

How is the motor vehicle excise calculated?

The owner's motor vehicle excise is \$25 per \$1000 of excise value for the calendar year. The excise value for the year is calculated by applying the percentage fixed by G.L. c. 60A, § 1 to the manufacturer's list price for vehicles of the same make, type, model, and year of manufacture. The percentage declines over several years until it reaches 10% of that list price in the fifth year after manufacture and all succeeding years for the life of the vehicle. The statutory percentages are:

| <u>Excise Assessed for:</u> | <u>Percentage:</u> |
|------------------------------------|---------------------------|
| <i>Year before model year</i> | <i>50%</i> |
| <i>Model year</i> | <i>90%</i> |
| <i>Second year</i> | <i>60%</i> |
| <i>Third year</i> | <i>40%</i> |
| <i>Fourth year</i> | <i>25%</i> |
| <i>Fifth and following years</i> | <i>10%</i> |

Example:

The original MSRP of a 2024 vehicle is \$50,000.

In calendar year 2023 the excise tax is calculated on \$25,000.

In calendar year 2024 the excise tax is calculated on \$45,000.

In calendar year 2025 the excise tax is calculated on \$30,000.

In calendar year 2026 the excise tax is calculated on \$20,000.

In calendar year 2027 the excise tax is calculated on \$12,500.

In calendar year 2028 and following years the excise is calculated on \$5,000.