



Instructions for County Treasurers

Sales and Use Tax and Tire Fee Collection for Motor Vehicles & Trailer Sales

Revised March 2016

This guidance document is advisory in nature but is binding on the Nebraska Department of Revenue (Department) until amended. A guidance document does not include internal procedural documents that only affect the internal operations of the Department and does not impose additional requirements or penalties on regulated parties or include confidential information or rules and regulations made in accordance with the Administrative Procedure Act. If you believe that this guidance document imposes additional requirements or penalties on regulated parties, you may request a review of the document.

This guidance document may change with updated information or added examples. The Department recommends you do not print this document. Instead, sign up for the subscription service at revenue.nebraska.gov to get updates on your topics of interest.

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Introduction

This booklet explains the responsibilities of county treasurers with respect to the collection of Nebraska and local sales and use tax and the tire fee on motor vehicles, trailers, and semitrailers. It is not designed to answer all questions, but is intended to be a source of reference for most daily transactions.

County treasurers are encouraged to contact the Nebraska Department of Revenue (Department) at any of the regional offices listed below for any questions not answered in this booklet.

Where the term “motor vehicle” is used in this guide, it includes motor vehicles, trailers, and semitrailers.

Where the term “county treasurer” is used in this guide, it includes county treasurers or designated county officials.

revenue.nebraska.gov, 800-742-7474 (NE and IA), or 402-471-5729

Vehicles Subject to Tax

The county treasurer is required to collect sales and use tax upon the registration of all motor vehicles, trailers, and semitrailers that **do not** qualify for a sales and use tax exemption. The tax is collected on the sales transactions listed below (see [Neb. Rev. Stat. §§ 60-301 through 60-3,225](#), the Motor Vehicle Registration Act):

1. **Motor vehicles.** All motor vehicles that require registration and are propelled by any power other than muscular power, including vehicles designed as living quarters (for example, motor homes).
2. **Cabin trailers.** A cabin trailer is any trailer designed for living quarters and for being towed by a motor vehicle and not exceeding eight feet in width, 40 feet in length from front hitch to rear bumper, or 13½ feet in height.
3. **Leased motor vehicles — lessor’s option.** Lessors operating under the lessor’s option are required to pay the tax on their cost of the motor vehicle when the vehicle is first registered when **both** of the two following conditions apply:
 - a. The vehicle is being leased for a period of one year or more; and
 - b. The lessor has received approval from the Department to operate under the lessor’s option and has checked Exemption Category #4 on Form 6. For additional information, please see [Sales and Use Tax Regulation 1-019.07](#).
4. **Repossessed motor vehicles.**
 - a. When a repossessed motor vehicle is sold to the original owner or any other person, the amount subject to tax is the total amount paid to the reposessor in order for the original owner or other person to obtain a **new** title to the vehicle. It includes the amount due to pay off the note (debt), and any other amounts that must be paid to the reposessor for reimbursement of the expenses incurred for repossessing the vehicle.
 - b. When motor vehicles have been repossessed and the reposessor registers it for his or her own use, the amount subject to tax is the amount of the debt forgiven and any other consideration.
5. **Homemade trailers.**
 - a. When a trailer is built and the builder registers it, the builder must produce evidence that sales tax was paid on the materials, or evidence that sales tax was not due on the purchase of the materials because the purchase qualified for the occasional sale exemption (refer to [Reg-1-022, Occasional Sales](#)).

In this situation, the county treasurer should register the vehicle without collecting sales tax and write on the bottom of the Form 6: “TPV — Homemade Trailer” (TPV means “Tax Paid Vendor”).
 - b. Retailers who are not licensed motor vehicle dealers who sell unassembled trailer kits are required to collect sales tax on the total amount charged for the kit. If the trailer is assembled and registered in Nebraska, the purchaser is required to pay the tax unless the purchaser can provide proof that sales tax was paid on the purchase price of the kit. The purchaser’s receipt is probably the only documentation available. Without proof of payment of sales tax on the purchase of the kit, the county treasurer must collect the appropriate tax.

c. When the sale of a homemade trailer is between private individuals, the selling price must be indicated on the bill of sale, and must be shown on the Form 6.

6. Vehicles purchased in another state. Any person who purchases a motor vehicle in another “state, commonwealth, territory, possession, or country” (“other jurisdiction”) and operates the motor vehicle on its highways on an in-transit or temporary permit, or other temporary license for a limited time with intent to remove it from the other jurisdiction, is required to pay the tax at the time the vehicle is registered in this state.

Credit for tax paid to another state may be allowed. Please refer to “Credit for Tax Paid to Another State” on page 5.

