

TITLE CERTIFICATION



This document provides key information about sales tax on motor vehicle transactions for Minnesota deputy registrars and dealers.



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Training • Development • Consulting • Competencies

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TAX IMPOSED – M.S. 297B

Minnesota imposes a sales tax on the purchase price of any motor vehicle purchased or acquired either in or outside of the state of Minnesota that is required to be registered under Minnesota Statutes, chapter 168.

All transfers are taxed at 6.875 percent, except certain passenger vehicles that are in the tenth or subsequent year of vehicle life (see \$10 in lieu tax) and passenger vehicles and fire trucks registered in a collector class (see \$150 in lieu tax).

The purchase price must be completed in all cases in the tax declaration area on the Minnesota title or the Application to Title and Register a Motor Vehicle form (PS2000). This is required regardless of the type of sales tax due.

PURCHASE PRICE – M.S. 297B.01, SUBD. 14

1. Full purchase price	\$	
2. Less trade-in allowance complete item #6	\$	
3. Net purchase price	\$	
4. 6.875% of line 3	\$	
5. Less tax paid to another state	\$	
NET SALES TAX DUE	\$	
6. Trade-in was:		
MODEL YR.	MAKE	PLATE #
VIN NUMBER		
<small>WITHOUT PROPER OWNERSHIP/TRANSFER DOCUMENTS (e.g., OUT-OF-STATE CERTIFICATE OF TITLE), NO MINNESOTA TITLE WILL BE ISSUED.</small>		

DEFINITION

“Purchase price” means the total consideration valued in money for a sale, whether paid in money or otherwise. If a vehicle is transferred for nominal or no monetary consideration, the purchase price is the fair market value of the vehicle.

“Vehicle Sales Price”

<https://www.revenue.state.mn.us/guide/vehicle-sales-price>

The vehicle sales price includes:

- Price of the vehicle
- Charges for labor performed (such as rustproofing, undercoating, dealer preparation)
- Charges for accessories (such as running boards and mud flaps)
- Federal excise tax when it is imposed at the wholesale level and passed on to the customer

LOW PURCHASE PRICE

If a claimed purchase price is significantly less than the fair market value, an explanation is required. The applicant must complete and sign a *Sales Tax Affidavit* form (PS2080).

Unless a vehicle is in need of repair, mileage is the only factor that may affect the value. Normal wear and tear (such as worn tires, shocks, etc.) is already taken into account in establishing these values. If a vehicle does not have high mileage and is not in need of repair, then the sales tax must be collected on the fair market value.

Use one of the following resources to determine the fair market value:

- Check online price guide (JD Power is typically used by title and registration to determine the fair market value) and use the average value. (Links are on Info Hub.)
- Check reference books, such as JD Power’s Used Car Guide, and use the average value. On some of these sites, the fair market value is listed as the private party sale value NOT the trade in value.
- Call the Public Information Center (PIC) if you need assistance.

SPECIALLY CONSTRUCTED, MANUFACTURED OR HOMEMADE

If a vehicle is specially constructed, manufactured or homemade, the purchase price is the total amount spent on materials and labor. In the absence of actual expenditures, manufactured cost means the reasonable value of the completed vehicle. Any sales tax paid on materials purchased may be deducted from the total sales tax due. However, the original receipts must be submitted.

Tax is collected on the value of the completed vehicle. To establish a value, ask the customer what the vehicle would sell for, the appraised value or the insured value.

\$10 IN LIEU TAX – M.S. 297B.02 & M.S. 297B.025

The \$10 in lieu tax is charged on passenger vehicles (defined under M.S. 168.011, subd. 7) that meet all the following qualifications:

1. The vehicle is in the **tenth or subsequent year** of vehicle life at the time of sale (e.g., on January 1, 2024, a 2013 or older model year qualifies).
2. The **purchase price** is less than \$3,000.
3. The **fair market value** is less than \$3,000.

