

CHAPTER 8

SALES TAX

Section 8-1

REQUIREMENT

8-1.1 Authorization. Section 205.52 of the *General Sales Tax Act* (MCL 205.52) authorizes the collection of sales tax on the purchase of vehicles.

8-1.2 Collection of Sales Tax. Licensed dealers collect Michigan sales tax on the retail sale of new and used vehicles at the time of sale. Dealers must have a sales tax license issued by the Michigan Department of Treasury. Dealers must submit the collected tax to the Secretary of State with their *RD-108* Michigan Application for Title and Registration and statement of vehicle sale.

8-1.3 Tax Rate. When sales tax is due, the amount levied is 6% of the full purchase price of the vehicle. To compute the tax, multiply the full purchase price times .06. Round off to the third decimal place and round up to a whole cent when the third decimal place is 5 or greater or round down to a whole cent when the third decimal place is less than 5.

Section 8-2

DETERMINING SALES TAX

8-2.1 Definition of Purchase Price. Purchase price includes the full amount paid to the dealer without any deduction for a trade-in. Tax is due on the full purchase price. If there is a lease penalty for early termination rolled into the purchase price of the vehicle that charge is also subject to tax.

8-2.2 Farmers. Most farm vehicles are subject to sales tax. If a farm truck or trailer is ever used on-road, even for traveling from farm to farm, a license plate is required, and tax is due.

- a) **Exclusive Farm Operation.** If the farm truck is used exclusively on the farm (it is never operated off the immediate location of the farm), a tax exemption may be claimed. The transaction is considered a title-only transaction. This farm truck is not eligible for any type of plate (even a farm plate) or permit until tax is paid.

In addition to completing the *RD-108* title application, have the farmer complete a certification (TR-34 form) stating this farm truck will not be operated off their farm until tax is paid and the vehicle is properly licensed. Enter the statement "FARM TRUCK – NOT ELIGIBLE FOR PLATE UNTIL TAX IS PAID" in the Remarks section of the *RD-108*.

8-2.3 Leasing Companies – Titling Vehicles. A vehicle leasing company with a Michigan tax

registration number has a choice of how tax is paid when titling vehicles in its name. They may either:

- a) Pay the 6% tax at time of title application, or
- b) Pay tax on the monthly lease receipts directly to the Michigan Department of Treasury.

To be eligible to pay tax on the lease receipts, the leasing company must note “For Lease” on their *RD-108* and also provide their Michigan use tax registration number.

NOTE: When titling a vehicle, some leasing companies allow the lessee to make a down payment (capitalized cost reduction) in order to lower the monthly lease payment. The Michigan Department of Treasury considers the down payment to be the first payment received on a leased vehicle. Since this is use tax and not sales tax, the tax on the down payment is not submitted with the RD-108. The lessor is responsible for remitting tax on the down payment. However, dealers may remit the down payment tax on behalf of the lessor using their (the dealer’s) monthly sales and use tax return sheet.

8-2.4 Leasing Companies – Selling Vehicles. If the lessee elects to purchase the vehicle at the end of the lease contract (or if the leasing company sells the vehicle to a third party), the leasing company, if not a licensed dealer, collects sales tax on the sale price and issues the purchaser a tax receipt. (This also applies to rent-a-car companies and other businesses, which sell more than five vehicles a year.)

8-2.5 Leased Vehicles – Tax Status. Instructions vary for leasing companies depending on possession of a Michigan tax registration number. These differences are specified in Michigan tax law, which allows a tax exemption only if the leasing company is paying Michigan tax based on its lease receipts.

- a) **With Michigan Tax Registration Number.** When a leasing company takes delivery of a vehicle in Michigan, the transaction is not subject to sales tax if the leasing company has a Michigan use tax registration number and claims tax paid on lease receipts. The claim must contain their use tax registration number and the notation “For Lease” in the Remarks section of the *RD-108*.
- b) **Without Michigan Tax Registration Number.** If the leasing company is not registered with the Michigan Department of Treasury as a leasing company (no use tax registration number), sales tax is due.
- c) **Out-of-state Leasing Company.** When an out-of-state leasing company takes delivery of a vehicle in Michigan, tax is not due if the leasing company has a tax registration from its home state and the vehicle will not be leased in Michigan. The company must purchase a 14-day in-transit permit to be tax-exempt. If the vehicle will be leased in Michigan, the company must be registered in Michigan and follow the same requirements for a Michigan leasing company. Otherwise, tax is due on the full purchase price.