7. Trailers. All boat trailers, utility trailers, and semitrailers drawn by vehicles require registration.

Exceptions

The county treasurer will **not** collect sales and use tax on motor vehicles, trailers, and semitrailers that are not required to be registered in Nebraska, or that may not be legally operated on the streets, roads, or highways of this state. Retailers who sell any of the vehicles listed below are required to collect the applicable tax. Vehicles of this type include, but are not limited to:

1. Every vehicle designed for living quarters that is more than eight feet wide, or that is two stories or more in height when in place for use as living quarters;
2. Mini-bikes, mopeds, off-road motorcycles, golf carts, snowmobiles, snow plows, riding lawn mowers, garden tractors, hay wagons, fertilizer spreaders, farm tractors, farm trailers exclusively pulled by a farm tractor, and other implements of husbandry designed and used primarily for tilling the soil and harvesting crops or feeding livestock; earth-moving equipment, mobile cranes, steam rollers, street sweepers, ditch-digging apparatus, well-boring apparatus, asphalt spreaders, bucket loaders, leveling graders, power shovels, crawlers, backhoes, front-end loaders, bulldozers, non-powered mobile homes, and camper units that are designed to be placed on pickup trucks; or
3. Sales of vehicles and pickup camper units and camper shells that qualify for the occasional sale exemption.
 - Vehicles and equipment such as unlicensable dirt bikes, mini-bikes, motor scooters, golf carts, go-carts, and snowmobiles are household goods and personal effects for sales and use tax purposes, and are exempt as occasional sales and not subject to tax when sold between two individuals.
 - Pickup camper units and camper shells that are detached from the motor vehicle and sold to a person other than the purchaser of the motor vehicle qualify as occasional sales and are not subject to tax. Camper units and camper shells sold with the motor vehicle or detached and sold to the same person at approximately the same time are treated as the sale of a motor vehicle and are subject to sales and use tax.

Form 6 Requirements

Reporting Tax Due

[Nebraska Sales/Use Tax and Tire Fee Statement for Motor Vehicle and Trailer Sales, Form 6](#), is a 4-part form used for reporting the sales and use tax to the county treasurer. Instructions are on the reverse side.

The licensed motor vehicle dealer must complete a Form 6 for every sale of a motor vehicle, trailer, or semitrailer. Licensed motor vehicle dealers must keep the pink copy for their records, and must mail the green copy with their monthly [Nebraska and Local Sales and Use Tax Return, Form 10](#).

The purchaser must present the white and blue copies of the Form 6 to the county treasurer for completion of the vehicle registration.

Sellers of trailers that have a vehicle weight of 9,000 lbs. or less do not need to be licensed motor vehicle dealers. They are not required to complete a Form 6 at the time the trailer is sold.

Signatures

All licensed motor vehicle dealers must complete and sign the Form 6 as the seller. The county treasurer may accept a Form 6 that is not signed by a private or nonresident seller, provided all other information is on the Form 6, and it is signed by the purchaser.

Purchasers claiming an exemption **must** sign the Form 6 on the two spaces indicated.

30-Day Sales Tax Reporting Period

The purchaser of a motor vehicle in this state owes tax on the amount paid for the vehicle. The purchaser can delay the payment of the sales until the vehicle is registered or for up to 30 days if the vehicle is not registered. The purchaser will not owe penalty and interest, provided the motor vehicle is registered or the tax is paid within the 30 days from the date of purchase. A nonresident purchaser is not required to pay the tax, provided the motor vehicle is removed from this state within 30 days from the date of purchase.

Tax Computation

The “Tax Computation” portion of Form 6 must be completed to reflect the following:

- retail selling price of the motor vehicle;
- trade-in allowance, if any;
- manufacturer’s rebate assigned to the dealer, if any; and
- tax base on which the sales and use tax will be computed.

The following items are part of the retail selling price and **must** be included in the tax base:

- ❖ buyers fees;
- ❖ charges for warranty transfers;
- ❖ destination charges;
- ❖ document processing charges;
- ❖ emissions tests;

- ❖ federal “gas guzzler” tax;
- ❖ import custom fees;
- ❖ manufacturer’s excise tax;
- ❖ service and maintenance agreements; and
- ❖ surcharges.

The following items are not part of the retail selling price and **are not** included in the tax base:

- title and lien fees paid by a dealership to public officials on behalf of its customers;
- federal heavy vehicle excise tax;
- federal retail excise tax; and
- loan payoff amounts paid by a dealership.

