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## News Release

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# Fudging on car price may bring huge penalty

Car owners who fraudulently report a low vehicle purchase price to reduce Utah sales tax owed may face a heavy penalty.

The sales tax is based on the actual purchase price when applying for a vehicle title with the Division of Motor Vehicles.

“Some car owners report a purchase price significantly below the actual vehicle price,” says Charlie Roberts, DMV spokesperson. “That is a fraudulent action.”

DMV customer service representatives report those suspected incidents to State Tax Commission auditors who determine if fraud has been committed.

The penalty is 100 percent of the tax due or a minimum of \$500, Roberts said.

In the past year, the Tax Commission took action on nearly 300 such incidents and assessed \$478,000 in penalties and taxes owed.

Roberts gave the example of an owner reporting the value as \$9,000, yet he received a \$28,000 loan to purchase the vehicle.

Instead of owing \$1,300 in sales tax, the amount mushroomed to just over \$2,600 in sales tax, penalty, and interest.

It is critical to be honest in reporting the vehicle purchase price, Roberts added.

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