Motor Vehicle

General Information for Dealers

Transfer Guide
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Procedures concerning the titling and registration of motor vehicles are subject to frequent change. Basic information regarding vehicle transfers is provided here. For more information, contact your local deputy registrar office or call the DVS Public Information Center (PIC) at (651) 297-2126.

**DEALER REQUIREMENTS FOR TRANSFER OF OWNERSHIP**

1. **REQUIREMENT TO SUBMIT DOCUMENTS - M.S.168A.04, SUBD. 2 & M.S.168A.11, SUBD. 1**
   
   A dealer is required to submit a Minnesota retail buyer’s application for title and appropriate fees and taxes, within ten (10) business days of the date of sale.

2. **RECORD RETENTION - M.S. 168A.11, SUBD. 3**
   
   A dealer is required to retain proof of transfer for each vehicle sold, for a period of three years. The deputy registrar will supply a dealer with a receipt that contains deputy information (office number and date issued); a description of the vehicle; and taxes and fees paid.

3. **NOTICE OF HELD FOR RESALE - M.S. 168A.11, SUBD. 2**
   
   Effective August 1, 2004, within 48 hours of acquiring a vehicle titled and registered in Minnesota, a dealer must notify Driver and Vehicle Services that the dealership is holding the vehicle for resale. The notification must be made electronically. A dealer may contract this service to a deputy registrar or apply for a login ID and password to enable electronic filing. Applications for the login ID and password can be found on the Internet at dvs.dps.mn.gov.

4. **REPORTING SALES TO OUT OF STATE BUYERS - M.S. 168A.11 SUBD.1**
   
   Effective August 1, 2004, a dealer must report a sale to an out of state buyer within 48 hours on any vehicle titled and registered in Minnesota. The dealer must notify Driver and Vehicle Services electronically. A dealer may contract this service to a deputy registrar or apply for a login ID and password to enable electronic filing. Applications for the login ID and password can be found on the Internet at dvs.dps.mn.gov.

   A dealer is required to remove any license plates from the vehicle and issue a 31-day temporary permit.

**DOCUMENTS REQUIRED TO OBTAIN A MINNESOTA TITLE**

A transfer of ownership must be made on the certificate of title. If the title has been lost, a duplicate title must be applied for by the owner/s of record. The duplicate title will be mailed to the owner, unless the owner requests it be mailed to a different address and provides a self-addressed, stamped envelope.

A lien notification/release card (sent to the secured party) must be signed by the lienholder once the security interest has been satisfied. Submit the signed lien release with the transfer of ownership. If the lien card has been lost, a signed and notarized "Notification of Assignment, Release or Grant of Secured Interest" (PS2017) is required.

1. **MINNESOTA TITLED VEHICLES**
   
   Transfer of ownership must be made on the certificate of title. If the title has been lost, a duplicate title must be applied for by the owner/s of record. The duplicate title will be mailed to the owner, unless the owner requests it be mailed to a different address and provides a self-addressed, stamped envelope.

   A lien notification/release card (sent to the secured party) must be signed by the lienholder once the security interest has been satisfied. Submit the signed lien release with the transfer of ownership. If the
lien card has been lost, a signed and notarized "Notification of Assignment, Release or Grant of Secured Interest" (PS2017) is required.

2. **FOREIGN STATE/COUNTRY TITLED VEHICLES**

The properly assigned, original ownership document is required to be submitted with an Application to Title/Register a Vehicle (PS2000).

A foreign state "Secure Reassignment Form" can only be accepted if the form is from the state that issued the title, or is from the state in which the dealer or customer, using the form, is a resident.

3. **SECURED POWER OF ATTORNEY (SPOA)**

   a. **Minnesota SPOA**

      A Minnesota SPOA form may only be used when the original title has been lost. In these situations this form allows the dealership to sign on behalf of the seller and/or buyer.

   b. **Foreign State SPOA**

      A Foreign State SPOA form is subject to the restrictions listed on the form. The form must be an original, with a "live" signature, and the transfer must involve a Minnesota purchaser.