The **initial vehicle purchase price** determines the type of tax due, not the net purchase price after a trade-in unless the purchase price is zero. For example:

\$2,500	initial purchase price
\$2,750	fair market value
	\$10 in lieu tax is due
\$2,750	initial purchase price
<u>-\$2,700</u>	trade in
\$50	net purchase price - \$10 in lieu tax is due
\$4,500	initial purchase price
<u>-\$3,500</u>	trade in
\$1,000	net purchase price - 6.875 % of \$1,000 is due
\$2,500	initial purchase price
<u>-\$2,500</u>	trade in
\$0	net purchase price - No tax is due

\$150 IN LIEU TAX – M.S. 297B.02 SUBD.3

The \$150 in lieu tax is charged on passenger vehicles and fire trucks *registered in or converted to one of the collector classes* at the time of sale. This in lieu tax does **not** apply to miscellaneous class vehicles registered in the collector class.

CHANGES TO REGISTRATION

If	And	Then
Registration class is changed from collector to passenger	The change occurs at time of transfer	\$150 in lieu tax does not apply, 6.875% or the \$10 in lieu is due.
Passenger vehicle or fire truck is registered in or converted to a collector class	It is at time of transfer	\$150 in lieu tax applies.
Registration is changed to a collector class	Within one year of transfer	\$150 in lieu tax applies. Credit is given for tax already paid.
Registration class is changed from collector to passenger	Within one year of transfer	6.875% sales tax is due if the fair market value is \$3,000 or more. (The difference between the \$150 in lieu tax paid and the 6.875% sales tax is due.)

PURCHASE PRICE REDUCTIONS – M.S. 297B.01, SUBD. 14

TRADE IN

Motor vehicles used as a trade-in credit must meet **all** of the following criteria:

1. A vehicle required to be registered under M.S. 168.
2. Traded to the party that the new vehicle is purchased from.
3. Titled in the name of the party trading the vehicle.*

*If using one of the following exemptions, record the relationship in the sales tax declaration area of the title or application:


- A **child or parent** may trade-in a vehicle in the parent or child's name. This includes stepparents and stepchildren.
- A **husband or wife** may trade-in a vehicle titled in the spouse's name.
- A **grandparent or grandchild** may trade-in a vehicle title in the grandparent's or grandchild's name
- **Slide-In campers** may be used for sales tax credit even though they are not titled.

MODIFICATIONS FOR DISABLED

The definition of “purchase price” does **not** include the value of modifications necessary to make the vehicle accessible for the disabled.

Submit a statement, signed by the applicant, explaining the modifications made to the vehicle and the value of each modification. Record the value in the Handicap Conversion Amount field in MNDRIVE.

Deduct this amount from the purchase price prior to computing the sales tax.

Purchase Information	
Acquisition Type <i>Required</i> ▼	Acquisition Date <i>Required</i> 
Purchase Price 0.00	
Trade-in Amount 0.00	Handicap Conversion Amount 0.00
Returning from Active Military Duty? No ▼	

DISCOUNTS AND REBATES

Do **not** show discounts in the tax declaration area. Instead, record the actual amount paid for the vehicle as the full purchase price.

Manufacturer or dealer rebates or incentives to purchase a vehicle are treated the same as discounts. (Rebates may include manufacturer credit card credits, college graduate programs and manufacturer/dealer coupons.) If a dealer is required by another authority to document a discount, rebate or incentive, it is recorded on the purchase contract.

CREDIT FOR TAX PAID IN OTHER STATES – M.S. 297B.08

Most foreign states do not collect sales tax on motor vehicles purchased by non-residents. However, there are a few exceptions.

If the purchaser paid sales tax in another state, you may credit that tax towards the Minnesota sales tax due. Acceptable proof from that state or a copy of the dealer's invoice must be submitted to receive credit. The dealer invoice **must include the signature of the foreign state dealer** and show the amount of sales tax collected. Minnesota residents must pay the difference if the total amount of sales tax paid in the foreign state is less than the rate of tax in Minnesota

Credit is given for the total state and local sales tax paid (which includes county and city taxes). **No tax credit is given for taxes paid to foreign countries.**

Please note that the following Florida form is **not acceptable** for proof of tax paid.

