Vehicle Sales Tax Trade-in Credit – Frequently Asked Questions

February 13, 2019

1. **How is the amount of sales tax trade-in credit determined?**
   Effective January 1, 2019 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 **$5,000**.

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, Beginning January 18, 2018, 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.

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