4. **SECURED REASSIGNMENT FORM (SRF)**

The use of a Minnesota “Secure Reassignment Form” (SRF) is now authorized by licensed dealers. The form looks similar to the Minnesota title, except it is blue in color and is named “Supplemental Dealer Reassignment.” The form may be used as described below:

   a. The form is available only to certain classes of licensed Minnesota dealers: new, used, lessors, wholesalers or auctioneer. It is not available to any unlicensed person or entities or to dealers with only a broker, parts or scrap metal processor dealer license.

   b. A dealer who appears as owner on the Minnesota title cannot use this form to assign the vehicle.

   c. Only licensed dealers may appear as the seller on the form (It may also be used by a dealer licensed in another state, if a Minnesota dealer appears as the buyer or seller).

   d. Under no circumstances may the form be used on private party sales. A licensed dealer must appear as seller on the form.

   e. The form may be used as a reassignment supplement on a foreign state title, provided a Minnesota licensed dealer appears as a seller or buyer on the form.

   f. More than one form may accompany the title.

   g. When the title is not available and a dealer has sold the vehicle, the form may be used even though the reassignment areas on the title are not “used up.” The form cannot be submitted without the title. If you need to submit a Dealer Initiated Conditional Transfer, retain the SRFs and submit them when you are ready to turn in the original title.

   h. The buyer may make application for title on a PS2000, if the Minnesota title is not available at the time of sale. However, all documents, including the title, must be submitted together.

   i. Any erasure or alteration voids the form. A new SRF will have to be completed.

   j. The department may require this form to be used in place of an “administrative title,” when a dealer fails to properly complete a reassignment on the title.

   k. Use of this form does not change the way title/transfer fees are collected.
1. A $6.50 transfer fee is assessed for every reassignment of ownership when accompanied by a Minnesota title.

m. If used in conjunction with a foreign state title, only the applicant would pay the $7.25 title/transfer fee for the application to title (no title/transfer fee is assessed for other reassignments).

5. **SALE TO FOREIGN STATE RESIDENT**

   A Minnesota dealer is not required to collect taxes and fees on a vehicle that is sold to a foreign state resident. The dealer is required to remove the license plates and provide the purchaser with a 31-Day Non-Resident Permit, and the documents necessary for the transfer of ownership in their home state. The transfer documents must be provided to the purchaser immediately.

   Note on the purchase contract that you have done so. The purchase contract must reflect that the buyer resides in another state.

6. **SALE TO A STATE AGENCY**

   A Minnesota dealer does not collect motor vehicle sales tax or transfer fees. Transfer documents may be given to the purchasing state agency. They will submit the transfer to the central office, Mail Stop A, for processing. To meet record requirements, dealers need the following items:

   - One copy of the Interagency Payment Form NA69 showing the correct fees and taxes paid. This is supplied by the state agency buying the vehicle.
   - Copy of the Manufacturer’s Certificate of Origin (MCO) or title
   - Copy of the purchase contract

7. **SALE TO A MOTOR (PRORATE) CARRIER**

   The dealer is required to list the vehicle purchase price and the customer's Prorate account number in the motor vehicle sales tax area of the title application.

   **Fees:** All title transfer fees must be collected and submitted to the department. However, the dealer does not collect sales tax if the purchaser indicates that they are eligible to pay motor vehicle sales tax based on the percentage of miles driven in Minnesota.

   **Registration:** If the customer wishes to obtain Prorate license plates, the dealer should give photocopies of all documents to the customer, that show the date of sale and the collection of title fees.

8. **SALE TO NATIVE AMERICANS AND TRIBAL COUNCIL/AGENCY - M.S. 297B.01, (5)**

   **Tribal Governments**

   Minnesota tribal governments and any businesses owned by the tribal governments do not pay sales tax on vehicles they lease or buy, either on or off the reservation, for their own use.

   The purchaser must indicate “governmental unit” in the sales tax declaration area of the title or PS2000. These vehicles display tax-exempt plates.

