

Tax Calculation for Nonqualified Aircraft Transfer

Issued under authority of Public Act 122 of 1941.

Name		Social Security/Federal Employer ID Number		Telephone Number	
Street Address		City		State	ZIP Code
Reference#	Aircraft Make Model and Serial Number		Date of Purchase	Aircraft Year	Aircraft FAA Number
Name and address of the seller of the aircraft.					

Use Tax Calculation

1. Purchase Price.....	► 1.	
2. Use tax on purchase price (Line 1 x 6% (.06)).....		2.
3a. Tax paid to another state for this aircraft.....	► 3a.	
3b. Enter smaller of Line 2 or Line 3a. If equal, enter amount from 3a.		3b.
4. Line 2 minus Line 3b.....		4.
5a. Use tax paid to Michigan on this aircraft transfer. DO NOT subtract Registration Fees paid to other Governmental Agencies.....	► 5a.	
5b. Enter the smaller of Line 4 or Line 5a.....		5b.
6. Use tax due. Line 4 minus Line 5b.....		6.

Equalization Tax Calculation

7. Retail value at time of acquisition.....	► 7.	
8. Equalization tax (Line 7 x 6% (0.06)).....		8.
9. Add Lines 3a, 5a, and 6.....		9.
10. If Line 9 is greater than Line 8, enter the amount from Line 8.....	10a.	
If Line 9 is smaller than Line 8, enter the amount from Line 9.....	10b.	
If Line 9 is equal to Line 8, enter the amount from Line 9.....	10c.	
11. Equalization tax due. Line 8 minus Line 10a, b, or c.....		11.
12. Total tax due. Add Line 6 and Line 11.....	PAY►	12.

Make your check payable to the "State of Michigan". You must include a detailed bill of sale that substantiates the purchase price and the condition of the aircraft at the time of purchase. **The FAA bill of sale is not acceptable.** Direct questions to **Aircraft Unit, Discovery and Tax Enforcement** at **517-636-4120**.

Post Office Mail Address:
Michigan Department of Treasury
Discovery and Tax Enforcement Division
P.O. Box 30140
Lansing, MI 48909

Express Mail Address:
Michigan Department of Treasury
Discovery and Tax Enforcement Division
7285 Parsons Drive
Dimondale, MI 48821

Instructions for Form 1989, Tax Calculation for Nonqualified Aircraft Transfer

A "**nonqualified**" aircraft is used in whole or in part for a non-personal or business purpose or does not meet the requirements to be a "qualified" aircraft.

Line 1. "Purchase price" means, in part, the total amount of consideration paid by the consumer to the seller, including cash, credit, property and services, for which tangible personal property is sold, leased or rented, valued in money, whether received in money or otherwise. For a complete definition, refer to Michigan Compiled Laws (MCL) Section 205.92(2)(f).

Line 2. Use tax is a tax of 6% levied under the Use Tax Act (1937 PA 94 (as amended), MCL 205.91-111). Multiply Line 1 by 6% (.06).

Line 3a. A credit is granted for sales or use tax paid to another state or to a local governmental unit within another state if that other state or local governmental unit accords like or complete exemption on property the sales or use of which was subjected to the sales or use tax of Michigan. (MCL 205.94(1)(e)).

Line 3b. Enter the smaller of Line 2 or Line 3a.

Line 4. Subtract the amount on Line 3b from Line 2. Tax paid to another state in an amount greater than the Michigan use tax is not refundable by Michigan.

Line 5a. Enter any use tax for this aircraft transfer that was already remitted to Michigan. Do not subtract registration or license fees paid to the Federal Aviation Administration (FAA) or Michigan Department of Transportation (MDOT).

Line 5b. Enter the smaller of Line 4 or Line 5a.

Line 6. Line 4 minus Line 5b.

Line 7. The retail value is the dollar value as listed in any recognized guide for use for appraisal purposes at the time the aircraft was purchased.

Line 8. Equalization Tax is a tax of 6% levied under the Streamlined Sales and Use Tax Revenue Equalization Act, which imposes a tax and creates credits and refundable credits to modify and equalize the impact of changes made to the Use Tax Act to bring the Use Tax Act into compliance with the Streamlined Sales and Use Tax Agreement. (2004 PA 175, MCL 205.171-191). Multiply Line 7 by 6% (.06).

Line 9. Add any amounts from Lines **3a**, **5a**, and **6**.

Line 10. For **nonqualified** aircraft, credit for sales/use tax paid is allowed, but cannot exceed the tax due under the Equalization Act. (MCL 205.179(3)). If Line 9 is greater than Line 8, enter the amount from Line 8. If Line 9 is less than Line 8, enter the amount from Line 9. If Line 9 is the same as Line 8, enter the amount from Line 9. The amounts entered in Line 10a, b or c may be zero, but cannot be negative.

Line 11. Subtract any amounts on Lines 10a, b, or c from Line 8. This is net equalization tax due.

Line 12. Add Line 6 and Line 11. This is the total tax due.