

Buying a new or used car can be a long and sometimes grueling task. It takes time to decide what car is right for your needs, then to choose where to buy the car, and once that's all complete, negotiate a good price. At the end of this process, the last things you want to worry about are all the extra fees that can be tagged on to the cost of a car after you've settled on a price with the dealer. Some fees are required, but others can be avoided or negotiated to a lower cost. Below is break down of fees you may encounter when buying a vehicle and which ones you can potentially get out of paying.

Sales Tax

Sales tax amounts differ from state to state, but are often more than people are expecting. ConsumerReports.com explains, "Some states calculate tax on the full price of the car, but most figure tax on the difference between the price of the new car and the trade-in, if appropriate." It's hard to know exactly what the sales tax will be on the car you're buying, but there are numerous tools one can use to calculate this number. DMV.org offers a "Tax & Tags Calculator" to aid with this (<http://www.dmv.org/buy-sell/used-cars/used-car-taxes-fees.php>).

Title and Registration

This fee is what the state charges to register and assign a title to a car along with the cost of license plates. The good news? Your dealership will take care of figuring this amount out for you. The Title and Registration fee is often between one and three percent of the total cost of the vehicle (ConsumerReports.org), so the more expensive the car, the higher the title and registration fee.

Documentation fee (Doc fee)

This fee is put in place to cover the cost of preparing and filing various documents having to do with the sale of your car (sales contract, title, etc.). According to Edmunds.com, some states regulate documentation fees, while some don't. For a full list of how each state handles document fees, visit <http://www.edmunds.com/car-buying/what-fees-should-you-pay.html>.

Advertising Charge

Advertising fees can be a little complicated. If this fee is coming straight from the manufacturer to the dealership, then you most likely will have to pay it. However, if the dealership tacks on an "unofficial advertising fee" to offset what they spent for advertising to get you onto the lot, you can often contest paying it.

Dealer fees

Frequently dealerships will write extra fees into your car contract for a variety of things (dealer prep, shipping, etc.). You can avoid or lower these fees by knowing exactly what they're exactly going towards and then negotiating them down or out of your contract.

Extended Warranty

Paying for an extended warranty (extra coverage for major repairs that could be needed after the original warranty is up) may not be a bad decision, but you should educate yourself before paying for this. Shop around and do your research to find the right, if any, extended warranty for your situation. In some cases, you can get the extended warranty backed by the manufacturer or a third-party company.

At the end of the car buying process, there will always be fees to pay. However, if you do your homework and know which fees are required versus avoidable, you can make one of the last parts of the process run.

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About:

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