8-2.6 Military Personnel.

- a) **Requirement.** Vehicles purchased by Michigan residents who are military personnel are subject to sales tax.
- b) **Nonresident Personnel.** Nonresident military personnel obtaining an in-transit permit are tax-exempt if, at the time of purchase, they submit a letter from their commanding officer providing the purchaser's home address and certifying active duty in armed forces status. This is not required with manufacturer in-transit permits for Military Sales, Inc.

8-2.7 Michigan Rehabilitation Services Clients. Occasionally, the Michigan Rehabilitation Services (MRS) will pay for a vehicle to be titled in their client's name. Because the state purchased the vehicle, tax is not due.

- a) **Instructions.** The client must submit an Authorization and Billing, *RA-Z40*, issued by Michigan Rehabilitation Services. The Authorization and Billing, *RA-Z40* will show the client's name and the maximum amount approved for expenditure.
- b) **Purchase Price Exceeds Approved Amount.** If the vehicle purchase price exceeds the amount approved by MRS, the client is responsible for paying tax on the difference. The Authorization and Billing *RA-Z40*, must be submitted with the *RD-108*. Any plate fee must be collected, either from the client or using a Michigan Rehabilitation Services warrant.

8-2.8 Ministers. Ministers are subject to sales tax when acquiring a vehicle, mobile home, or watercraft.

8-2.9 Native American Indian Tribes. For more information regarding taxation of Native American Indian Tribes and members, please contact the Michigan Department of Treasury at 517/636-4230.

8-2.10 Nonprofit Organizations. Certain nonprofit groups qualify for tax-exempt status when acquiring a vehicle. They must also meet the following qualifications to claim tax exemption.

- a) **Qualifying Instructions.** The following are needed by nonprofit groups to qualify for Michigan sales tax exemption:
 - (1) Organizations other than a nonprofit school, nonprofit hospital, church, government agency, or parent cooperative preschool, must submit either of the following:
 - (a) Form C-3136, *Letter of Exempt Determination*, issued by the Michigan Department of Treasury, or
 - (b) Federal exemption letter showing that they are exempt from tax under Section 501(c)(3) or 501(c)(4) of the Internal Revenue Code.

NOTE: Photocopies are acceptable. Nonprofit schools, nonprofit hospitals, churches, and

government agencies do not have to submit one of the documents listed above.

- (2) The vehicle must be titled in the name of the nonprofit entity (organization, institution or agency) and used to carry out the activities of the entity as described in its bylaws or articles of incorporation;
 - (3) The vehicle must be used exclusively by the entity which is serving the public at large; and,
 - (4) Individuals and private shareholders in the entity cannot benefit, in whole or in part, from the use of the vehicle.
- b) **Qualified Organizations.** Organizations such as Girl Scouts and Boy Scouts, social and fraternal organizations such as the Lions Club, Kiwanis Club, Rotary International, etc., are subject to sales tax in Michigan, unless exempt under Section 501(c)(3) or 501(c)(4) of the Internal Revenue Code and the vehicle is used to carry out the activities of the entity as described in its bylaws or articles of incorporation.
- c) **Form 3372 Exemptions.** Dealers can accept these forms presented by customers certifying they are exempt from sales tax. The Michigan Department of Treasury indicates there is no need to verify this type of exemption with the Department. Simply keep a copy of the form in your deal jacket for audit purposes.

8-2.11 Payment. Compensation for the full purchase price may be in any of the following forms:

- a) Money
- b) Credit
- c) Services rendered
- d) Trades
- e) Anything of value

8-2.12 Rebates. A purchaser may be exempt from sales tax on rebates depending on the type of rebate.

- a) **Manufacturer Rebates.** Tax is due on rebates from manufacturers. The rebate cannot be subtracted from the vehicle purchase price when computing sales tax. (It is not a discount offered by the seller.) This rule applies even when credit is given at the time of sale and the owner will not receive a rebate check in the mail.
- b) **Dealer Rebates.** These are discounts offered by the dealer and are not subject to tax. The amount of the dealer rebate or discount is deducted before calculating tax due. This type of rebate or discount may be documented in the Remarks section.

8-2.13 Relatives. Sales tax is due when a retailer sells anything to an immediate family member

(a dealer sells a car to his/her son, etc.).

