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Salvage Vehicle Q & A

1. What is a Use tax?

A limited and use tax is a nonrecurring tax that complements sales tax and is imposed on the storage, use, or other consumption of tangible personal property or a taxable service in Texas.

Texas sellers must collect and remit sales and use tax to the Comptroller's office on their sales of taxable items or obtain a resale or exemption certificate instead of collecting the tax.

2. What is the limited and use tax rate in Texas?

The state's limited and use tax rate is 6.25 percent state tax, plus up to 2 percent local tax.

3. I purchased a repaired salvage vehicle from a licensed Texas dealer. What paperwork do I need to title and register the vehicle in my name?

The dealer must title the vehicle using their business name before selling it to you.

4. I purchased a nonrepaired salvage vehicle from a licensed Texas dealer and paid a mechanic to repair it. What paperwork do I need to title and register the vehicle in my name?

To title and register a salvage vehicle and claim an owner-repaired exemption, you will need the following:

- 1) Original Title or Certificate of Origin – assigned to the new owner
- 2) Form 130-U (Title application) Complete and sign this form.
- 3) Proof of current liability insurance in the new owner's name meeting Texas minimum liability requirements of **30k/60k/25k.**)
- 4) Valid ID (new owner)
- 5) VTR-61 Vehicle Rebuilt Statement
- 6) Proof of residency in Harris County (Acceptable proof is ID, Mortgage/ lease agreement, Utility Bill)
- 7) Inspection (**original** inspection report must be submitted if the vehicle has never been registered in Texas)
- 8) A bill of sale from the selling dealer showing limited and use tax was collected.

9) Receipts for any parts or repairs paid for by the purchaser

10) Fees (\$65.00 rebuilt fee, \$33.00 title, and one-year registration is \$76.25 for any vehicle grossing less than 6000 pounds).

5. I purchased a salvage vehicle from a dealer, but I need to find my bill of sale.

Because paid limited and use tax must be verified by your Harris County Tax Office representative, you may ask the dealer to produce a duplicate bill of sale. If the dealer is unable to provide an itemized bill of sale, standard presumptive value may apply.

6. I purchased a salvage vehicle from a dealer but misplaced the receipts for the parts I bought.

If you are unable to obtain a duplicate receipt from the store where you purchased the parts, you may still title/register your vehicle by paying sales tax based on the price on the purchase price or SPV, whichever is higher.

7. I purchased a salvage vehicle from a dealer and paid the dealer for the repairs. Can I still claim a repair exemption?

Yes. The Bill of Sale/invoice and form VTR-61 (vehicle rebuilt statement) must reflect that the dealer was paid for the repairs. The invoice for the parts used for the repairs must include the buyer's name and date.

8. Can I still register my vehicle if I purchase a salvage vehicle from a licensed Texas dealer and use the parts from another vehicle for repairs?

Yes, you may title/register your vehicle by providing a bill of sale for the vehicle you purchased for parts. This vehicle may not be a junk vehicle.

9. I purchased a salvage vehicle before January 1, 2024. Do I still need to show proof that I paid use tax?

Yes, effective January 1, 2024, all customers claiming owner-repair exemptions on salvage vehicles must provide proof that use tax was collected by the selling dealer, even if the vehicle was purchased prior (before) to January 1, 2024.

10. Do I need to apply for a bonded title if I do not have an itemized bill of sale from the dealer?

No, but you may be charged a sales tax based on the vehicle's standard presumptive value. We suggest contacting the dealer for a duplicate bill of sale.

11. I purchased an unrepaired salvage vehicle from a licensed Texas dealer who does not charge use tax. How do I pay the tax?

You may pay the use tax directly to the Comptroller's office by completing and submitting the form ([Use Tax \(texas.gov\)](https://www.texas.gov)).

12. I purchased a salvage vehicle that will be rebuilt to include parts from another vehicle I purchased. Do I have to include the vehicle receipt I will use for parts?

Yes.

13. Can I use the parts of a junk vehicle to repair my salvage vehicle?

Yes, except for the body and frame of a non-repairable junked vehicle, it cannot be used to repair, reconstruct, rebuild, or assemble another motor vehicle.

14. I do not have the receipts for the parts I purchased to repair my salvage vehicle, but I have the dealer's bill of sale.

You will be ineligible to claim the owner-repaired exemption. Sales tax will be due based on the purchased price of the vehicle.

15. My friend purchased the parts I used to repair my vehicle.

If the receipts for the parts do not reflect the buyer's name, sales tax will be due based on the purchase price on the bill of sale.

16. I purchased a nonrepaired salvage vehicle from a dealer and only made repairs (no parts were replaced). Do I need a receipt?

Yes, if you claim the owner-repaired exemption, a receipt is required from the person who repairs the vehicle.

Repairs made to the vehicle must be explained on the vehicle rebuilt statement (VTR-61) and match the damage done to the vehicle.

17. When claiming dealer resale exemption, are dealers required to show receipts for parts?

No. Receipts for parts are not required when claiming dealer resale.

Please feel free to send an email to AutoTDMV@hctx.net with additional questions regarding salvage vehicles.