Property Tax on Leased Vehicles – Frequently Asked Questions

Summary: *All leased vehicles for lessees residing in the City of Carrollton are taxable. The property tax is assessed to the leasing company based on the lessee's residence as of January 1 of each year. The tax bills are sent to the leasing companies in the following October and the bills are due by the following January 31st.*

How is the tax amount determined? *The tax amount is based on the City's current property tax rate applied to the value of vehicle. For tax year 2008, the tax rate was $.617875 per $100 of valuation. So for example, for a vehicle valued at $25,000 the tax is calculated as:*

*$25,000/$100 * $.617875 = $154.47*

Conversely, you can back into the vehicles value from the tax amount by dividing the tax amount by the tax rate and multiplying by $100. For example, if a tax bill is $175, the taxable value is calculated as:

*$175/$.617875 * $100 = $28,323*

How is the taxable value of the vehicle determined? *The taxable value is determined by the leasing company who is required to send that information to the appraisal district.*

How can I verify the taxes paid by my leasing company on my vehicle? *Tax accounts are set up for multiple vehicles for the leasing company. One tax account could be set up consolidating 10's or 100's of vehicles held by the leasing company. It is difficult to get information on a single vehicle from the appraisal district. The best approach is to ask the leasing company for information on the value assigned to the vehicle and then calculate the tax based on the current tax rate (see above).*

I filled out a form certifying my vehicle was only for personal use and thus not subject to property tax. *As the City of Carrollton taxes all leased vehicles, personal or business use, this form does not apply to the City taxes. This form should exempt you from school district and county property taxes.*

When I first leased the vehicle, I was told there would be no property taxes as it was for personal use. *Unfortunately you were given bad information. The City of Carrollton taxes all leased vehicles whether for personal or business use.*

I have moved out of the City of Carrollton. Am I still liable for this tax? *The tax is assessed to the leasing company based on where the lessee resided on January 1 of the tax year. There is no pro-ration based on the lessee relocation during the year.*

I thought the law was changed several years ago to exempt personal use leased vehicles from property taxation. *Motor vehicles leased for personal use after January 2, 2001 may be exempt from property taxes. Tax Code Section 11.252 defines these*

vehicles as passenger cars or trucks with a shipping weight of less than 9,000 pounds. The law defines "personal use" as using the vehicle more than 50 percent of its mileage for activities that do not involve the production of income.

A city, however, may continue to tax personal leased vehicles, if the city adopted an ordinance to do so before January 1, 2002. The City of Carrollton did pass such an ordinance to continue to tax personal leased vehicles. In 2004, (the most recent year available) 76 cities chose to continue taxing all leased vehicles, both personal and business. A list of those cities can be found on the Comptroller's website http://www.window.state.tx.us/. Search on key words "leased vehicles".

Is this a new tax? I have leased this vehicle for years and never received a bill before. *No, this is not a new tax. The tax is assessed to the leasing company as they are the owner of the vehicle. In prior years, they may have chosen to pay the tax without passing it through to you.*