   **Tribal Residents**

   Under certain conditions, residents of all the tribal reservations are exempt from sales tax on motor vehicle purchases.
To qualify for this exemption, the resident must provide a signed statement that all of the following criteria are met. If more than one individual jointly owns the vehicle, all owners must meet the qualifications:

a. The purchaser is a member of and resides on one of these reservations:

<table>
<thead>
<tr>
<th>Reservation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bois Forte</td>
</tr>
<tr>
<td>Fond du Lac</td>
</tr>
<tr>
<td>Grand Portage</td>
</tr>
<tr>
<td>Leech Lake</td>
</tr>
<tr>
<td>Lower Sioux</td>
</tr>
<tr>
<td>Mille Lacs</td>
</tr>
<tr>
<td>Prairie Island Sioux</td>
</tr>
<tr>
<td>Red Lake</td>
</tr>
<tr>
<td>Shakopee Mdewakanton Sioux</td>
</tr>
<tr>
<td>Upper Sioux</td>
</tr>
<tr>
<td>White Earth</td>
</tr>
</tbody>
</table>

b. 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.

If you have any questions on vehicles leased to tribal members, contact the Minnesota Department of Revenue at (651) 296-6181.

**ERRORS OR ERASURES**

An alteration or erasure on a title document may void the document. If an error is made, contact the Public Information Center or your local deputy registrar for instructions.

**TRANSFER OF NON-TITLED VEHICLES**

Ownership of vehicles that have not been issued a certificate of title, or are not required to be titled, may be transferred with a bill of sale. The bill of sale must have a complete description of the vehicle, the purchasers’ name, date of sale and signature of seller.

**BOAT, MOTOR, TRAILER PACKAGES**

The dealer must turn in the motor vehicle sales tax collected on the sale of the trailer at the time of the transfer. The transfer of ownership must be completed on the appropriate ownership document. The purchase contract must list the trailer information (vehicle identification number, dollar value, motor vehicle sales tax), separately from the boat and motor.

**DEALER-INITIATED CONDITIONAL TRANSFERS**

DVS allows dealers to file a “conditional” transfer when they are unable to obtain all of the required documents and/or signatures to transfer ownership. This allows the dealer to comply with the 10-day transfer laws. **This does not exempt the dealer from the responsibility of obtaining the missing items; the dealer must obtain the missing items and submit them later.**
Dealer Conditional Procedure:

1. Complete a title application (PS2000 – registration can be issued if needed) and submit all available documents, unless signatures are missing from a title. In this situation, a photocopy of the title is submitted and the original title is kept to obtain proper assignments.

2. Pay all applicable fees and taxes to a deputy registrar.

3. Submit a letter explaining what documents are missing and why. If the missing document is a foreign state title, the letter must indicate which state the title is from and the names of the owners and any lienholders, if known.

Upon receipt of the conditional transfer application, the department will send a letter to the owner, with a copy to the dealer, indicating what is needed to issue a clear certificate of title.

The dealer must continue to make efforts to obtain the missing items. If a dealer has problems obtaining paperwork from another dealer the Dealer Unit must be notified in writing. The statement must include the full vehicle description, date the vehicle was purchased from the other dealer, name of the retail customer and the date the conditional transfer was filed.

**TAX IMPOSED – CHAPTER 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, which is required to be registered under Minnesota Statutes, chapter 168.

All transfers are taxed at 6 ½ 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 $90 In Lieu Tax).

The purchase price must be completed in all cases, in the tax declaration area on the Minnesota certificate of title or PS2000. This is required regardless of type of sales tax due.

