
About North Carolina's New Tag & Tax System

The North Carolina General Assembly has passed a new law to create a combined motor vehicle registration renewal and property tax collection system (Tag & Tax System). In doing so, the new law transfers the responsibility for motor vehicle tax collection from the 100 counties across North Carolina to the Division of Motor Vehicles (DMV).

North Carolina's new Tag & Tax System has been designed as a convenient way to pay annual vehicle tag renewals and vehicle property taxes.

If your address is current with the N.C. Division of Motor Vehicles, you will receive a Tag & Tax Notice listing both vehicle registration fees and taxes due. Just as in the past, vehicle owners will receive the notice about 60 days prior to their vehicle's registration expiration.

The new Tag & Tax System makes it easier to manage your vehicle registration and taxes.

One payment – made either in person, online or by mail . . .

Completes the annual tag and tax payments for your vehicle. Now, your annual vehicle inspection, registration renewal and property tax are all due the same month each year.

FAQs

Q. Why is the state's collection of vehicle property taxes changing?

In 2005, the North Carolina General Assembly ratified House Bill 1779 to create a combined motor vehicle registration renewal and property tax collection system. The legislation places the responsibility for motor vehicle property tax collection for the state's 100 counties with the Division of Motor Vehicles (DMV). The new combined registration fee and tax collection has become North Carolina's new "Tag & Tax System."

Q. When does the new Tag & Tax System take effect?

The new system is scheduled to be phased into effect with vehicle registration renewals that are due in July 2013. By June 2014, all North Carolina vehicles will be enrolled in the system.

Q. Why has my registration renewal form changed?

The new form combines information about your vehicle registration renewal fee and your vehicle property tax due. The new Tag & Tax System allows you to make one payment for both registration renewal and vehicle property tax.

Q. Will my vehicle registration renewal fee remain the same?

Yes. Vehicle registration renewal fees will remain the same annual cost. The only increase in your bill will reflect the vehicle property tax amount.

Q. When is my vehicle tax due?

Your vehicle tax will be due at the same time you renew your vehicle. North Carolina law requires that your vehicle property tax be paid in order to renew the vehicle registration. The due date will be printed on the new combined notice that you receive in the mail.

Q. Can I renew my vehicle registration if I do not pay my property tax first?

No. You cannot renew your vehicle's registration, whether it is leased or owned, unless the total taxes and registration fees on the vehicle are paid.

Q. Am I paying vehicle property taxes for the coming year, or for the preceding year?

Taxes due on this notice are for the coming year, covering the same period as the vehicle registration.

Q. What if I lease my vehicle? Do I need to pay my property taxes to the leasing company?

No. Vehicle property taxes on leased motor vehicles must be paid in full at the time of renewal. A copy of the combined tag and tax notice is not sent to the leasing company.

Q. Is interest charged on late payments?

Yes. State law requires that interest be charged on late vehicle property tax payments and on late registration renewals.

Q. How will I know what vehicle property tax I owe?

Your property tax will be included on the new combined notice with your county and municipality tax rates and other applicable taxes due.

Q. Will I receive a tax refund if I transfer my license plate to another vehicle during the year?

No. If you have paid your vehicle property tax for the year and then transfer the license plate to another vehicle, you will not be eligible for a refund of the taxes paid. The registered motor vehicle to which the plates are transferred will not be taxed until its current registration is renewed.

Q. When can I apply for a refund of vehicle property taxes paid?

An owner can apply for a refund of taxes paid when a motor vehicle is sold or registered out of state. The refund will be calculated on any full calendar months remaining in the registration period after the license plate is surrendered to the N.C. Division of Motor Vehicles. Within one year of surrendering the license plates, the owner must present the following to the county tax office: (1) Proof of plate surrender to N.C. DMV (DMV Form FS20); and (2) Copy of the Bill of Sale or the new state's registration.

Q. Should I pay vehicle property tax if I am active duty military?

Active duty non-resident military personnel may be exempt from North Carolina motor vehicle property tax. To qualify for an exemption, you must present a copy of your Leave & Earnings Statement to the county tax office. The statement should be for the month and year in which you register the vehicle and must include your Estimated Time of Separation (ETS) date and home of record.

Questions? Please Contact Us. (704) 484-4846 or chris.green@clevelandcounty.com