Manufacturer’s Rebate

Rebates received from a motor vehicle manufacturer that are assigned to the motor vehicle dealer and used to reduce the selling price of the vehicle at the time of purchase are allowable deductions from the retail selling price when computing the tax base on which the tax is calculated. This also applies to rebates earned through the use of a credit card and manufacturer rebates assigned to dealers on vehicles purchased outside Nebraska.

Dealer Discount

Dealer discounts or dealer cash discounts are allowable deductions from the retail selling price when computing the tax base on which the tax is calculated. The dealer’s discount must appear on the dealer’s invoice.

Trade-In

- ❖ **Individuals.** When a motor vehicle is traded between individuals, the **only** valid trade-in allowance that may be used as a deduction when computing the tax base is that given for another motor vehicle.
- ❖ **Motor Vehicle Dealers.** Motor vehicle dealers may use items normally sold in the regular course of the dealer’s business as a trade-in allowance.

When the motor vehicle used as a trade-in was previously leased, was not registered, or if the owner of the newly purchased vehicle is a different owner from the previous owner of the trade-in, contact the Department.

Trade-in allowances are not permitted on leased vehicles that are not owned by the lessee.

No refund of tax will be made if the tax base is a negative amount.

Tire Fee

County Treasurer. The county treasurer, or designated county official, must collect the \$1 tire fee on each tire including the spare of every new motor vehicle, and each new tire sold with a used motor vehicle. Only the federal government and its agencies and Native American Reservation Indians are exempt from the tire fee. The county treasurer must remit the tire fee on the [Nebraska Tire Fee Return, Form 9B](#). For additional information, see the [Nebraska Tire Fee Information Guide](#).

Bargain Sales

The following can be used to determine the amount subject to tax when a vehicle is transferred as a “bargain sale:”

- a. cash settlement amount;
- b. loan value;
- c. value of stock or securities received; or
- d. blue book value.

Credit for Tax Paid to Another State

If a motor vehicle, including an inoperable motor vehicle, is purchased in another state **and** sales tax was properly paid to the other state **and** the other state has reciprocity with Nebraska, the total sales tax paid in that state is credited toward the state and local sales tax due in Nebraska. No refund will be made if the tax paid to the other state is greater than the total Nebraska and local sales tax. The credit for tax paid to another state must be written below line 11 on Form 6 and deducted from the amount due as calculated on line 11. Write the words “credit for tax paid to the state of (identify state).”

Example: Some states (for example, Florida) require nonresidents to pay Florida sales tax in the amount of sales tax that would have been imposed if the Nebraska resident would have purchased and registered the vehicle in Nebraska. The amount of tax collected by Florida is limited to 6%. Therefore, a Nebraska resident who pays the 6% Florida tax but registers the vehicle in a city that has a combined state and city rate of 7% owes city sales tax at the 1% rate.

Only two states, Nevada and Arkansas, do not have reciprocity with Nebraska. No credit is allowed against the tax due in Nebraska for sales tax paid in either of these states.

Local Sales and Use Tax

The registration address shown on the vehicle registration certificate issued by the county determines whether or not the county treasurer is required to collect the local sales and use tax on a vehicle being registered in this state. If there is any question regarding the proper registration address, the situs of the vehicle is determined pursuant to the laws administered by the Nebraska Department of Motor Vehicles. The term “situs” is defined in [Neb. Rev. Stat. § 60-130](#). Situs means the tax district where a vehicle is stored or kept for the greater part of the calendar year.

Annexations and City Sales and Use Tax

For local sales and use tax purposes, the Department recommends that you verify the effective date of the rate change because the effective date, as stated in the ordinance, may be for the provision of city services, and not be the effective date for the city sales and use tax rate change. The territory affected is annexed to or detached from the city on the first day of a calendar quarter. The effective date as stated in the ordinance may be for the provision of city services and not the effective date for the rate change. Therefore, the Department recommends that you verify the actual effective date of a local sales and use tax rate change on the [Municipal Boundary Changes](#). You can also verify the sales tax rate by using the [sales tax rate finder](#).

Date of Sale or Purchase

The date on the title usually determines the rate of local sales tax that is due on a motor vehicle. If the date of possession and the date on the title are different, then the **earlier** of the two is the date of sale. The purchase date on the Form 6 must reflect the date of sale.

GAP Waiver Contracts

The sale of a **GAP waiver contract** made between the purchaser of a motor vehicle and the retail seller of the motor vehicle is part of the sales or lease price of the motor vehicle and subject to sales and use tax. For additional information, please see [Revenue Ruling 01-16-1](#).

