



MICHIGAN DEPARTMENT OF STATE

Jocelyn Benson, Secretary of State

Lansing, Michigan 48918-0001

Trade-in Sales Tax Credit Increase

Agency: Secretary of State

Date: January 3, 2023

Effective January 1, 2023 - 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, 2023, owners trading in a motor vehicle receive a sales tax credit for the vehicle's trade-in value up to a maximum of \$9,000.** This is a \$1,000 increase from the year 2022 maximum of \$8,000.

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 **2023 Trade-In Sales Tax Credit Calculation Worksheet** to help correctly calculate the trade-in sales tax credit. The website version of the 2023 worksheet calculates the correct trade-in sales tax credit but is **not submitted** with the RD-108 to the Secretary of State. This worksheet has been attached to this bulletin.

Contact Information for Questions

Frequently asked questions (FAQs) have been updated for vehicle dealers and are attached to this bulletin.

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 517-636-4230.



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

Vehicle Sales Tax Trade-in Credit – Frequently Asked Questions

January 3, 2023

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

Effective January 1, 2023, 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 **\$9,000**.

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 517-636-4230 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:

[New Ticket - MDOS Support \(happyfox.com\)](http://happyfox.com)

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 517-636-4230 or e-mail the Michigan Department of Treasury's Sales, Use & Withholding Taxes website at treasSUW@michigan.gov

2023 Trade-In Sales Tax Credit Calculation Worksheet

(Please see instructions on next page. For fields A through F you must enter a valid dollar amount including cents, for example, 100.00)

A. Purchase Price of Vehicle Entered on RD-108 Line 1; Including Freight & Accessories	Enter Amount \$ _____
B. Other Taxable Charges Entered on RD-108 Line 2; Documentary fee, Service fee, Temp. Reg. fee, Etc.	Enter Amount \$ _____
C. Total Price Used to Calculate Trade-In The sum of boxes A and B equal the amount entered in box C (Boxes A + B = Box C)	Enter Amount \$ _____
D. Trade-In Credit Entered on RD-108 Line 3 (Up to maximum of \$9,000.00 effective 01/01/2023)	Enter Amount \$ _____
E. Total Taxable Price Entered on Line 4 of the RD-108. Total price entered in box C minus trade-in credit listed in box D (Box C – Box D = Box E)	Enter Amount \$ _____
F. Sales Tax Due Total taxable price times the Michigan sales tax rate; The amount entered in box E times the sales tax rate (Box E x 0.06 = Box F)	Enter Amount \$ _____
G. Total Delivered Price Entered on RD-108 Line 7; add RD-108 Lines 1+2+5+6 = RD-108 Line 7	Enter Amount \$ _____

Vehicle Identification Number (VIN)	Vehicle Year, Make	Delivery Date
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Please Note: This form is NO LONGER REQUIRED with the new RD-108. It is only available to assist dealers calculate proper trade-in sales tax credit. DO NOT include a copy with any vehicle sales transactions submitted to a Secretary of State branch office.

Trade-In Sales Tax Credit Calculation Worksheet Instructions:

For fields A through F you must enter a valid dollar amount including cents, for example, 100.00.

A. Purchase Price of Vehicle – Entered on RD-108 Line 1

Box A includes the purchase price of a vehicle, factory-installed accessories, freight destination charge, and the dealer-installed accessories.

B. Other Taxable Charges – Entered on RD-108 Line 2

Box B includes all other taxable charges (e.g., documentary fee, service fee, temporary registration fee, etc.).

Please Note: CVR dealers must include in Box B the CVR fee from Line 2A of the RD-108E.

C. Total price used to calculate trade-in sales tax credit

Box C is calculated by adding the “Purchase Price of Vehicle” and “Other Taxable Charges”. Enter the sums of Boxes A and B (Box A + Box B = Box C).

D. Trade-In Credit – Entered on RD-108 Line 3

Box D is the agreed-upon value of the trade-in vehicle as part payment up to a maximum of \$9,000.00 effective January 1, 2023.

E. Total Taxable Price – Entered on RD-108 Line 4

Box E is calculated by subtracting the “Trade-In Credit” listed in Box D from the “Total Price Used to Calculate Trade-In” listed in Box C (Box C – Box D = Box E).

F. Sales Tax Due

Enter the amount of sales tax owed by multiplying the “Total Taxable Price by the 0.06 Michigan sales tax rate (Box E x 0.06 = Box F).

G. Total Delivered Price – Entered on RD-108 Line 7

Important: When there is a trade-in credit RD-108 Line 7 is calculated by adding Lines 1, 2, 5, and 6 as the “Total Delivered Price” (RD-108 Lines 1+2+5+6 = Line 7).

Please Note: Page 1 of this form is NO LONGER REQUIRED with the new RD-108. It is only available to assist dealers calculate proper trade-in sales tax credit. DO NOT include a copy with any vehicle sales transactions submitted to a Secretary of State branch office.