DR-123
R. 08/00
INET

**Affidavit for Partial Exemption of Motor Vehicle Sold
for Licensing in Another State**

AFFIDAVIT

STATE OF FLORIDA
County of Pinellas

Before me, the undersigned Notary Public, personally appeared Cheryl Minnesota
Who, being duly sworn, says that he/she is a resident of the State of Minnesota and that he/she is the purchaser of the following described motor vehicle.

Name of Purchaser Cheryl Minnesota
State of Residence and Address of Purchaser 687 Bassett Bay Beach Rd. Bldg. MN 55602
(Street) (City) (State) (ZIP)

Name of Seller FITZGERALD AUTO MALL
Address of Seller 27365 US 19 NORTH CLEARWATER, FL 33761
(Street) (City) (State) (ZIP)

Seller's Sales Tax Registration Number 6280119331860
Date of Sale 2-28-18

Description of Motor Vehicle:
Make Jeep Model Wrangler Year 14
Vehicle Identification Number 1C4BJWEGXEL80119 Motor Number NA
Sales Price 36,457.00 Trade-In Allowance 7000.
Sales Tax Paid to the STATE OF FLORIDA \$ 1873.71

I, _____ understand that I may owe sales tax to the State of _____ (Purchaser's initials) (Purchaser's state - Do not abbreviate)
 • if the state, in which the vehicle is being registered/licensed, does not allow a credit for sales tax paid to the State of Florida; or
 • if that state imposes a rate higher than 6 percent.
 I also understand;
 • sales tax is being paid to Florida and not to any other state; and
 • I may request a copy of the "Motor Vehicle Sales Tax Rates by State" from the above motor vehicle dealer or the Florida Department of Revenue.

This vehicle will be licensed in the State of Minnesota within forty-five (45) days after the date it was purchased in the State of Florida.
Sworn to (or affirmed) and subscribed before me this _____ day of _____, A.D., _____ (Day of Month) (Month) (Year)

Cheryl Minnesota (Signature of Nonresident Purchaser)

(Signature of Notary)

Personally Known _____
Or Produced Identification _____
Type of Identification Produced _____

Print, Type or Stamp Name of Notary

True Certified Copy

JANETE LEWIS
 NOTARY COMMISSION # 664403
 EXPIRES: March 28, 2018
 Bonded Through Public Utilities

SALES TAX EXEMPTIONS

Exemptions are found on the back of the PS2000 (Application to Title). For other permitted exemptions that are not listed, write the information in the exemption area.

MN DEALER LICENSE #	<input type="text"/>
MN SALES TAX ACCOUNT #	<input type="text"/>
INTERNAL REV. CODE # (IRC)	<input type="text"/>
PRORATE ACCOUNT #	<input type="text"/>
PRORATE FLEET #	<input type="text"/>
I declare this tax exemption <input type="checkbox"/>	

Gift to Spouse, Parent, Child, Grandparent, Grandchild, Guardian or Ward – M.S. 297B.01, Subd. 16

If an individual claims a vehicle was a gift and a lien is listed:

- If the lien is being transferred or taken over, sales tax is due.
- If the lien is for some other reason (for example, vehicle was used as collateral for a school loan or vehicle was in a parent's name because the child was a minor and the child made all the payments), sales tax is not due, but a signed explanation is required.

A gift of a vehicle is exempt from sales tax between:

- Husband and wife.
- Parent and child. (includes step parent and step child)
 - The tax exemption is **not** allowed between parent and child plus in-law.
- Grandparent and grandchild.
- Guardian and ward, when there is no monetary consideration and the vehicle is titled in the name of the guardian, as guardian only, because the ward was a minor.
- Foster parent and foster child, if the home is or was licensed under Minnesota Rules 9545.0010 to 9545.0260.

Record the **relationship** between the transferor and transferee in the sales tax declaration.

A gift of a vehicle where there is no proof of ownership (Affidavit of Due Diligence, Statement of Facts) would **not** be exempt from sales tax. Sales tax would be due on the Fair Market Value of the vehicle.

If a **sale** occurs between parent and child or grandparent and grandchild, sales tax is collected on the **purchase price** rather than the fair market value.

