

Sales & Use Tax Information for DNR Vehicles

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Below are some different scenarios and whether sales tax may apply.

Private Party – Sales of Boats, Snowmobiles, All-Terrain Vehicles, Off Highway Motorcycles and Off-Road Vehicles (hereafter referred to as “DNR Vehicles”) are not subject to sales/use tax. Street-legal ORVs and OHMs are covered by Department of Public Safety rules. (Fact Sheet 132)

- **Note:** On initial registration of OHMs and ORVs, DNR does not have a statute requiring proof of sales tax being paid.

Purchased for Lease or Rental – Exempt from sales tax. Only businesses registered to collect sales tax qualify for this exemption. They will need to show their MN tax ID number.

Nonresidents of Minnesota at the time of purchase are exempt from MN sales tax. Customer should have copy of registration from another state or proof of residency in another state. Nonresidents who purchase and take possession in MN are charged sales tax by the MN dealer. If the vehicle is shipped to Nonresident’s home state and registered there, he pays that state’s sales tax.

Dealer sales to MN residents, in-state and out, are subject to 6.875% Minnesota sales or use tax and any applicable local tax. Be particularly aware if dealer address on top of MSO is out-of-state. Use the cost of the entire package (boat, motor, fish finder, etc.) minus the cost of the trailer as a base price for figuring the tax due. Credit is allowed for state and local (municipal or county) tax paid in another state, up to the total state and local tax due in Minnesota. If the tax paid to the other state is less than the tax due in Minnesota, the difference in tax is due to Minnesota. (Fact Sheet 156)

Auction Sales of DNR Vehicles: Sales tax liability is based on the type of seller who hired the auction service. Private party - no tax due. Dealer, banker, or insurance company – subject to sales tax. (Fact Sheet 132). Ask to see itemized purchase agreement from the auction service in this case.

Brokered sales of DNR Vehicles are not subject to sales tax if and only if the title and money for the sale are passed directly between buyer and seller. Money (except the brokerage fee) cannot pass through the broker’s accounts and the broker must not appear in the documentary chain of ownership for this exemption to apply. (Fact Sheet 132)

Financial institutions and insurance companies (or their auction services) selling DNR Vehicles must collect sales tax. Items held for resale by these entities are not taxable if Certificate of Exemption Form ST3 is fully completed. (Fact Sheet 132)

Internet or Mail Order Purchases of DNR Vehicles: Sales or use tax equaling 6.875% must be paid directly to the state unless the sale is demonstrably between private parties. (Fact Sheet 156)

Raffle winners of DNR Vehicles need not pay sales tax, but evidence of sales or use tax paid should be furnished by the organization holding the raffle.

Public or Non-Profit Private Schools – DNR Vehicles are generally exempt from sales tax if purchased for the school’s use and paid for directly by the school (they are not exempt if they are paid for by an employee who is later reimbursed). (Fact Sheet 111)

All-Terrain Vehicles purchased for use directly and primarily in agricultural production may be exempt from sales tax. A Certificate of Exemption, Form ST3, must be fully completed by the purchaser and filed at the dealership. Private/Agricultural and/or Public Use registration may be issued at any time if the exemption requirements above are met. (See ST3 Form)

Police and fire departments buying DNR Vehicles are subject to sales tax. (Fact Sheet 135)

Native American Tribal Members or Tribal Governments purchasing DNR Vehicles: Information is quite detailed. Please see Sales Tax Fact Sheet 160, which is available on the following website:
www.taxes.state.mn.us.

Homemade DNR Vehicles may be subject to tax if purchased as a kit. If purchased as parts, no sales tax is due because it's assumed owner paid sales tax on individual parts.

If you need further clarification, call the Minnesota Department of Revenue, Sales & Use Tax Division at 651-296-6181. Information is also available on the Internet at www.taxes.state.mn.us. Click on Sales and Use tax, Publications, Fact Sheets in English.

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