8-2.14 Religious Groups – Church Vans, Buses and Other Vehicles. Vehicles purchased by religious groups are not always tax-exempt. Some religious organizations qualify for a tax exemption on their school bus if their school is an educational institution (Michigan Department of Education-accredited, Monday to Friday). School buses must be titled in the name of the school.

- a) **Vans and Buses.** Certain vans and buses purchased by a church may be tax-exempt. To be tax exempt, the vehicle must be titled and registered in the name of the church. The church must claim the tax exemption using form TR-34, *Certification*, or church letterhead stationery certifying the qualified vehicle will be used for church functions. Sales tax is not due in the following instances:
 - (1) The vehicle has a manufacturer's rated seating capacity of 10 or more passengers (a large van or bus).
 - (2) The vehicle is purchased to transport passengers for church functions (Sunday or bible school, transporting senior citizens to church, etc.).
- b) **Other Vehicles.** All other vehicles sold to churches or houses of worship are taxable. Ministers are not exempt from tax when acquiring any vehicle, mobile home, or watercraft. Some religious groups' administrative council may be part of the church, in which case the exemption for buses and vans above applies. Questions regarding their tax status can be referred to the Michigan Department of Treasury at 517/636-4230.

8-2.15 Repossession by Secured Party. When an owner defaults on the financing agreement for a vehicle, the vehicle can be taken (repossessed) by the lender (secured party).

- a) **Secured Party Exempt Status.** The secured party is tax-exempt when applying for a resale title (see Chapter 3 for resale titles). If the secured party applies for a regular title (not resale), tax is due.
- b) **Repossessor or Purchaser Status.** Tax is paid by the purchaser when the reposessor sells the vehicle at a later date. This tax is collected by the reposessor if the reposessor sells more than five vehicles a year. The reposessor issues a tax receipt, which Secretary of State branch offices accept in lieu of collecting tax.

8-2.16 Resale Titles. Resale titles show the legend "Not Eligible for Plates – No Tax Paid."

8-2.17 School Buses. When a school bus is acquired by an accredited educational institution (Monday to Friday, Michigan Department of Education-approved curriculum), no tax is due. The bus must be titled in the name of the school or school district.

8-2.18 Trade-in Credit. There is no trade-in credit or allowance of any kind when a Michigan resident buys a vehicle in Michigan or in another state. Tax is assessed on the full purchase price of the vehicle before subtracting any value of a trade-in vehicle. The exception is vehicles purchased by non-residents on an in-transit *RD-108*, to be titled and registered in their home

state, if their home state allows a trade-in credit, as previously explained.

8-2.19 Vehicle Warranties. A manufacturer's extended warranty (purchased by customer) or service contract is taxable if it is not optional and must be purchased with the vehicle. If purchased as an add-on option (separate charge), no tax is due.

Section 8-3

EXEMPTIONS

8-3.1 Ambulances, Community-Based. Refer to "Fire Trucks" (Section 8-3.10).

8-3.2 Brokers. In the sale of a vehicle, brokers bring together a buyer and seller. Vehicle brokers can never take ownership of a vehicle, nor can they title a vehicle in their name or the name of their business unless state sales tax is paid.

8-3.3 Charitable Organizations. The following nonprofit organizations, institutions, and agencies do not pay Michigan sales tax:

- (a) Nonprofit school
- (b) Nonprofit hospital
- (c) Home for the care of children or aged persons
- (d) Parent cooperative preschool (see Section 205.54a of the Michigan Vehicle Code for special stipulations)
- (e) Health, welfare, educational, charitable, or benevolent institution or agency.

8-3.4 Churches. See "Religious Groups" (Section 8-2.12).

8-3.5 Credit Unions – Federal. Vehicles titled in the name of a *federal* credit union are tax-exempt. To qualify, the federal credit union's name must end with the uninterrupted words "Federal Credit Union." If any other words appear between the words "Federal Credit Union," the credit union is not a federal credit union, and its vehicles are taxable.

8-3.6 Dealers – Out-of-state Dealer Buys a Vehicle from Michigan Dealer. Tax is not due when an out-of-state dealer acquires a vehicle from a Michigan dealer for resale outside of Michigan. In its Police Book, the Michigan dealer enters the out-of-state dealer's sales tax number and dealer number issued by the dealer's home state. This transaction is not eligible for a 14-day in-transit permit.

