

Tire Fee Notice

Notice #15-19 September 2015

Tire Environmental Act

New Tire Environmental Fee on New Motor Vehicles Effective October 1, 2015

The Tennessee General Assembly recently passed legislation (Public Chapter 525) imposing a tire environmental fee assessed on the purchase or lease¹ of new, previously untitled motor vehicles to be titled and registered in Tennessee, effective October 1, 2015. The fees are as follows:

- \$5 for a motor vehicle with four or fewer wheels, not including any spare
- \$10 for a motor vehicle with more than four but fewer than 11 wheels, not including any spare
- \$15 for a motor vehicle with 11 or more wheels, not including any spare

Known as the "Tire Environmental Act," the law requires dealers of new motor vehicles to begin collecting appropriate fees from customers at the time of purchase or lease. These fees are not included in the tax base for sales or business tax. They may be, though they are not required to be, separately stated on the invoice. Once they are remitted, the fees are placed in a newly created Tire Environmental Fund, which the Tennessee Department of Environment and Conservation will administer.

Sellers of New Motor Vehicles Not Currently Registered Must Register With the Department of Revenue

Franchised motor vehicle dealers not currently registered to collect and remit the tire pre-disposal fees must register with the Department of Revenue by October 1, 2015.

Franchised motor vehicle dealers making retail sales of replacement tires, who are currently registered with the Department to collect the \$1.35 tire pre-disposal fee, are not required to register for a new tire environmental fee

account. Their current account will be used to report both fees.

Applications for registration can be submitted electronically through the <u>Department's website</u> or mailed to:

Tennessee Department of Revenue Andrew Jackson Building 500 Deaderick Street Nashville, TN 37242

Vendor Compensation Is Only Allowed on the Tire Predisposal Fee

The law allows the vendor collecting the tire predisposal fee to keep 10 cents per tire as vendor compensation. There is no vendors' compensation for the tire environmental fee.

The Tire Fee Return Will Also Be Used to Remit the Tire Environmental Fee

Collected fees must be remitted to the Department on a quarterly basis on the 25th of the month following the end of the quarter (January 25th, April 25th, July 25th and October 25th). Sellers should complete the Tire Fee Return found on the <u>Department's website</u>, and submit it by mail to the above address. The newly designed form, which will include lines for reporting the tire pre-disposal fee and the tire environmental fee, will be available January 1, 2016.

For More Information

Visit <u>www.tn.gov/revenue</u>. Click on Revenue Help to search for answers or to submit an information request to one of our agents.

References

Tenn. Code Ann. Title 68, Chapter 211. Public Chapter 525 (2015)

Disclaimer: The information provided here is current as of the date of publication but may change as a result of new statutes, regulations, or court decisions. While this notice is intended to be comprehensive, events and situations unanticipated by this notice may occur. In such cases you should contact the department or your tax professional for further guidance.

¹For the purpose of clarity, the phrase "or lease" was added to this sentence on October 6, 2 015.