Instructions for *2026 Vehicle Dealer Supplemental Schedule* (Form 5086)

GENERAL INFORMATION

Do not deduct sales for which tax was paid to Secretary of State from gross sales. Instead, report taxes paid on those sales as a prepaid tax credit using this schedule with the *2026 Sales, Use and Withholding Taxes Monthly/Quarterly Return* (Form 5080) and/or *2026 Sales, Use and Withholding Taxes Amended Monthly/Quarterly Return* (Form 5092).

Use this supplemental schedule to calculate the sales tax discount allowed on sales tax paid to the Secretary of State. The discount is limited to the 4% tax rate. If the applicable tax rate is greater than 4%, you may not take a discount on the full tax paid to the Secretary of State. If the applicable tax rate is less than 4%, there is no allowable discount. The total allowable discount for prepaid tax on vehicle sales is calculated on line 12 and is carried to line 5a on Form 5080/5092. Form 5086 is only available for submission electronically using Michigan Treasury Online (MTO) at **mto.treasury.michigan.gov** or by using approved tax preparation software.

Line-by-Line Instructions

Lines not listed are explained on the form.

NOTE: When completing this form on MTO, applicable lines will be automatically populated based on information provided.

PART 1: Michigan Vehicle Sales

Line 1: Enter the gross sales price less allowable trade-in value for all vehicle sales originating in and to be titled in Michigan. These vehicle sales are those for which sales tax was paid to the Michigan Secretary of State for the tax period reported.

PART 2: In-Transit Vehicle Sales

Use a new row for each destination state.

For a listing of sales tax rates and discount multipliers by state, reference *Sales Tax Rate and Discount Multiplier by State Table* at **michigan.gov/taxes/vehicle-dealers/discount-multiplier**.

Column 5A: In-transit vehicle sales are those for which sales tax was paid to the Michigan Secretary of State and a special registration (in-transit) was issued to transport a vehicle to another state. The Michigan sales tax on the retail sale of such a vehicle cannot exceed the sales tax that would have been charged in the destination state. For more information refer to, *Instructions for Michigan Vehicle Dealers Collecting Sales Tax from Buyers Who Will Register and Title Their Vehicle in Another State or Country* (Form 485).

Enter the gross sales price less allowable trade-in value for vehicle sales originating in Michigan but to be titled and registered in another state. Enter the sum of all vehicle sales for the state referenced in line 5B of the same row. Enter individual sales to Virginia on separate rows to receive full credit.

Column 5B: Enter the state where the vehicle sales reported in 5A of this row will be registered and titled.

NOTE: The sale of a motor vehicle is exempt from Michigan sales tax if the destination state is non-reciprocal or exempt. For this reason, the following states are not subject to Michigan sales tax: Alaska, Arkansas, Delaware, the District of Columbia, Georgia, Maryland, Mississippi, Montana, Nebraska, New Hampshire, New Mexico, North Carolina, Oklahoma, Oregon, South Carolina, South Dakota, and West Virginia.

Column 5C: Enter the vehicle sales tax rate for the state referenced in Column 5B of this row from the *Sales Tax Rate and Discount Multiplier by State Table* at **michigan.gov/taxes/vehicle-dealers/discount-multiplier**.

Column 5D: Calculate the sales tax paid to the Michigan Secretary of State on in-transit vehicle sales for the State entered in 5B of this row. Multiply Column 5A by Column 5C and enter here.

Column 5E: Calculate the allowable discount on the sales tax paid to the Michigan Secretary of State on in-transit vehicle sales. Using the discount multiplier for the state entered in 5B, identify and replace the numeric discount multiplier in the formula below.

Tax Paid (Column 5D) x Discount Multiplier x .0075 = Allowable Discount

Column 5F: For states with a sales tax rate less than 6%, a credit to equal Michigan's 6% sales tax rate must be given to avoid taxing the difference.

[5A x .06] – Column 5D = 6% Sales Tax Equalization Credit

Minimum Payment Exception – If Virginia's 4% tax rate calculation yields a payment due of less than $75, enter $75 in column 5D as required by Virginia law. When calculating the 6% sales tax equalization credit, you may calculate a negative number if the State of Michigan's tax rate (6%) calculation is also less than $75. If the 6% sales tax equalization credit is a negative number, enter $0 in column 5F.

Tax Assistance

For assistance, call 517-636-6925. Assistance is available using TTY through the Michigan Relay Center by calling 711.