8-3.7 Dealers – Resale Titles, Lease Vehicles, Demos. Dealers always use their *RD-108* when titling a vehicle in the name of the dealership. Sales tax is always due except in the following instances:

- a) When the dealer applies for a resale title

- b) When a dealer will be leasing a vehicle. There is no such thing as a “tax-exempt number” for sales tax or use tax purposes. In a lease situation where the dealer titles a vehicle in the name of their leasing company, the dealer has an option of how to remit the tax. They are not exempt from tax. They may remit tax up front for the total purchase price shown on the *RD-108* or on the monthly lease receipts. The dealer enters their use tax registration number and the statement “For Lease” in the Remarks section of the *RD-108*.
- c) When the dealer is titling a vehicle to be used for rental purposes (usually by customers having their cars serviced), the dealer must enter the dealer’s sales tax license number and the statement “For Rent” in the Remarks section of the *RD-108*.
- d) When the dealer titles a demonstrator vehicle.

Dealers may hold vehicles they have for resale or transfer them to another dealership without collecting tax. Removing a vehicle from inventory for use other than demonstration requires titling and payment of sales tax. If needed, the dealer may apply for a resale title in the name of the dealership. Tax is not due until the vehicle is sold at retail.

8-3.8 Demonstrator Vehicles. A demonstrator is a new motor vehicle used for demonstration. New vehicles titled as a demonstrator are tax-exempt until sold at retail. A dealer is limited in the number of vehicles, which may be titled or used as tax-exempt demonstrators. The number is based on the dealer’s volume of new vehicle sales in a calendar year, as in the following table:

Table 1
Demonstrators Based on Volume

New Units Sold per Calendar Year	Tax-exempt Demos Allowed per Calendar Year
0 - 25	2 Vehicles
26 - 100	7 Vehicles
101 - 500	20 Vehicles
501+	25 Vehicles (maximum)

Important Note: A demo vehicle that is carried over from one year to a new year does not count as a tax-free demo in the next calendar year.

8-3.9 Foreign Diplomats. A diplomat is a person who is appointed to represent their government in relations with another country. Foreign diplomats assigned to the United States and their family members are exempt from sales tax on the purchase of large items including vehicles and watercraft.

- a) **Tax Exemption Card.** The U.S. Department of State, Office of Foreign Missions, issues tax exemption cards to foreign diplomats and consular personnel in the U.S. To qualify for tax exemption, a diplomat must present this card upon titling a vehicle. Record the card's tax number and expiration date along with "Tax-exempt – Diplomat" in the Remarks section of the *RD-108*.
- b) **License Plates.** The Michigan Department of State does not issue license plates to diplomats. Refer all inquiries to the diplomat's embassy. The foreign embassy will contact the U.S. Department of State, Office of Foreign Missions, Diplomatic Motor Vehicle Office, 3507 International Place, NW, Washington, D.C. 20522-2303. Telephone: 202/895-3521.

8-3.10 Fire Trucks and Ambulances. Local government units are exempt from sales tax on the purchase of an ambulance or fire-fighting equipment. A community-based nonprofit corporation is also exempt. The ambulance or fire truck must be titled in the nonprofit entity's name. Write "Tax-exempt – Community Service" in the Remarks section of the *RD-108*.

8-3.11 Houses of Worship. Sales and use tax is due on vehicles acquired by churches and houses of worship except for vans and buses with a manufacturer's rated seating capacity of 10 or more passengers and used to transport passengers for church functions. See Section 8-2.12.

8-3.12 Rolling Stock. When your dealership sells a truck or trailer to an entity that engages in interstate commercial transport, sales tax is due with the transaction unless your purchaser qualifies as an "interstate motor carrier" and the vehicle is a "qualified truck or trailer." The Michigan Sales Tax Act provides that trucks and trailers purchased, rented, or leased by an interstate motor carrier are eligible for a 100% exemption from sales tax only if they meet both of the following:

- a) The qualified truck is a commercial motor vehicle power unit or bus with 2 axles and a gross vehicle weight rating (GVWR) over 10,000 lbs., or a commercial truck or bus with 3 or more axles. A qualifying trailer is one designed to be drawn behind a qualified truck, and
- b) The interstate motor carrier is in the business of carrying persons or property, other than themselves, their employees, or their own property, for hire across state (Michigan) lines and whose fleet mileage was driven 10% outside of Michigan in the immediately preceding tax year. In computing fleet mileage, trucks used solely in Michigan cannot be counted.