1. **Purchase Price – M.S. 297B.01, subd. 8**
   a. *Purchase Price*
      This 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 average value of similar vehicles.
   b. *Trade-In*
      Motor vehicles used as a trade-in credit must be:
      - A vehicle required to be registered under Minnesota Chapter 168
      - Titled in the name of the party trading the vehicle.
      **Exceptions:**
      - A child may trade-in a vehicle in their parents name
      - A husband or wife may trade-in a vehicle titled in their spouses name
      - A gifted vehicle to other individuals may be used as a trade-in if a Gift Affidavit (PS2080B) is submitted with the transfer documents for the vehicle purchased
      - Traded to the party that the new vehicle is purchased from
**Note:** If a dealer allows “trade equity” for a leased vehicle that is not transferred and titled in the customer’s name, against the purchase of a vehicle, tax is assessed on the full purchase price. A trade-in reduction is not allowed. A motor vehicle, traded in for credit against the purchase price, must be one that is required to be registered, as defined in Minnesota Statute 168.011. The vehicle must be in the name of the entity trading it in, and that entity must have paid motor vehicle sales tax on it.

c. **Low Purchase Price**

When the reported purchase price is substantially less than its fair market value, an explanation is required by the applicant. The applicant must complete and sign the "Motor Vehicle Sales Tax Affidavit" (PS2080A) form. Unless a vehicle has been damaged, mileage is the only factor that may affect the value. Normal wear and tear (such as worn tires, shocks, etc.) has already been taken into account in establishing the fair market value. If a vehicle does not have high mileage and is not in need of repair, then the motor vehicle sales tax must be collected on the fair market value.

2. **TAX IMPOSED – M.S. 297B.02 & M.S. 297B.025**

In all cases, the vehicle purchase price is to be completed in the excise tax declaration area on the Minnesota title or PS2000 form.

a. **Rate of Tax**

There is a sales tax imposed on the net purchase price of any motor vehicle purchased or acquired, either in or outside of the state of Minnesota, which is required to be registered under the laws of this state.

All transfers are taxed at 6 ½ percent, except certain passenger vehicles that are in the tenth or subsequent year of vehicle life and passenger vehicles registered in a collector class.

(See exceptions in “b” and “c” that follow)

b. **In Lieu Tax for Older Passenger Vehicles ($10 In Lieu Tax)**

1. That meet the following qualifications:

   - The vehicle is in the tenth or subsequent year of vehicle life at the time of sale (e.g., on January 1, 2004, a 1995 or older model year qualifies), and
   - The purchase price is less than $3,000, and
   - The vehicle fair market value is less than $3,000

2. The initial vehicle purchase price determines the type of tax due, not the net purchase price after a trade-in.

   For example:
   
<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>$3,500</td>
<td>Initial purchase price</td>
</tr>
<tr>
<td>$-1,500</td>
<td>Trade-in</td>
</tr>
<tr>
<td>$2,000</td>
<td>Net purchase price – <strong>6 ½ PERCENT SALES TAX IS DUE ON $2,000</strong></td>
</tr>
</tbody>
</table>

   - If the vehicle purchased meets the criteria for the $10 in lieu tax and the trade-in does not reduce the net purchase price to zero, the $10 in lieu tax is due (even if the $10 is more than 6 ½ percent):
For example:

$ 2,000 Purchase price
$-1,950 Trade-in
$ 50 Net purchase price – \textit{\$10 LIEU TAX IS DUE}

- The trade-in is of equal or greater value, no tax is due:

For example:

$ 2,500 Purchase price
$-2,500 Trade-in
$ 0 Net purchase price – \textit{\$NO TAX IS DUE}

c. \textit{In Lieu Tax for Collector Class Vehicles (\$90 In Lieu Tax)}

The purchase price must be completed in all cases, in the tax declaration area on the Minnesota certificate of title or PS2000.

The \$90 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 other vehicles registered in the collector classes (e.g., one-ton pickups, motorcycles, trucks, etc.)

\textbf{Note: If, within one year of the transfer, the registration is changed to the passenger class, 6 \% percent sales tax is due if the fair market value is \$3,000 or more. The applicant owes the difference between the \$90 tax paid and the 6 \% percent tax on the purchase price.}

3. \textbf{Motor Vehicle Sales Tax Exemptions}

Refer to the exemptions listed on the back of the Application to Title/Register a Motor Vehicle (PS2000). If you need assistance, contact the Public Information Center or your local deputy registrar.

