Louisiana Department of Public Safety
Office of Motor Vehicles

Policy 37.01 Sales Tax on the Assumption of Mortgage

Section: 4. Motor Vehicle Registration Requirements

Effective Date: 04.02/1985

Revised Date: 11/10/1992

General:

- There has been a problem regarding charging taxes on the assumption of a mortgage on a motor vehicle and the payment of equity to the seller.
- The state sales tax law, under R.S. 47:301(13) defines "sales price" to be the total amount for which tangible personal property, including motor vehicles, is sold. This means that a transaction in which a mortgage is assumed and equity is paid to the seller has a "sales price" equal to the principal amount being assumed plus the amount of equity paid. The principal amount assumed plus the equity paid is the base for charging motor vehicle sales taxes on such transactions.