

## NEBRASKA TIRE FEE

### OVERVIEW

The Nebraska Tire Fee of \$1 is due on the following tires:

- ❖ Retail sales of qualified tires;
- ❖ Every tire included with a new motor vehicle; and
- ❖ Every qualified tire a motor vehicle dealer places on a previously-owned vehicle.

Any retailer making sales of qualified tires must obtain a Nebraska tire fee [permit](#) and collect and remit the Nebraska Tire Fee, unless a specific exemption applies.

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### TERMS

**Motor Vehicle.** A motor vehicle includes any new motor vehicle, motorcycle, trailer, or semitrailer that requires registration in Nebraska to be legally operated on the highways of this state.

**Non-Qualified Tire.** A non-qualified tire is any recapped or regrooved tire, and tires for vehicles other than motor vehicles and farm tractors (for example, bicycles, golf carts, and all-terrain vehicles).

**Qualified Tire.** A qualified tire is any new pneumatic (air-filled) or solid tire made of rubber or other resilient materials that could be used on a motor vehicle or farm tractor.

**Tire Fee.** The tire fee is \$1 per new qualified tire. This fee is in addition to any federal tax and any Nebraska and local option sales tax.

The tire fee must be collected on:

- ❖ Each tire of every new motor vehicle registered in this State; and
- ❖ Every new qualified tire sold at retail in this State, including every new replacement farm tractor tire.

## COLLECTION AND REMITTANCE OF THE TIRE FEE

**County Treasurers.** The county treasurer, or designated county official, must collect the tire fee at the time of registration of a motor vehicle regardless of the location of the sale. The county must remit the tire fee on the [Nebraska Tire Fee Return, Form 9B](#).

**Example 1:** A car dealer in Iowa sells a new car to a resident of Nebraska. The Nebraska resident will pay the Nebraska tire fee at the time of registration in Nebraska.

**Farm Implement Dealers.** Retailers of new farm tractors and other farm implements are not required to collect the tire fee on the retail sale of new farm tractors and other farm implements. However, retail sales of new **replacement** tires for farm tractors are subject to the tire fee.

**Example 2.** A farm implement dealer sells new farm tractors and other types of farm equipment. The farm implement dealer is not required to collect the \$1 tire fee on each new tire sold with a farm tractor or other farm equipment. The farm tractor or other farm equipment is not a motor vehicle.

**Example 3.** Farm implement dealers and other retailers who sell new **replacement** tires for a farm tractor must collect the \$1 tire fee on each new tire.

**Motor Vehicle Dealers.** Motor vehicle dealers must indicate the total number of qualified tires on new motor vehicles and previously-owned motor vehicles, including the spare, on the [Nebraska Sales/Use Tax and Tire Fee Statement for Motor Vehicle and Trailer Sales, Form 6](#). A new motor vehicle is one which still has the manufacturer's statement of origin.

When the sale of a motor vehicle occurs between two individuals, no tire fee is due at the time the motor vehicle is registered.

**Example 4:** A car dealer sells a new car. When completing the Form 6, the dealer must indicate five tires on line 8 (4 tires, plus the spare). The county treasurer collects the \$5 tire fee when the new car is registered. The entry on line 8 of Form 6 is illustrated below:

Nebraska Department of <b>REVENUE</b>		<b>Nebraska Sales/Use Tax and Tire Fee Statement</b> for Motor Vehicle and Trailer Sales				<b>FORM 6</b>	
<b>PURCHASER'S NAME AND ADDRESS</b>				<b>SELLER'S NAME AND ADDRESS</b>			
Name				Name			
Street or Other Address				Street or Other Address			
City		State		City		State	
		Zip Code				Zip Code	
<b>PURCHASED VEHICLE/TRAILER DESCRIPTION</b>							
Make		Body Type	Year	Vehicle Identification Number (VIN)		Date of Purchase	
<b>TRADE-IN VEHICLE/TRAILER DESCRIPTION</b>							
Make		Body Type	Year	Vehicle Identification Number (VIN)		License Plate Number	Was trade-in vehicle being leased? <input type="checkbox"/> YES <input type="checkbox"/> NO If Yes, enter 0 on line 2.
<b>TAX COMPUTATION</b>							
<b>1</b> Total sales price .....						<b>1</b>	\$
<b>2</b> Less trade-in allowance .....						<b>2</b>	
<b>3</b> Less manufacturer's rebate assigned to dealer at time of sale .....						<b>3</b>	
<b>4</b> Tax base (line 1 minus lines 2 and 3) (if zero or less, enter 0) .....						<b>4</b>	\$
<b>5</b> Nebraska sales or use tax (line 4 multiplied by rate) .....						<b>5</b>	
<b>6</b> Local sales or use tax (line 4 multiplied by rate) .....						<b>6</b>	
<b>7</b> Total Nebraska and local tax due (line 5 plus line 6) .....						<b>7</b>	\$
<b>8</b> Tire Fee (Number of <b>new</b> tires <u>5</u> multiplied by \$1.00) (see instructions) .....						<b>8</b>	5   00
<b>9</b> Penalty for late payment (see instructions) .....						<b>9</b>	
<b>10</b> Interest for late payment (see instructions) .....						<b>10</b>	
<b>11</b> BALANCE DUE (total of lines 7, 8, 9, and 10) .....						<b>11</b>	\$