Divorce – M.S. 297B.01, Subd. 16

The voluntary or involuntary transfer between a husband and wife in a divorce proceeding is exempt from sales tax.

The exemption “**divorce**” is listed in the sales tax declaration.

If the ex-spouse will not voluntarily sign the title, a copy of the divorce decree is required. Take copies of;

1. The first page, which names the parties.
2. The last page that shows the decree is certified by the court.
3. The page where the vehicle is awarded to the individual; the vehicle must be specifically identified.
4. The page containing the conveyance language. Conveyance language should read, “in the event the parties do not transfer deeds, title, etc., a certified copy of this decree will serve as such conveyance.”

Note: Deputies may note, “Viewed originals” and initial the copy.

Transfer Upon Death – M.S. 297B.01, Subd. 16

This sales tax exemption applies to the transfer of a vehicle to a legal heir (as inheritance, bequest or by selection by the surviving spouse).

Legal heir – Sales tax exemption is noted on the tax declaration, proof of death (copy of a death certificate, an obituary notice or a memorial card) must be provided and one of the following documents:

- *Assignment of a Vehicle to a Surviving Spouse/Not Subject to Probate (PS2071).*
- *Partial or Final Decree of Distribution.*
- *Affidavit of Collection of Personal Property.*
- *Letters of Testamentary, Executorships, or General Administration (Additional proof of death not required).*

Not a legal heir – The applicant must submit a copy of the will showing inheritance or a letter from the administrator that states the transfer is due to inheritance. If the new owner is not a legal heir and cannot show proof of inheritance, tax is due.

If a beneficiary’s name is followed by “*TOD*” (*transfer on death*) on a Minnesota title, sales tax is not due when transferred to the beneficiary, upon death.

Lending Institution

Lending institutions are exempt from sales tax if the vehicle is repossessed and held for resale. Minnesota Sales and Use Tax account number must be listed in the sales tax declaration.

Insurance Company

Insurance companies are exempt from sales tax if the vehicle is acquired through payment of damages and held for resale. Minnesota Sales and Use Tax account number must be listed in the sales tax declaration.

Joint Owners to Single Owner – M.S. 297B.01, Subd. 16

A transfer from joint ownership to one or more of the same joint owners without monetary consideration is exempt from sales tax.

Note: This exemption **cannot** be used when transferring a vehicle from single owner to joint owners.

Company/Corporate/Partnership

Companies

A company is an individual doing business under an assumed name.

The applicant provides a brief explanation (e.g. sole proprietor) in the sales tax declaration.

The following situations are exempt from sales tax:

- Transfers between a company and a sole owner of the company for no monetary consideration.
- Transfers from one company to another company, if the same sole owner owns both companies.
- Transfers to or from corporations and partnerships must be within one of the Internal Revenue Codes (IRC) that follows.

Corporate/Partnership – M.S. 297B.03

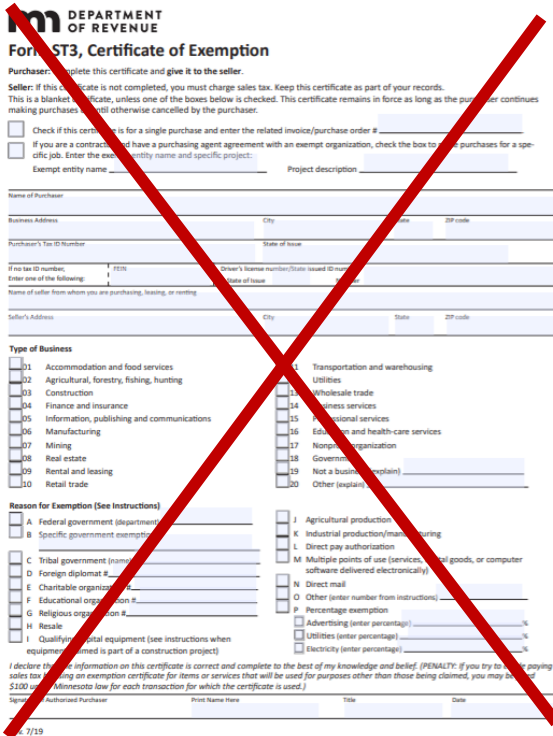
Transfers to or from a corporation or partnership must be within the meaning of the Internal Revenue Codes (IRC) that follow. The applicant lists the applicable IRC in the sales tax declaration.