4. \textbf{Rebates}

a. \textit{Manufacturer Rebates}

Rebates made by the manufacturer directly to the purchaser of a new vehicle may be deducted from the purchase price when computing motor vehicle sales tax due. Indicate “rebate” and list on trade-in line of motor vehicle sales tax computation area.

b. \textit{Dealer Rebates, Checks, Coupons, Certificates, etc.}

Incentives to purchase a vehicle, such as dealer rebates, checks, coupons, or certificates, are not the same as manufacturer rebates. They are treated the same as a down payment. Tax is due on the full purchase price.

c. \textit{Discounts}

Discounts should not be shown on the application for title, only on the actual price. Tax is due on the actual sale price. If you are required by another authority to document the discount, use your purchase contract.

5. \textbf{Modifications for Disabled}

The definition of “purchase price” does not include the value of modifications necessary to make the vehicle accessible to the disabled.
Submit a statement, signed by the applicant, explaining the modifications made to the vehicle and the value of each modification. Record this amount as a trade-in. If there already is a trade-in, add this amount to the trade-in and record the total amount in the trade-in area on the tax declaration area. This amount is deducted from the purchase price before computing the sales tax.

6. DEALER EXEMPTIONS – M.S. 297B.035

The following exemptions apply to dealers licensed by the State of Minnesota.

**Held for Resale**

**a. Exemption:**

If a vehicle is held for resale by a Minnesota licensed dealer, they must claim exemption code 8, provide their dealer license number, and note “held for resale” in the sales tax declaration area of the certificate of title.

**b. Title Only – M.S. 168A.11, subd. 1**

If a Minnesota dealer elects to apply for a title on a vehicle held for resale, the dealer is not required to register the vehicle. However, the dealer must pay one month’s registration tax. The dealer must also note “held for resale” in the sales tax declaration area on the certificate of title.

**c. 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 that particular make, or if the dealer is licensed as a used car dealer, they must title and register the vehicle in their name and pay sales tax. Both the dealer and the individual that they sell the vehicle to would owe sales tax.

**d. Trailers**

A dealer license is not required to sell utility trailers with a gross vehicle weight of 4,000 pounds or less. However, the company must have Minnesota sales and use tax account number.

*Note:* Sellers of boat and snowmobile trailers and mopeds must have a valid dealer license.
**Daily Rental**

If a vehicle is a daily rental, the dealer must provide their dealer license number and note “daily rental” in the sales tax declaration area on the PS2000 (Rental tax is submitted to the Department of Revenue).

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**Business Use**

A dealer using a vehicle for their business must pay 6 ½ percent motor vehicle sales tax or, if they elect to pay general sales tax to the Department of Revenue, they must provide their dealer license number and note “business use” and “tax paid under 297A” in the sales tax declaration area on the PS2000.

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**Leases**

For exemption from motor vehicle sales tax (general sales tax is paid on the monthly lease payments to the Department of Revenue) in a lease situation:

- Minnesota dealers and lessors must claim exemption code 8 and provide the dealer/lessor license number on the PS2000.
- Foreign state lessors must claim exemption code 8 and provide their Minnesota sales and use tax account number. Refer questions about the Minnesota sales and use tax account number to the Department of Revenue, Sales Tax Section at (651) 296-6181.

**Note:** a Lessee Designation form must be submitted with the application.
7. **UP-FRONT PAYMENTS OR CAPITAL COST REDUCTIONS**

Up-front or capital cost reduction payments at the beginning of a lease are subject to general sales tax. These tax payments are submitted to the Minnesota Department of Revenue under the lessor’s Minnesota sales and use tax account.

If a person moves to Minnesota and paid tax up front in another state, additional tax is due if the other state’s tax is less than 6 ½ percent. The difference must be paid up-front through the Minnesota Department of Revenue. The applicant must provide proof of payment of the tax from the state to which it was paid.

8. **LEASE BUY-OUT**

Motor vehicle sales tax is due on the buy-out price at the end of a lease. If the sale price is less than the fair market value, proof of the buy-out price must be submitted. Acceptable proof would be a copy of the lease agreement showing monthly installment and sales tax payments and the buy-out price.