

Instructions for 2017 Vehicle Dealer Supplemental Schedule (Form 5086)

GENERAL INFORMATION

Do not deduct sales on 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 *2017 Sales, Use and Withholding Taxes Monthly/Quarterly Return* (Form 5080) and/or *2017 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.

Line-by-Line Instructions

Lines not listed are explained on the form.

NOTE: When completing this form on Michigan Treasury Online (MTO), some lines will be automatically populated based on the information provided earlier in the form.

PART 1: Michigan Vehicle Sales

Line 1: Enter the gross sales price less allowable trade-in value for vehicle sales originating in and to be titled in Michigan and for which tax was paid to the Michigan Secretary of State (Michigan Vehicle Sales).

PART 2: In-Transit Vehicle Sales

Use a new row for each destination state.

Column 5A: Enter the gross sales price less allowable trade-in value for vehicle sales originating in Michigan but to be titled in another state and for which tax was paid to the Michigan Secretary of State (In-Transit Vehicle Sales). For more information on collecting sales tax from buyers who will register and title their vehicles in another state, refer to Treasury Form 485.

Column 5B: Enter the state where the vehicle sales referenced in the same row in column 5A 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 vehicle sales tax: Alaska, Arkansas, Delaware, the District of Columbia, Georgia, Maryland, Mississippi, Montana, Nebraska, New Hampshire, New Mexico, North Carolina, Oklahoma, Oregon, South Dakota, and West Virginia.

Column 5C: Enter the vehicle sales tax rate for the state referenced in the same row in Column 5B.

Column 5D: Calculate the sales tax paid to the Michigan Secretary of State on in-transit vehicle sales for the state referenced in the same row in Column 5B. Within the same row, multiply Column 5A by Column 5C.

Column 5E: Calculate the allowable discount on the sales tax paid to the Michigan Secretary of State on in-transit vehicle sales for the state referenced in the same row in Column 5B. Locate the destination state in the table on page 3. Identify and replace the numeric discount multiplier in the formula below.

$$\text{Tax Paid (Column 5D) x Discount Multiplier} \\ \text{x .0075} = \text{Allowable Discount}$$

Column 5F: For states with less than a 6% sales tax rate, a credit equal to 6% must be given to avoid over taxation on the *2017 Sales, Use and Withholding Taxes Monthly/Quarterly Return* (Form 5080) and/or *2017 Sales, Use and Withholding Taxes Amended Monthly/Quarterly Return* (Form 5092). To calculate this 6% sales tax equalization credit, multiply gross in-transit sales (Column 5A) by 6% (Michigan's sales tax rate). Then, subtract the actual tax paid to the Michigan Secretary of State on in-transit sales (Column 5D). Perform this calculation with figures from the same row.

$$[5A \times .06] - 5D = 6\% \text{ Sales Tax Equalization Credit}$$

SALES TAX RATE AND DISCOUNT MULTIPLIER BY STATE TABLE

State	Vehicle Sales Tax Rate	Discount Multiplier	Notes
Alabama	2%	N/A	Tax rates under 4% are not eligible for a discount
Arizona	5.60%	0.7143	
California	6.50%	0.6667	Michigan collects a maximum sales tax rate of 6%, overages are payable to the home state. Therefore, the discount multiplier is equivalent to the 6% rate.
Colorado	2.90%	N/A	Tax rates under 4% are not eligible for a discount
Connecticut	6.35%	0.6667	Michigan collects a maximum sales tax rate of 6%, overages are payable to the home state. Therefore, the discount multiplier is equivalent to the 6% rate.
Florida	6%	0.6667	
Hawaii	4%	1	
Idaho	6%	0.6667	
Illinois	6.25%	0.6667	Michigan collects a maximum sales tax rate of 6%, overages are payable to the home state. Therefore, the discount multiplier is equivalent to the 6% rate.
Indiana	7%	0.6667	Michigan collects a maximum sales tax rate of 6%, overages are payable to the home state. Therefore, the discount multiplier is equivalent to the 6% rate.
Iowa	5%	0.8	
Kansas	6.30%	0.6667	Michigan collects a maximum sales tax rate of 6%, overages are payable to the home state. Therefore, the discount multiplier is equivalent to the 6% rate.
Kentucky	6%	0.6667	
Louisiana	4%	1	
Maine	5%	0.8	
Massachusetts	6.25%	0.6667	Michigan collects a maximum sales tax rate of 6%, overages are payable to the home state. Therefore, the discount multiplier is equivalent to the 6% rate.
Michigan	6%	0.6667	
Minnesota	6.50%	0.6667	Michigan collects a maximum sales tax rate of 6%, overages are payable to the home state. Therefore, the discount multiplier is equivalent to the 6% rate.
Missouri	4.225%	0.9467	
Nevada	6.85%	0.6667	Michigan collects a maximum sales tax rate of 6%, overages are payable to the home state. Therefore, the discount multiplier is equivalent to the 6% rate.
New Jersey	7%	0.6667	Michigan collects a maximum sales tax rate of 6%, overages are payable to the home state. Therefore, the discount multiplier is equivalent to the 6% rate.
New York	4%	1	
North Dakota	5%	0.8	
Ohio	5.75%	0.6957	
Pennsylvania	6%	0.6667	
Rhode Island	7%	0.6667	Michigan collects a maximum sales tax rate of 6%, overages are payable to the home state. Therefore, the discount multiplier is equivalent to the 6% rate.
South Carolina	5%	0.8	Tax Paid (Column 5D) must be less than or equal to \$300
Tennessee	7%	0.6667	Michigan collects a maximum sales tax rate of 6%, overages are payable to the home state. Therefore, the discount multiplier is equivalent to the 6% rate.
Texas	6.25%	0.6667	Michigan collects a maximum sales tax rate of 6%, overages are payable to the home state. Therefore, the discount multiplier is equivalent to the 6% rate.
Utah	4.70%	0.8511	
Vermont	6%	0.6667	
Virginia	4%	1	Tax Paid (Column 5D) must be greater than or equal to \$75.
Washington	6.50%	0.6667	Michigan collects a maximum sales tax rate of 6%, overages are payable to the home state. Therefore, the discount multiplier is equivalent to the 6% rate.
Wisconsin	5%	0.8	
Wyoming	4%	1	