitted for each vehicle, required within 30 days of date of sale. This will replace the current quarterly payment process.
- 2** DMV currently has proposed rules to allow for a phased implementation approach for AB 85, recommending that certain used vehicle dealers comply on 1/1/21 and others comply on 1/1/23. Groups included in the first phase are those at higher risk of failing to pay taxes, those who are relatively new to the used vehicle sales industry, and those who do not work with a business partner.\*
- 3** The sales tax amount will be calculated by DMV using existing tax tables and will be presented to dealers in Dealertrack's Reg & Title application with the other applicable DMV reg & title fees.
- 4** Dealertrack is here to help! We already collect and transmit sales tax in the majority of our other in-state applications and therefore have vast experience. We will provide you with a streamlined solution that integrates smoothly into your current workflow and allows you to provide your customers with the best service possible.

\* The DMV is still determining how this bill will roll out to dealers. If they decide to do a phased approach, select dealers who meet the listed criteria will need to comply as of 1/1/2021 and it will roll out to additional dealers through 1/1/2023. If the DMV chooses not to phase the rollout, all used dealers will begin paying tax per transaction on 1/1/2021.