Trade-in Sales Tax Credit Increase

Agency: Secretary of State

Date: January 3, 2020

Effective January 1, 2020 - Partial Trade-in Sales Tax Credit Increases By $1,000

Sales Tax Trade-In Credit

Public Acts 1 & 2 of 2018 changed the maximum trade-in value partial sales tax trade-in credit to incrementally increase annually. Beginning January 1, 2020, owners trading in a motor vehicle receive a sales tax credit for the vehicle’s trade-in value up to a maximum of $6,000. This is a $1,000 increase from the year 2019 maximum of $5,000.

Trade-In Sales Tax Credit Calculation Worksheet

Implementation of the sales tax trade-in credit requires new calculations on transactions with a trade-in.

The Department created a 2020 Trade-In Sales Tax Credit Calculation Worksheet to help correctly calculate the trade-in sales tax credit. The website version of the 2020 worksheet calculates the correct trade-in sales tax credit but is not submitted with the RD-108 to the Secretary of State. This worksheet is available on the Department’s Website under Licensed Dealer Forms and can be accessed using the following link:

http://www.michigan.gov/sos/0,4670,7-127-49534_50304---,00.html

Contact Information for Questions

Frequently asked questions (FAQs) have been updated for vehicle dealers on the Secretary of State Website to find answers related to the sales tax trade-in credit. This bulletin is available on the Department’s Website under Legislation and Rules and can be accessed using the following link:

http://www.michigan.gov/sos/0,4670,7-127-49534_50300_78624---,00.html

Questions may also be directed to the Department of State Information Center toll-free number at (888) 767-6424 8:30 a.m. to 5:00 p.m. Monday through Friday.

Dealers with specific sales tax questions may contact the Michigan Department of Treasury’s Technical Services Section at 517-636-4357.