- 118 – Contributions to the capital of a corporation.
- 331 – Gain or loss to shareholders in corporate liquidations.
- 332 – Complete liquidations of subsidiaries.
- 336 – Gain or loss recognized on property distributed in complete liquidation.
- 337 – Non-recognition for property distributed to parent in complete liquidation of subsidiary.
- 338 – Certain stock purchases treated as asset acquisitions.
- 351 – Transfer to corporation controlled by transferor.
- 355 – Distribution of stock and securities of a controlled corporation.
- 368 – Definitions relating to corporate reorganizations.
- 721 – Non-recognition of gain or loss on contribution (partnerships).
- 731 – Extent of recognition of gain or loss on distribution (partnerships).
- 1031 – Exchange of property held for productive use or investment.
- 1033 – Involuntary conversions.
- 1563(a) – Affiliated groups.

Note: A transfer from a corporation, LLC or partnership to an individual is **not** exempt from sales tax.

If the customer is not sure whether they qualify under one of the IRCs, suggest your customer contact the party responsible for their tax matters, such as their attorney or accountant.

NOTE: ST3 forms are not a valid sales tax exemption for motor vehicles.



Non-Resident – M.S. 297B.03 (2)

If a non-resident (resident of a foreign state or country) requests a Minnesota title and Minnesota registration, 6.875% sales tax is due to Minnesota.

There are a few exceptions. An example would be if a non-resident becomes a Minnesota resident more than 60 days after the date of vehicle purchase. The vehicle must be titled in the individual’s name for more than 60 days.

If the Out of State title lists a Minnesota address, we require proof of sales tax paid in the other state.

tax is submitted to the Department of Revenue. The purchase price of the vehicle must be listed.

Dealer Tax Situations

Vehicles with Joint Ownership

To qualify for sales tax exemption, the vehicle must be titled in the dealer name **only**. If the vehicle is titled in joint ownership, the transfer is **not** exempt and tax is due.

Business Use

If a dealer uses a vehicle for their business 6.875% motor vehicle sales tax is due. If a dealer elects to pay general sales tax to the Department of Revenue, the dealer license must list their dealer number, "business use" and "tax paid under 297A" in the sales tax declaration.

PURCHASER'S MOTOR VEHICLE SALES TAX DECLARATION	
1. Full purchase price	\$ 17,000
2. Less trade-in allowance complete item #6	\$
3. Net purchase price	\$
4. 6.875% of line 3	\$
5. Less tax paid to another state	\$
MN DEALER LICENSE # <u>DLR98765</u> MN SALES TAX ACCOUNT # _____ INTERNAL REV. CODE # (IRC) _____ PRORATE ACCOUNT # _____ PRORATE FLEET # _____ I declare this tax exemption <u>Business Use</u>	
ADDITIONAL FEES:	

Dealer License and Franchise

If a dealer applies for title and registration on a **new** vehicle and claims they are holding the vehicle for resale, they must be franchised to sell that make of vehicle and have a valid Minnesota dealer license.

If a dealer is not franchised to sell a particular make of vehicle, or is licensed as a used car dealer, they must title and register the new vehicle in their name and pay sales tax. **Both** the dealer *and* the individual they sell the vehicle to would owe sales tax.

To check franchise information, search the Dealer in MNDRIVE.

Revocable Trust

Going in to a Trust

If the vehicle was previously titled in the name of the grantors, sales tax is not due. The grantors should write "revocable trust" in the sales tax declaration area on the title and provide a statement that the vehicle is going

in to a Revocable Trust. If the vehicle was not previously titled in the name of the grantor(s), sales tax is due.

Coming out of a Trust

If the vehicle is transferred to the legal heir, sales tax is not due. A copy of the trust agreement showing inheritance or a letter from the trustee indicating inheritance is required.

