



State of Utah

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Avoid a Fraud Penalty

Salt Lake City, Utah – The Utah State Tax Commission has a warning for you. There is a steep price for failing to accurately report the purchase price of a vehicle upon registration. If you purchase a vehicle from a private seller, you are required to pay the appropriate sales tax on the vehicle when it is registered. Frequently taxpayers are underreporting the actual purchase price to reduce the sales tax due. When those registration transactions are reviewed and the purchase price appears to be underreported, the transaction is audited. The amount of the underreported tax is subject to a 100-percent fraud penalty. Trying to save \$500 in tax for example will cost you the underreported tax of \$500 plus a \$500 penalty for a total of \$1,000. That is a pretty steep price to pay.

You should report the actual purchase price when you register your car. The clerk at the counter will accept your paperwork but keep in mind that all registration transactions may be subject to audit. It is simply not a risk worth taking.