**Example 5:** A car dealer sells a used car after placing two new tires on it. The tire fee has not been paid on the new tires, because the car dealer purchased the tires for resale by issuing a properly completed [Nebraska Resale or Exempt Sale Certificate, Form 13](#), to the seller. When completing the Form 6, the dealer must show two tires subject to the tire fee. The county treasurer collects the \$2 tire fee when the car is registered. The entry on line 8 of Form 6 is illustrated below.

TAX COMPUTATION			
1	Total sales price .....	1	\$
2	Less trade-in allowance .....	2	
3	Less manufacturer's rebate assigned to dealer at time of sale .....	3	
4	Tax base (line 1 minus lines 2 and 3) (if zero or less, enter 0) .....	4	\$
5	Nebraska sales or use tax (line 4 multiplied by rate) .....	5	
6	Local sales or use tax (line 4 multiplied by rate) .....	6	
7	Total Nebraska and local tax due (line 5 plus line 6) .....	7	\$
8	Tire Fee (Number of <b>new</b> tires <u>2</u> multiplied by \$1.00) (see instructions) .....	8	2.00
9	Penalty for late payment (see instructions) .....	9	
10	Interest for late payment (see instructions) .....	10	
11	BALANCE DUE (total of lines 7, 8, 9, and 10) .....	11	\$

**Example 6:** An individual places two new tires on a car, and then sells the car. The number of tires indicated on Form 6 is zero because the individual paid the tire fee when the tires were purchased from the retailer. The entry on line 8 of Form 6 is illustrated below.

TAX COMPUTATION			
1	Total sales price .....	1	\$
2	Less trade-in allowance .....	2	
3	Less manufacturer's rebate assigned to dealer at time of sale .....	3	
4	Tax base (line 1 minus lines 2 and 3) (if zero or less, enter 0) .....	4	\$
5	Nebraska sales or use tax (line 4 multiplied by rate) .....	5	
6	Local sales or use tax (line 4 multiplied by rate) .....	6	
7	Total Nebraska and local tax due (line 5 plus line 6) .....	7	\$
8	Tire Fee (Number of <b>new</b> tires <u>0</u> multiplied by \$1.00) (see instructions) .....	8	0.00
9	Penalty for late payment (see instructions) .....	9	
10	Interest for late payment (see instructions) .....	10	
11	BALANCE DUE (total of lines 7, 8, 9, and 10) .....	11	\$

**Nonprofit Organizations, Governmental Agencies/Units, and Common or Contract Carriers.** Unlike the Nebraska sales and use tax, which allows for sales tax exemptions to many types of entities, the tire fee does not allow for any similar types of exemptions.

**Example 7:** The Nebraska Department of Education (DOE) purchases four new qualified tires. As an agency of the State of Nebraska, the DOE supplies a [Form 13](#), Section B, and is exempt from sales tax, but the tire fee is still due and is not refundable. A sample invoice looks like this:

<b>ABC Tire Co.</b>		<b>Invoice No. 0000</b>
Sold to: Nebraska DOE Lincoln, NE 69509		
4 tires @ \$49.95		\$199.80
Sales tax		.00
Tire fee-4 tires @ \$1.00		4.00
Total due		\$203.80

**Example 8:** The sale of a qualified tire to a licensed Nebraska common or contract carrier is not subject to Nebraska sales and use tax when the seller receives a [Form 13](#) from the buyer. The sale of the qualified tire is still subject to the Nebraska tire fee which is not refundable. A sample invoice looks like this:

<b>ABC Tire Co.</b>		<b>Invoice No. 2000</b>
Sold to: ABC Trucking Company Lincoln, NE 69508		
4 tires @ \$275		\$1,000.00
Sales tax		.00
Tire fee-4 tires @ \$1.00		4.00
Total due		\$1,004.00

**Retailers.** Retailers selling new qualified tires are responsible for collecting the tire fee from the customer and remitting it to the Department unless a specific exemption applies (see the “Tire Fee Exemptions” section).