Statute of Limitations

There is a six-year statute of limitations for state and local sales tax. When registering a motor vehicle that was purchased more than six years and 30 days before the registration date, no sales tax, interest, or penalty is due.

Amended Statement - Form 6XN

If additional sales and use tax or tire fee is due, an [Amended Nebraska Sales/Use Tax and Tire Fee Statement for Motor Vehicle and Trailer Sales, Form 6XN](#), must be filed.

Note. A Form 6XN is required **only** when a Form 6 has been previously filed and sent to the Department by the county treasurer.

If it is determined that additional tax or tire fee is due **before** the Form 6 has been filed and sent to the Department, the county treasurer may make the adjustment on the original Form 6.

A Form 6XN is not valid for claiming a sales tax refund.

Refunds

If the county treasurer has remitted the tax or tire fee to the Department, then the refund claim ([Claim for Refund of Sales and Use Tax, Form 7](#)) must be filed with the Department.

If the county treasurer has not remitted the tax or tire fee to the Department, the county treasurer will make the refund.

Interest and Penalty

The county treasurer shall assess and collect interest and penalty on all motor vehicles that are registered late. Interest is computed from 30 days after the purchase date through the date of payment reflected in the chart below.

Period	Interest Rate
1-1-2013 and after	3%
1-1-2009 through 12-31-2012	5%
1-1-2007 through 12-31-2008	8%
1-1-2003 through 12-31-2006	6%
1-1-1995 through 12-31-2002	9%
1-1-1993 through 12-31-1994	7%
Through 12-31-1992	14%

In certain situations, interest may have to be calculated using two different rates.

Example: A motor vehicle is purchased on November 15, 2012, and registered January 15, 2013. The owner paid \$28,500 for the motor vehicle. The motor vehicle was registered in a city that has a 7% sales and use tax rate. The vehicle should have been registered and the tax amount of \$1,995 should have been paid by December 15, 2012. However, the vehicle is not registered until January 15, 2013. Interest must be assessed at 5% for 16 days (December 16, 2012, through December 31, 2012) and at 3% for 15 days (January 1, 2013, through January 15, 2013).

Interest owed is calculated in the following manner:

(Tax owed) x (number of days late) x (daily interest rate) = interest due

\$1,995 x 16 x .00013698 = \$4.37

\$1,995 x 15 x .00008219 = \$2.46

Interest due \$6.83

A penalty in the amount of \$5 must be assessed on all unpaid amounts due if the motor vehicle is registered late. A [Request for Abatement of Penalty, Form 21](#), may be filed with the Department by the purchaser to request abatement of the penalty.

The sales tax and all interest and penalty amounts collected by the county treasurer must be reported on lines 1 through 5 of the County Treasurer's [Nebraska and Local Sales and Use Tax Return, Form 9](#). The tire fee amounts collected must be reported on the [Nebraska Tire Fee Return, Form 9B](#).

Interest and Penalty – Exceptions

No interest and penalty is due when the Nebraska and applicable local sales tax is paid within 30 days of the date of purchase. In addition, no interest and penalty is due when:

- The only amount due is the tire fee;
- The vehicle is transferred by gift (no tax due);
- A lessee registers the vehicle claiming exemption under category #3 on Form 6;
- No sales or use tax is due because another exemption has been claimed on Form 6; or
- The 30th day falls on a Saturday, Sunday, or an approved holiday and the motor vehicle is registered on the next succeeding day that is not a Saturday, Sunday, or an approved holiday.

Exemptions

Each county treasurer is responsible for collecting the proper amount of sales and use tax. In those situations where an exemption is claimed, the person claiming the exemption must sign the front of the Form 6. If the person claiming the exemption does not sign the Form 6, the exemption must be disallowed and the person must pay the proper sales tax. Persons claiming an exemption that is questionable should be cautioned about the penalty clause when signing the Form 6 exemption certificate. Persons who are not sure if they qualify should be referred to the Department. The following types of exemptions may be claimed on the Form 6:

- 1. Exempt Organization.** An organization holding a valid Nebraska sales and use tax certificate of exemption is exempt from sales and use tax on the purchase of a motor vehicle. The title to the motor vehicle must be in the name of the exempt organization.

2. **Common or Contract Carriers.** A common or contract carrier holding a valid certificate of exemption issued by the Department is exempt from sales and use tax only on vehicles predominantly used to haul persons or property for hire. The carrier's valid exemption number must be indicated on the Form 6. Please refer to the [Nebraska Common and Contract Carrier Information Guide](#) for additional information (see [Reg-1-069](#)).

