

## Facts About \$5 Buyer Tag Fee

A dealer must issue a Buyer Tag for every retail sale and collect a fee of \$5. This also applies to vehicles sold to out-of-state or out-of-country purchasers (not to be titled in Texas). This includes the following:

- New and used vehicles.
- New and used trailers.
- Vehicles with license plates being transferred under the provisions of Plate-to-Owner.
- Vehicles (other than passenger and light truck) that have current registration and license plates.
- Vehicles with license plates and registration sticker issued by the dealer.
- Vehicles the dealer files the title application for at the tax office and obtains license plates and registration sticker immediately.

Exception: While a dealer must issue Buyer Tags for vehicles sold to exempt agencies, the exempt agency is not required to pay the \$5 fee. For these types of transactions the tax office should NOT collect the \$5 fee.

In the event a Buyer Tag is **NOT** issued and the \$5 fee is **NOT** collected, the tax office will override the collection of the fee. This includes but is not limited to the following:

- ATVs and Off-Road Motorcycles
- Salvage Vehicles (no rebuilt title issued)
- Vehicles purchased from an out-of-state dealer (the out-of-state dealer license number should not be entered into RTS)

For in-state purchases, the \$5 Buyer Tag fee will automatically be collected when the title transaction is processed through the Registration and Title System (RTS). The collection of this fee will be triggered by the presence of a dealer license number (GDN). The \$5 Buyer Tag fee will automatically be collected through RTS and DTA for all dealer title transactions.

For out-of-state or out-of-country purchases (not to be titled in Texas), the \$5 Buyer Tag fee should be collected by the dealer and submitted to the tax office for processing. The dealer will need to provide the tax office the Buyer Tag-Specific Number and the Customer Name for each Buyer Tag issued to a vehicle going out-of-state or out-of-country. The tax office will collect this fee in the RTS Additional Collections event and provide the dealer with a receipt.

**Important:** Tax offices and dealers will need to coordinate a method of notification for transactions where a Buyer Tag was not issued and the \$5 fee was not collected.