

Taxes on Motor Vehicles Purchased Out of State

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Issue

Does Connecticut receive sales and use tax revenue for motor vehicles purchased in another state by a Connecticut resident? Provide specific answers with respect to vehicles purchased in Massachusetts, New York, and Rhode Island.

Summary

The answer depends on whether the resident paid any sales tax to the state in which the vehicle was purchased. Connecticut charges 6.35% sales and use tax on purchases of motor vehicles that cost \$50,000 or less and 7.75% sales and use tax on motor vehicles that cost more than \$50,000 ([CGS §§ 12-408\(1\)\(A & H\)](#) and [12-411\(1\)\(A & H\)](#)).

If a resident purchases a vehicle in another state and registers it in Connecticut, he or she is liable to Connecticut for the applicable sales and use tax rate. However, the resident receives a credit for sales tax paid to the other state if he or she produces supporting documentation. If the credit is for less than the full amount of Connecticut sales and use tax, then the resident must pay Connecticut the difference ([CGS § 12-430\(3 & 5\)](#)). The Department of Motor Vehicles provides more information [here](#) and on its [Registration and Title Application](#) (see p. 2).

Generally, a Connecticut resident who purchases a motor vehicle in Massachusetts would be subject to Massachusetts's sales tax and receive a credit for that amount when registering the vehicle in Connecticut. A resident who purchases a vehicle in New York or Rhode Island need not pay tax to either of those states and would instead be subject to the full amount of Connecticut's sales and use tax.

Vehicles Purchased in Neighboring States

Table 1 shows the sales and use tax rate for motor vehicle purchases in Massachusetts, New York, and Rhode Island and indicates whether a Connecticut resident owes tax to these states when purchasing a vehicle.

Table 1: Taxes on Motor Vehicles Purchased in Neighboring States

<i>State</i>	<i>Tax Rate</i>	<i>Taxes Owed to State by Connecticut Residents</i>
Massachusetts	6.25%	Yes; according to the Massachusetts Department of Revenue , if a nonresident buys a motor vehicle in Massachusetts and takes title to or possession of the vehicle there, then he or she is subject to the state's sales tax (M.G.L. ch. 64H § 2) However, if a nonresident buys a motor vehicle from a Massachusetts seller but the transaction occurs in the nonresident's state (e.g., the dealer delivers the vehicle to the nonresident's home and completes the purchase and transfers title and possession at that location), then the nonresident is not subject to Massachusetts sales tax (830 CMR § 64H.25.1(3))
New York	4% state tax Local taxes of up to an additional 4.875%	No; according to the New York Department of Taxation and Finance (see pp. 27-28 of this guide), a motor vehicle sold to a nonresident is exempt from New York state and local taxes if the purchaser completes Form DTF-820 (N.Y. Tax Law § 1117)
Rhode Island	7%	No; a motor vehicle sold to a nonresident is exempt from Rhode Island sales and use tax if the resident is from a state that provides a like exemption (R.I.G.L. § 44-18-30(13))

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