The fact that a person may have been granted a certificate of public convenience and necessity, or a permit by either the Federal Highway Administration or the Nebraska Public Service Commission, does not qualify this person as a common or contract carrier for purposes of the Nebraska sales and use tax exemption.

Passenger cars, station wagons, pickups, recreational vehicles, and other business vehicles do not usually qualify for a common or contract carrier exemption. County treasurers are advised to collect the tax at the time of registration of these vehicles even though the carrier has been issued an exemption number except:

- a. when prior approval is given by the Department in specific cases; or
- b. for registration of passenger vehicles by a taxi company.

The tax paid by a common or contract carrier will be refunded when the carrier files a claim for a refund and establishes to the satisfaction of the Department that the vehicle in question was predominantly used to haul persons or property for hire.

3. **Lease.** The purchase of a motor vehicle by a lessor for lease or rental is not subject to sales and use tax at the time of registration, provided the motor vehicle is not being registered under the lessor's option. The lessor's sales tax permit number used to report lease receipts must be indicated on the Form 6. Please refer to the [Nebraska and Local Sales Tax on Leased Motor Vehicles](#) for additional information.
4. **Lessor's Option Exemption.** A motor vehicle purchased by a lessor who has been approved by the Department to operate under the provisions of the lessor's option is exempt from tax provided the motor vehicle is leased to a common or contract carrier who holds a valid Common or Contract Carrier Certificate of Exemption. The lessor must provide a copy of their approved [Nebraska Application for Election of Lessors to Pay Sales and Use Tax on Cost of Motor Vehicles, Form 15](#), and the common or contract carrier's exemption number.
5. **Purchase by a Native American Indian Residing on a Reservation in Nebraska.** The sale of a motor vehicle to a Native American Indian residing on a reservation in Nebraska is exempt from sales and use tax, provided the vehicle is registered within the boundaries of an Indian reservation in Nebraska. A valid state tax exemption card number must be indicated on the sales invoice and on the Form 6.

When a Native American Indian and a non-Indian hold title to a motor vehicle as joint tenants, and the motor vehicle is registered at an address on a reservation in Nebraska, sales and use tax is due on the dollar value of the non-Indian's share of the vehicle (see [Revenue Ruling 1-76-27](#)).

6. **Purchased and Licensed Outside Nebraska.** No sales tax is due on motor vehicles coming into Nebraska that have been licensed for operation on the highways of another state, including motor vehicles properly registered in a state that does not impose a sales tax that are subsequently brought into Nebraska. "State" shall mean any state of the U.S., the District of Columbia, the Commonwealth of Puerto Rico, any territory or possession of the U.S., and any foreign country or political subdivision thereof.

This exemption does not apply to motor vehicles operated on an in-transit or temporary permit, or other temporary license in another state as defined above. Please refer to number 6 in the “Vehicles Subject To Tax” section.

- 7. Disabled Person.** The entire purchase price of a motor vehicle is exempted from tax when the U.S. Department of Veterans Affairs (VA) or the Nebraska Department of Health and Human Services Finance and Support (DHHS) contributes to the purchase through the issuance of a grant or an award, the maximum amount allowed by law. If less than the maximum amount allowed is contributed, only the contributed amount is exempted. Payment for the vehicle may be made by DHHS or the VA to either the dealer or the purchaser.

If there is a question as to whether the purchaser received the maximum amount allowed, the county treasurer should review Form 21-4502, “Application for Automobile or Other Conveyance and Adaptive Equipment” issued by the VA, or the award letter issued by DHHS.

Any amount contributed by these agencies is not considered a disability payment. A motor vehicle purchased with disability compensation is not exempt from tax.

- 8. Mobility Enhancing Equipment on a Motor Vehicle.** Any disabled person who is required to use durable medical equipment, orthotics, or prosthetics for locomotion may purchase mobility enhancing equipment adapted for a motor vehicle exempt from tax. The purchaser must issue to the motor vehicle dealer or seller a [Nebraska Certificate of Exemption for Mobility Enhancing Equipment on a Motor Vehicle, Form 13ME](#), and a copy of the prescription issued by a Nebraska-licensed physician.

A copy of the completed Form 13ME and a copy of the prescription must be attached to the Form 6. The sales price of the vehicle on the Form 6 should match the amount on line 3 of Form 13ME.

Mobility enhancing equipment that is purchased with a motor vehicle is also exempt from sales and use tax if purchased to meet the needs of a dependent. Mobility enhancing equipment purchased by nursing homes and other organizations is not exempt unless the entire vehicle can be purchased exempt.

