



STATE OF MICHIGAN
JOCELYN BENSON, SECRETARY OF STATE
DEPARTMENT OF STATE
LANSING

Vehicle Sales Tax Trade-in Credit – Frequently Asked Questions

January 1, 2021

1. How is the amount of sales tax trade-in credit determined?

Effective January 1, 2021 the sales tax trade-in credit amount for vehicles delivered on or after January 1 is the price agreed to by the dealer and purchaser for the trade-in vehicle not to exceed **\$7,000**.

2. How do I reach Treasury for assistance with sales tax & trade-in questions?

Dealers with trade-in sales tax credit questions may contact Treasury's Technical Services Section at 517-636-4357 or e-mail the Michigan Department of Treasury's Sales, Use & Withholding Taxes website at treasSUW@michigan.gov

3. Can a trade-in sales tax credit be applied to a lease vehicle transaction?

No, the trade-in credit laws do not provide for trade-in tax sales tax credit for leased vehicles.

4. Has the amount of the trade-in entered on line 10 of the RD-108 changed?

No, there are no changes to line 10. This amount does not change and the full amount the dealer accepts for the trade-in is still entered on line 10 of the RD-108.

5. Is a motorcycle, moped, or motor home taken as a trade-in eligible for the trade-in sales tax credit?

Yes, any vehicle meeting the Michigan Vehicle Code definition of a motor vehicle is eligible for the trade-in sales tax credit.

6. Is a utility trailer taken as a trade-in eligible for the trade-in sales tax credit?

No, by definition, a utility trailer is not a motor vehicle or a recreational vehicle and is not eligible for trade-in sales tax credit.

7. Can valuables such as jewelry, coins, or collectibles taken as a trade-in receive sales tax credit?

No, the sales tax trade-in credit laws only provide a sales tax credit trade-in on eligible motor vehicles and recreational vehicles.

8. Is a recreational vehicle including a trailer coach, fifth-wheel, or pop-up camper taken as a trade-in eligible for the trade-in sales tax credit?

Yes, any vehicle meeting the Michigan Vehicle Code definition of a motor home, recreational vehicle, or trailer coach is eligible for a full trade-in sales tax credit. Like watercraft, owners receive 100% sales tax trade-in credit if the owner trades in their motor home or recreational vehicle for the purchase of a new or used motor home or recreational vehicle from a vehicle dealer. There is no limit to the sales tax credit amount.

9. Is a snowmobile, off-road vehicle, or a mobile home taken as a trade-in eligible for the trade-in sales tax credit?

No, any conveyance of a type that **cannot** be registered for on road use is **not** eligible for the trade-in sales tax credit.

10. Is a watercraft taken as a trade-in for a motor vehicle eligible for the trade-in sales tax credit?

No, watercraft trade-in sales tax credit can only be applied when a titled watercraft is taken as a trade-in towards the purchase of another titled watercraft.

11. Is the trade-in sales tax credit applied when the purchaser is a non-resident?

Yes, dealers will calculate the Michigan sales tax applying the trade-in sales tax credit and then make a separate calculation applying the purchaser's home state sales tax rate. The Michigan dealer collects the lower of the two sales tax calculations.

12. If a Michigan resident buys a vehicle from an out-of-state dealer is the purchase eligible for the trade-in sales tax credit?

Yes, the trade-in sales tax credit can be applied to a purchase from an out-of-state vehicle dealer.

13. Is a vehicle taken as a trade-in the purchaser does not own eligible for the trade-in sales tax credit?

Yes, the trade-in sales tax credit applies when a vehicle dealer accepts a trade-in on a vehicle the purchaser does not own. The dealer must receive the trade-in on a properly assigned title from the owner of the trade-in vehicle.

14. Can more than one vehicle be used as trade-in credit?

No, only one vehicle can be used toward the sales tax trade-in credit. If two or more vehicles are traded in, sales tax credit for only one of the vehicles can be applied.

15. Does Full Trade-in Sales Tax Credit Apply to Recreational Vehicles?

Yes, owners trading in a motor vehicle or trailer coach receive a sales tax credit for the vehicle's full trade-in value.

16. What if I have questions?

Questions can be directed to the Secretary of State Website mailbox:

<http://www.michigan.gov/sos/0,4670,7-127-13162-25634--,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 sales tax questions may contact Treasury's Technical Services Section at 517-636-4357 or e-mail the Michigan Department of Treasury's Sales, Use & Withholding Taxes website at treasSUW@michigan.gov