The tire fee must be separately stated from the sales tax. If it is not separately stated, the tire fee becomes part of the gross sales price and is subject to sales tax.

Charges for disposal of tires, filters, and any other environmental fees paid to the tire retailer are subject to Nebraska sales tax because they are part of the “gross receipts” of the sale of the tire. A sample invoice is shown in the following example:

**Example 9:** A retailer sells a tire to a customer and completes an accurate invoice that looks like this:

<b>ABC Tire Co.</b>		<b>Invoice No. 2050</b>
Sold to: ABC Trucking Company Lincoln, NE 69508		
1 Tire		\$49.95
Disposal fee		5.00
Subtotal		\$54.95
Nebraska sales tax @ 5.5%		3.02
City sales tax @ 1.0%		0.55
Tire fee -1 tire @ \$1.00		1.00
Total due		\$59.52

Retailers must remit the tire fee collected on the [Nebraska Tire Fee Return, Form 93](#). Returns are due monthly, quarterly, or annually depending on the number of tires sold. A return will be mailed to all permit holders for each period for which a return is required.

## TIRE FEE EXEMPTIONS

There are only four types of exemptions from the tire fee. The tire fee does not apply when the qualified tire is sold:

- 1 For resale purposes (the purchaser must issue a properly completed Form 13);
- 2 Is delivered to another state;
- 3 To the federal government or its agencies; or
- 4 To Native American Reservation Indians who qualify for the sales and use tax exemption.

## GENERAL INFORMATION

**Obtaining A Permit.** A Nebraska Tire Fee permit is obtained by filing a [Nebraska Tax Application, Form 20](#). Unlike sales tax, only ONE permit is required regardless of the number of business locations under one ownership.

**Filing Frequency.** The filing frequency is determined by the number of new tires sold annually.

- ❖ More than 3,000 tires - returns are filed monthly;
- ❖ 900 to 3,000 tires - returns are filed quarterly; or
- ❖ Less than 900 tires - returns are filed annually.

**Tire Fee Records.** Like any part of your business operation, current, complete, and accurate records of tire and vehicle sales must be kept. For Nebraska tire fee purposes, your records should include the following information and documents:

- ❖ Invoices of new tire sales and/or sales of new or used vehicles;
- ❖ Exempt sales allowed by law; and
- ❖ Exemption certificates.

Keep tire records for the current year of business and at least three prior years.

## PURPOSE AND USE OF TIRE FEE PROCEEDS

The Nebraska tire fee is collected by the Department and remitted to the State Treasurer for credit to the Waste Reduction and Recycling Incentive Fund. The proceeds are available through cost-sharing grants to be used by individuals or businesses who manufacture tire-derived products, process scrap tires, or use scrap tires for specified civil engineering projects.

There are three types of grants available: Processing; Manufacturing; or Civil Engineering uses. The grants may be requested by application to the [Nebraska Department of Environmental Quality](#). To obtain a grant application form, call 402-471-2480 or toll-free 877-253-2603.

## RESOURCE LIST

Information Guides:

- ❖ [Nebraska and Local Sales Tax](#)
- ❖ [Nebraska Taxation of Native American Reservation Indians](#)

Nebraska Sales and Use Tax Regulations:

- ❖ [Reg-1-006, Retail Sale or Sale at Retail](#)
- ❖ [Reg-1-007, Gross Receipts Defined](#)
- ❖ [Reg-1-012, Exemptions](#)
- ❖ [Reg-1-013, Sale for Resale, Resale Certificate](#)
- ❖ [Reg-1-014, Exempt Sale Certificate](#)
- ❖ [Reg-1-093, Governmental Units](#)

Nebraska Revised Statute:

- ❖ [Neb. Rev. Stat. § 81-15,162, Tire Fee](#)

**revenue.nebraska.gov**  
800-742-7474 (NE and IA), or 402-471-5729  
Nebraska Department of Revenue, PO Box 94818, Lincoln, NE 68509-4818