- 9. Governmental Entity.** Purchases by any county, township, city, village, or rural or suburban fire protection district located in Nebraska are exempt from sales or use tax, **except** the purchase of a motor vehicle that will be used by any department or portion of the governmental unit that sells gas, electricity, water, or heat. An exemption number is not required to be indicated on the Form 6, since sales and use tax exemption numbers are not assigned to these entities (refer to the [Governmental Entities Information Guide](#)).

- 10. Intercompany Sale.** The transfer of a motor vehicle which is the subject of an intercompany sale from a subsidiary to the parent company, from a parent company to a subsidiary, from one subsidiary to another subsidiary of the same parent company, or between brother-sister companies is not subject to tax under the occasional sale provision, **provided** the vehicle was either originally acquired prior to June 1, 1967, or, if acquired thereafter, the seller directly or indirectly paid the sales or use tax on this vehicle.

This occasional provision also applies to corporations that have at least 50% common ownership, and the other entities that would be considered a parent, subsidiary, or brother-sister if they were corporations.

The transfer must be between two companies. This exemption does not include a transfer to or from individuals (for example, a brother or sister).

11. Gift. A motor vehicle which is received by a new owner (donee) as a gift is not subject to sales and use tax, provided the person giving it away (donor) paid the tax on the original purchase price. If the person registering the vehicle does not present evidence that the donor has previously paid the applicable tax, then tax is due on the transfer of that vehicle as a condition of registration. The tax is based on the original purchase price of the vehicle, but if the donee cannot provide evidence of the original purchase price, the tax is based on the actual value of the vehicle. Evidence of previously paid tax may include a tax-paid receipt or proof of prior registration by the donor. An exception occurs when the donor is exempt from sales tax. In this case, neither the donor nor the donee is required to pay sales or use tax.

The transfer of a vehicle into a trust, revocable or irrevocable, is a gift and tax is not due, provided the donor has previously paid the tax.

To qualify as a gift, the transfer of ownership must be unconditional and not involve consideration between the buyer and seller. Consideration is not limited to money. Listed below are some transactions that **do not** qualify as a gift:

- a. The transfer of a vehicle that results in the forgiveness of a monetary debt (for example, a lien, debt, mortgage, or other encumbrance previously assumed by the donor) cannot qualify as a tax-free gift.

Example: A father pays off a \$5,000 credit card debt owed by his son in exchange for title to the vehicle. When the father registers the vehicle, the sales price, and amount subject to tax, is the payoff amount of the credit card debt. In this example, the father will pay tax on the sales price of \$5,000.

- b. The transfer of a vehicle as payment for services rendered cannot qualify as a tax-free gift.

Example: As payment for painting his house, the owner of the house transfers his vehicle to the painter. The sales price, and the amount subject to tax, is the amount normally charged by the painter in the regular course of business to paint a house of similar size. If the painter registers the vehicle, he or she owes tax on the amount normally charged to paint a house of similar size.

Note. The transfer of a vehicle into or out of a corporation or partnership cannot qualify as a tax-free gift even if there is not a corresponding change in the structure of the corporation or partnership. All transfers into or out of a corporation or partnership that are claimed as a gift should be referred to the Department before processing.

12. Occasional Sale. The transfer of a motor vehicle can only qualify as an occasional sale when the transferor has previously paid the tax and the motor vehicle is being transferred:

- a. From one corporation to another corporation pursuant to a reorganization. "Reorganization" shall mean a statutory merger or consolidation or the acquisition by a corporation of substantially all of the properties of another corporation when the only consideration is the voting stock of the acquiring corporation or the voting stock of its parent or subsidiary corporation;
- b. In connection with the winding up, dissolution, or liquidation of a corporation, only when there is a distribution of the property of such corporation to the shareholders in kind if the portion of the property distributed to the shareholders is substantially in proportion to the share of stock or securities held by the shareholders;
- c. To a corporation for the purpose of organization of the corporation or the contribution of additional capital to the corporation when the former owner of the motor vehicle is, immediately after the transfer, in control of the corporation, and the stock or securities received are substantially in proportion to their interest in the property prior to the transfer.