If your purchaser does not qualify as an interstate motor carrier, or the unit purchased is not a qualified truck or trailer, sales tax is due on the sale price. A person in their first year of business cannot be exempt as an interstate motor carrier. "Preceding tax year" is the period beginning October 1st and ending the following September 30th.

If a purchaser qualifies as an "interstate motor carrier", dealers must note "interstate motor carrier" in the Remarks section of the *RD-108*.

Section 8-4

IN-TRANSIT PERMITS (BFS-50) AND “EXPORT SALES”

8-4.1 Authorization. The 14-day in-transit permit allows a nonresident to drive a newly purchased vehicle to their home state where it will be titled and registered. Only one in-transit permit may be issued for any vehicle. Lease companies with a Michigan tax registration number are eligible to receive 14-day in-transit permits.

NOTE: Dealers process a 14-day in-transit permit for all out-of-state transactions (except for salvage-titled, scrap-titled or wholesale dealer transaction vehicles) regardless of the customer’s method of transporting the vehicle to the other state. States having sales tax reciprocity agreements with the State of Michigan have agreed to give tax credits on in-transit deliveries. Without the in-transit permit, the customer’s home state could require tax to be paid again.

Additionally, the in-transit permit provides a record with the State of Michigan that the vehicle will be titled in the purchaser’s home state. This record can be used to issue a replacement in-transit permit if the in-transit permit is lost before titling in the purchaser’s home state.

8-4.2 Exporting Vehicles. Record keeping requirements are somewhat different when selling a vehicle, which will be exported to another country or state, compared to when selling a vehicle for registration within Michigan.

- a) **Tax Due.** Tax is due on all vehicles unless the purchaser is a licensed dealer or the vehicle is to be delivered by the Michigan dealer outside the boundaries of the state of Michigan. For export purposes, if a dealer contracts with a shipper and delivers the vehicle to a foreign destination, tax is not due. However, if a dealer delivers a vehicle to the purchaser’s representative who will arrange shipment to a foreign destination, tax is due as the transfer of ownership of the vehicle has taken place within the boundaries of Michigan.
- b) **Instructions.** The selling dealer assigns the title or MCO, including odometer statement, and completes an *RD-108*, and if appropriate, a salvage disclosure statement. In the Remarks section of the *RD-108*, enter “TAX-EXEMPT – FOR EXPORT” and give the address of the port of exit where the vehicle will be delivered.
- c) **Processing.** The *RD-108* is not processed at a branch office. The dealer keeps a copy of all documents, including bills of lading or other documentation and gives the title, a copy of the *RD-108*, odometer disclosure, and salvage disclosure to the purchaser. The dealer retains copies of this information for five years.
- d) **Records.** Documentary evidence proving the dealer delivered the vehicle outside of Michigan must be kept in the dealer’s records. Evidence includes a copy of the completed *RD-108*; a waybill or bill of lading from a shipping or trucking company; trip sheet; driver’s logs; and other documentary evidence to verify delivery to a destination outside the state of Michigan. The dealer retains these documents for five years.

- e) **Tax Liability.** When the Michigan Department of Treasury conducts a tax audit of a licensed Michigan vehicle dealer as a retailer, the dealership will be held liable for the sales tax, unless the appropriate documentation can be presented.
- f) **In-transit Permits.** A 14-day in-transit permit cannot be obtained for an export sale. (See Chapter 3, Section 3-9.)
- g) **Other Delivery Arrangements.** If the nonresident purchaser arranges for someone to take delivery of the vehicle within Michigan on his or her behalf, the sale is subject to Michigan tax.

8-4.3 Instructions. Use the following steps to obtain an in-transit permit:

- a) Complete an *RD-108* as follows:
 - (1) In the space provided for the plate number, enter “NO TITLE – IN-TRANSIT”;
 - (2) Enter the complete out-of-state address;
 - (3) In the Remarks section, enter the title number and issuing state of the title being transferred and “To be Titled and Registered in _____ (state)_____”
 - (4) In the Remarks section, enter the Michigan tax computation and out-of-state tax computation. Collect the lower of the two amounts for reciprocal states. Check Treasury’s Form 485 to verify all out-of-state tax rates. http://www.michigan.gov/documents/485_72279_7.pdf

Example:

REMARKS:

Michigan Title #226C450081

To be titled and registered in Texas

Tax computations for Michigan and Texas, with the lower of the two amounts circled and circled amount of tax being collected entered on the *RD-108* in the tax box.