Automotive Training Program – M.S. 297B.03, (6)

The purchase of a vehicle used as an instructional aid in a training program by a non-profit or public educational institution is exempt from sales tax. Programs include auto body and mechanical repair courses. This exemption does not apply to driver education vehicles.

Emergency Vehicles and Ambulances – M.S. 297B.03, (7) & M.S. 168.012

Municipally owned emergency vehicles (ambulance, marked patrol car or fire apparatus) are exempt from sales tax. Registration is not required. Tax-exempt registration or “title only” is optional.

Purchase of an ambulance by an ambulance service licensed under M.S. 144.802 is also tax exempt. The vehicle must be registered in the tax-exempt class.

OTHER EXEMPTIONS

Leased vehicles

Leased vehicles are exempt from sale tax.

Ensure the properly completed Lessee Designation Form (PS2019) is included with the paperwork.

GIFT TO AN ORGANIZATION – M.S. 297B.01, SUBD. 16

A gift to an organization that is exempt from federal income tax under Internal Revenue Code (IRC) 501(c)(3) is exempt from sales tax if the vehicle is used exclusively for religious, charitable or educational purposes.

The applicant must declare the vehicle:

1. Was a gift.
2. Will only be used for religious, charitable or educational purposes.
3. Was given to a IRC 501 (c)(3) exempt organization.

GIFT FROM AN ORGANIZATION TO AN INDIVIDUAL – M.S. 297B.01, SUBD. 16

A transfer by a nonprofit charitable organization which qualifies for tax exemption under Internal Revenue Code (IRC) 501(c)(3) to an individual is exempt from sales tax if it meets **both** of these criteria:

1. The organization holds a Minnesota limited dealer license.
2. The transfer is a gift (no monetary consideration).

The Minnesota limited use dealer license number must be noted in the assignment to the individual.

PURCHASE BY AN ORGANIZATION – M.S. 297B.03 (11)

Purchase of a motor vehicle by a corporation, society, association, foundation or institution organized and operated exclusively for charitable, religious or educational purposes is exempt from sales tax if the vehicle meets **both** of these criteria:

1. A truck, bus or passenger automobile, if the automobile is designed and used for carrying more than nine people including the driver.
2. Used primarily to transport tangible personal property or individuals other than employees to whom the organization provides service in performing its charitable, religious or educational purposes.

The organization must indicate that the vehicle is used exclusively for charitable, religious or educational purposes in the sales tax declaration.

Note: This exemption does **not** apply to public schools or universities. Therefore, a school bus purchased by a private school is exempt while the same bus purchased by the Minneapolis School District is not.

NATIVE AMERICANS AND TRIBAL COUNCIL/AGENCY - M.S. 297B.01, (11)

Tribal Councils or Reservation Agencies

Minnesota tribal governments and any businesses owned by the tribal governments may buy or lease vehicles (either on or off the reservation) for their own use exempt from sales tax.

The applicant indicates “**governmental unit**” in the sales tax declaration. These vehicles display tax-exempt plates.

Tribal Residents

To qualify for exemption on vehicle purchases, the resident must provide a

signed statement that all three of the following criteria are met (if in joint ownership, *both owners* must meet all the qualifications and would need to be members of the same Tribe.)

1. The purchaser is a *member* of **and**
2. *Resides on* one of these Minnesota reservations:
 - Bois Forte
 - Fond du Lac
 - Gichi-Onigaming / Grand Portage Band of Lake Superior Chippewa
 - Leech Lake
 - Lower Sioux
 - Mille Lacs
 - Prairie Island Sioux
 - Red Lake
 - Shakopee Mdewakanton Sioux
 - Upper Sioux
 - White Earth
3. The *sale occurred* on the reservation. "Sale" means:
 - The papers were signed on the reservation, **or**
 - Payment was made on the reservation, **or**
 - The vehicle was delivered to the purchaser on the reservation.

Contact the Minnesota Department of Revenue if you have questions on vehicles leased to tribal members.