The term “in control of the corporation,” means that the individual or entity transferring the motor vehicle into the corporation has 51% or more ownership of all the stock of the corporation after the transfer of the vehicle into the corporation. An individual cannot transfer a motor vehicle **from** an ongoing corporation, even if they are in control of the corporation, unless the transaction falls under section i;

- d. To a partnership, in the organization of the partnership, if the former owners of the motor vehicle are immediately after the transfer, members of the partnership, and the interest in the partnership received by each member is substantially in proportion to the interest in the partnership held by the members prior to the transfer;
- e. From a partnership to its members, when made in-kind in the dissolution of the partnership, if the portion of the property distributed to the members is substantially in proportion to the interest in the partnership held by the members;
- f. To a limited liability company (LLC), in the organization of the LLC, if the former owners of the property transferred are, immediately after the transfer, members of the LLC and the interest in the LLC received by each is substantially in proportion to his or her interest in the property prior to the transfer;
- g. From a LLC to its members, when made in-kind in the dissolution of the LLC, if the portion of the property distributed to the members is substantially in proportion to his or her interest in the LLC;
- h. From one LLC to another LLC pursuant to a reorganization; or
- i. A transaction that qualifies as a tax-free transaction under the Internal Revenue Code of 1986, as amended. You **must contact** the Department on each of these transactions **prior to accepting the exemption**.

Examples: Transfers of motor vehicles into or out of ongoing partnerships do not qualify as occasional sales. When corporations are involved, only transfers of motor vehicles out of ongoing corporations do not qualify as occasional sales.

Transfers into or out of ongoing partnerships as part of a favorable insurance rate may not qualify as occasional sales and may be subject to sales tax. The same is true of transfers out of ongoing corporations.

Transfers from a corporation or partnership to an individual (for example, a stockholder, officer, employee, or partner) reflecting a sale for a nominal fee or as a gift, will normally be subject to sales tax. These transfers are usually referred to as “bargain sales” and should be questioned.

The occasional sale exclusion for motor vehicles only applies when the transfer of a motor vehicle falls within paragraph 12.

13. **30-Day Plate.** The purchase of a 30-day plate by a nonresident of Nebraska may result in the collection of Nebraska sales and use tax. The county treasurer must ask the nonresident purchaser if their intention is to remain in Nebraska more than 30 days from the date of purchase of the motor vehicle. If the reply is “Yes,” Nebraska sales and use tax must be collected. If the reply is “No,” the 30-day plate may be purchased without payment of the Nebraska sales and use tax.

Other Information

Change of Name and Address on the Title and Registration

Simply changing a name or address on the title and registration is not an actual change in ownership and is **not** a taxable transfer.

Examples:

- Change of name (for example, Mary Smith to Mary Jones);
- Death of spouse (for example, John and Mary Smith WROS to Mary Smith);
- Divorce (for example, John and Mary Smith to Mary Smith);

Also, the transfer of a motor vehicle from a corporation or partnership to an individual through a property settlement in a divorce decree is exempt from sales tax.

- Marriage (for example, John Smith to John and Mary Smith); or
- Sole proprietorship to business or trade name, or business or trade name to sole proprietorship (for example, John Smith to John's Repair Shop, or John's Repair shop to John Smith).

The following types of transfers may be subject to tax (therefore, a Form 6 must be completed for payment of sales tax or the reporting of the proper exemption):

- ❖ Adding or dropping one or more names on the title (for example, dropping a parent's name by the son or daughter); or
- ❖ Changing the form of the entity from a corporation or partnership to a sole proprietorship.

Driver Education Motor Vehicles

The sale of motor vehicles to secondary schools or school districts for driver education programs conducted by the school or school district are exempt from tax. The name and address of the school or school district must appear on the Form 6 as the purchaser. Exemption Category 1 must be marked indicating the school's or school district's exemption number.

Insurance on Wrecked Vehicles

When an insurance payment is received for a wrecked vehicle and later applied to the subsequent purchase of a new vehicle, two separate transactions have occurred. The first transaction occurred when the payment was received from the insurance company for the wrecked vehicle, and title passed to the insurance company. The second transaction occurred when the money received from the insurance company for the wrecked vehicle was used as payment for or partial payment on a new vehicle. No property was traded to the dealer for resale and no trade-in allowance resulted, therefore, the tax base for the new vehicle is not reduced.

Sales tax will not be refunded on the sales price of the wrecked vehicle.

Example: Tom purchases a new car from a dealer. One week later, he is in an accident and the new vehicle is totaled. No sales tax refund is due.

Tax is due on the transfer of the vehicle from the dealer to Tom. The fact that the vehicle was subsequently wrecked does not change the tax status.

The amount of sales tax may be included in the amount of the claim filed with the insurance company.