- (5) Enter the \$10 in-transit permit fee on the *RD-108* in the license fee box.
- b) Submit the *RD-108* and properly assigned title or MCO. The title or MCO will be returned with the in-transit permit from the branch for delivery to the customer. The dealer maintains a copy in the dealership records.
- c) Instruct the owner to display the in-transit permit in the rear window of the vehicle. If there is no rear window, the permit must be displayed in a location where it can be seen by law enforcement.

8-4.4 In-transit Permits – States with No Tax Reciprocity. If a dealer sells a vehicle that will be titled and registered in a state, which has no tax reciprocity with Michigan (listed below), no tax is due. However, the law requires the customer to purchase the 14-day in-transit permit regardless of the method of transporting the vehicle, or else sales tax is due. The current list of these states is available on Treasury’s Web site at:

http://www.michigan.gov/documents/485_72279_7.pdf

8-4.5 In-transit Permits – “No Tax Due” States. Some states do not charge sales tax on the purchase of vehicles or do not give the customer credit if they pay tax in Michigan. The current list of these states is available on Treasury’s Web site at:

http://www.michigan.gov/documents/485_72279_7.pdf

IMPORTANT NOTE: Sales tax rates and reciprocal agreements between states are subject to change without notice. It is the dealer’s responsibility to confirm all sales tax information. Up-to-date information concerning sales tax reciprocity or rates can be obtained by contacting the Michigan Department of Treasury at 517/636-4230, or by visiting the Michigan Department of Treasury’s Web site at http://www.michigan.gov/documents/485_72279_7.pdf.

8-4.6 In-transit Permits – States with Tax Reciprocity. If the purchaser is taking the vehicle to a state, which is reciprocal with Michigan, two tax computations are required.

- a) Determine the amount of state sales tax due in the purchaser’s home state. If that state allows a trade-in credit, the trade-in allowance is used in the first computation.
- b) Determine the amount of 6% sales tax in Michigan, as if the purchaser is a Michigan resident.
- c) After making the two computations, collect the lower amount. If the out-of-state tax amount is the lower amount, show in the Remarks section of the *RD-108* the method used to determine the sales tax, such as 4.25% New York tax with \$5,040 trade-in credit.
- d) Circle the lower of two amounts.
- e) Enter the lower amount in upper right “tax” portion of the *RD-108*.
- f) Collect the lower amount of the two computations.

Example: The purchaser will be taking her new car to New York. The purchase price is \$10,760. She received \$5,040 for her trade-in.

First Computation: New York State’s tax (4.25% tax rate, full trade-in credit):

$\$10,760 - \$5,040 = \$5,720 \times .0425 = \mathbf{\$243.10}$ (New York total)

Second Computation: Michigan tax (6% tax rate, no trade-in credit):

$\$10,760 \times .06 = \645.60 (Michigan total)

In this example, the New York computation provides the lesser amount and is the amount collected.

CAUTION: Do not send this tax to the other state. The tax is paid to the state of Michigan and the customer will receive credit in the other state.

8-4.7 Out-of-state Address. An out-of-state address is required on the *RD-108* showing where the vehicle will be titled and registered. No Michigan title will be issued. The *RD-108* indicates lien holder information in the “First Secured Interest” section, if applicable. Although Michigan will not record the lien holder in our records, adding lien holder information on the *RD-108* helps to ensure the lien is recorded on the purchaser’s home state’s title.

8-4.8 Proof of Insurance. Proof of Michigan no-fault or out-of-state insurance is required. This can be insurance for any vehicle in the purchaser’s name. The insurance certificate does not have to name the in-transit vehicle.

8-4.9 State Sales Tax Used for In-transits. Use the Michigan Department of Treasury’s Form 485 available at http://www.michigan.gov/documents/485_72279_7.pdf or contact the Michigan Department of Treasury @ 517-636-4230 to verify reciprocal states and sales tax rates in other states for each in-transit transaction you process.

8-4.10 When Going to Canada or Another Country. If the purchaser is taking delivery of the vehicle in Michigan and transporting it to Canada or another country (including U.S. territories), 6% Michigan sales tax is due. If the dealer is delivering the vehicle or dealer’s representative outside the state of Michigan, sales tax is not due.