PRIVATE PARTY REPOSSESSIONS BY PREVIOUS OWNER(S)

Repossession by a private party is only exempt if the vehicle was previously titled in that private party's name. (The private party repossessing paid tax previously, therefore sales tax is not due.)

LIBRARY VEHICLES - M.S. 297B.03, (8)

Vehicles purchased by a public library for use as library delivery vehicles or bookmobiles are exempt from sales tax.

The applicant must declare the use of the vehicle in the sales tax declaration (e.g., "**public library delivery vehicle**" or "**public library bookmobile**").

TRANSIT SERVICE PROVIDERS – M.S. 297B.03, (12)

Vehicles used exclusively to provide transit service are exempt from sales tax if they are either:

- Receiving financial assistance or reimbursement under M.S. 174.24 or M.S. 473.384.
- Operating under M.S. 174.29, M.S. 473.388, or M.S. 473.405.

The applicant must declare the vehicle is used exclusively for transit service and list the qualifying statute number in the sales tax declaration.

LOANED DRIVER EDUCATION VEHICLE

Driver education vehicles on loan to a public school district by a dealer are not subject to sales tax. A copy of the Manufacturer's Certificate of Origin (MCO) and a PS2000 in the school district name should be submitted.

Indicate "**loaned driver education vehicle**" in the sales tax declaration area and in the upper right corner of the PS2000.

The only documents submitted are a copy of the MCO or title and a PS2000 form in the school district name. (Return the original to the dealer) No title is issued.

MOBILE MEDICAL/DENTAL UNITS

Motor vehicles used exclusively as a mobile medical unit for medical or dental services by a federally qualified health center are tax exempt. The purchaser must declare that the vehicle is mobile medical or dental unit and the vehicle must be titled to a qualified health center.

READY-MIXED CONCRETE TRUCKS - M.S. 297B.03, (9)

Ready-mixed concrete trucks are exempt from sales tax.

The applicant must declare "**ready-mixed concrete truck**" in the sales tax declaration.

TOWN ROAD MAINTENANCE VEHICLES - M.S. 297B.03, (10)

Vehicles purchased by a town (township) and used exclusively for road maintenance are exempt from sales tax. This exemption includes snowplows and dump trucks, but does **not** include automobiles, vans or pickups.

The applicant must declare "**town road maintenance vehicle**" in the sales tax declaration.

Statutory or home rule charter cities, counties and special taxing districts do not qualify for this exemption.

POLITICAL AGENCIES

Transfers between political groups within the same government agency are exempt from tax. For example, a transfer between the Ramsey County Parks Department and the Ramsey County Human Services Department is exempt. A transfer between Ramsey County Parks Department and Minnesota Department

of Natural Resources is **not** exempt and sales tax is due.

A transfer between agencies at different levels of government may be exempt if the transfer falls within M.S. 15.039 (agency responsibilities are transferred to another agency).

They will need to provide a statement that the transfer is between two groups of the same government agency.

FEDERAL GOVERNMENT UNIT AND RED CROSS - M.S. 297B.03, (1)

Generally, the federal government only registers vehicles that are used as unmarked law enforcement vehicles (not undercover). Such registrations are exempt from sales tax.

The applicant must declare "**federal government unit**" in the sales tax declaration.

Agencies that receive federal funding are **not** exempt unless they are a unit of government.

Federal Credit Unions

A determination by the Attorney General's office includes federal credit unions as federal instrumentalities. Therefore, Hiway Federal Credit Union and Affinity Plus Federal Credit Union would be exempt from sales tax.

Red Cross

The Attorney General's office has determined that the Red Cross is considered a federal instrumentality and therefore is exempt from sales tax.

VEHICLES EXEMPT FROM REGISTRATION – M.S. 168.012

Vehicles exempt from registration are exempt from motor vehicle sales tax. Examples include yard or spotter trucks, water well drilling equipment, farm implements, street sweeping vehicles, truck mounted log loaders and other special mobile equipment. These vehicles are not titled. The buyer retains all documents for proof of ownership.

Refer any questions to the Department of Revenue, as the purchase may be subject to general sales tax.