Salvage Branded Certificate – Owner Retains Salvage Vehicle

[Neb. Rev. Stat. § 60-173](#) allows the owner of a salvage vehicle to elect to retain the salvage vehicle. If the owner retains the salvage vehicle, the certificate of title is not assigned to the insurance company. The insurance company is required to notify the Department of Motor Vehicles (DMV) when the owner elects to retain ownership of the salvage vehicle by filing DMV Form titled “[Notice of Owner - Retained Salvage](#)” or a form designed by the insurance company. The insurance company is also required to notify the owner of the salvage vehicle. The owner is required within 30 days after the settlement loss to forward to DMV the properly endorsed certificate title. The county clerk, upon receipt of the certificate of title, will issue to the owner a salvage branded certificate of title for the vehicle.

Sales and Use Tax Consequences. When the owner of a vehicle elects to retain the salvage vehicle and the certificate of title is not transferred to the insurance company, the salvage branded certificate of title can be issued without a sales tax liability being incurred by the owner of the vehicle regardless of the amount of the total loss settlement payment.

Vehicles Sold for Parts

The taxability of vehicles sold for parts is determined by whether or not the vehicle was transferred with a title or without a title.

- ❖ **Transferred With A Title.** This transaction is taxable and is treated in the same manner as any other taxable transfer of a motor vehicle.
- ❖ **Transferred Without A Title.** Since the vehicle is transferred without a title, it has lost its identity as a motor vehicle. Therefore the transaction is not taxable because:
 - a. the sale qualifies as an occasional sale (refer to [Reg-1-022.06](#)); or
 - b. the sale is made to a salvage yard, or other retailer of vehicle parts, for resale purposes.

Electric Powered Motor Vehicle

Every person registering a motor vehicle designed or modified to be only propelled by electricity, solar power, or any other source of energy not taxed under the motor fuel laws is required to pay, in addition to any other fees required under the Motor Vehicle Registration Act, a registration fee of \$75. The \$75 fee will be collected by the county treasurer of the county in which the motor vehicle has situs. See Neb. Rev. Stat. §§ [60-386](#) and [60-3,191](#).

Motor Vehicle Dealers

A motor vehicle dealer registering a vehicle has a sales and use tax obligation, regardless of the intended use of the vehicle. The dealer must complete a Form 6 and pay the sales and use tax at the time the vehicle is first registered. The dealer registering a vehicle cannot claim an exemption from the tax, unless the vehicle will be used as a leased vehicle.

Forms 9 and 9B

A [Nebraska and Local Sales and Use Tax Return, Form 9](#), and the [Nebraska Tire Fee Return, Form 9B](#), are mailed to each county treasurer and must be completed and returned to the Department on or before the 15th day of the month following the close of the reporting period. The return must be filed by the prescribed due date even if there was no sales and use tax or tire fee collected for the period covered by the returns.

If a preidentified Form 9 and Form 9B are not received for a reporting period, duplicate returns should be requested from the Department.

The Department will assess a penalty for failure to file the returns and pay the tax, interest, penalty, or fee by the due date. Beginning January 1, 2013, interest will be assessed at the rate of 3% per year on delinquent payment of taxes.

The white copy of the Form 6 and the white copy of the Form 6XN must be retained by the county and provide copies to the Department upon request. County treasurers must retain their copy of each Form 6 and 6XN by month of receipt for a minimum of three years. County treasurers are not required to validate Form 6 to support proof of tax paid by the registrant. Registrants should be informed of their need to keep their portion of the registration that shows the payment of tax for a period of six years. Neither the county treasurer's office nor the Department can provide proof of sales tax paid.

Insufficient Funds Check

If a county has been issued a check for payment of Nebraska sales and use tax and the check is returned to the county unpaid, the county can only deduct the previously reported Nebraska sales and use tax on line 9 from a subsequent payment to the state provided the following conditions are met:

- The amount of sales and use tax has been previously reported by the county treasurer on their Form 9;
- The county, through the county attorney, has exhausted all means available to collect the debt;
- The returned check is attached to the Form 9 on which the deduction is taken; and
- The statement of the collection activities taken by the county has been attached to the return.

Confidentiality

Sales and use tax information retained by the office of the county treasurer is confidential in nature and may be released only to the taxpayer, a duly authorized representative, or the taxpayer's successors, receivers, trustees, executors, administrators, assignees, or guarantors. The person receiving a copy of the Form 6 or requesting information on the Form 6 must have signed the Form 6 or been appointed by the taxpayer to receive this information. In addition, a copy of the Form 6 or information on the Form 6 may be given to the seller of the motor vehicle if the seller has signed the Form 6.

Form 6 Ordering

The Form 6 and [Nebraska Sales and Use Tax Statement for Motorboat Sales, Form 6MB](#), are available in any quantity by submitting a request to the Department. You can order Form 6 and Form 6MB from the [Department's website](#).