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DEPARTMENT OF REVENUE

# Instructions for County Treasurers

## Sales and Use Tax and Tire Fee Collection for Motor Vehicles, Trailers, and Semitrailers, ATVs/UTVs, and Motorboats

Revised November 2021

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# Introduction

These instructions explain the responsibilities of county treasurers with respect to collecting and remitting Nebraska and local sales and use tax and tire fee on motor vehicles, trailers, semitrailers, all-terrain vehicles, utility-type vehicles, and motorboats. These instructions are intended to be a source of reference for most daily transactions, but may not answer all questions.

County treasurers are encouraged to contact the Nebraska Department of Revenue (DOR) at [revenue.nebraska.gov](http://revenue.nebraska.gov), 800-742-7474 (NE and IA), 402-471-5729, or by mail at PO Box 94818, Lincoln, NE 68509-4818 for any questions not answered in these instructions.

## Terms

**All-Terrain Vehicle.** All-terrain vehicle (ATV) means any motorized off-highway device which is 50 inches or less in width, has a dry weight of 1,200 pounds or less, travels on three or more nonhighway tires, and is designed for operator use only with no passengers or is specifically designed by the original manufacturer for the operator and one passenger.

**Cabin Trailers.** A cabin trailer is any trailer designed for living quarters and for being towed by a motor vehicle and not exceeding 102 inches in width, 40 feet in length, or 13½ feet in height, except as provided in [Neb. Rev. Stat. § 60-6,288\(2\)\(k\)](#).

**Motor Vehicle.** Motor vehicle means any motor vehicle propelled by any power other than muscular power, including vehicles designed as living quarters (e.g., motor homes and recreational vehicles). (See [Neb. Rev. Stat. § 60-339](#) for complete definition.)

**Motorboat.** Motorboat means any watercraft propelled by any machinery, including watercraft temporarily equipped with a detachable motor(s).

Examples of motorboats include: open or closed bow outboards, inboards, inboard/outboard boats, personal watercraft (e.g., jet skis, wave runners), airboats, cabin cruisers, houseboats, pontoons, canoes, jon boats, sailboats, and row boats powered by a detachable motor. (See [Neb. Rev. Stat. § 37-1204](#) for definitions.)

A motorboat does not include any vessel that has a valid marine document issued by the Bureau of Customs of the United States Government or any successor federal agency. (See [Section C - Motorboats for taxability of a vessel](#).)

**Semitrailer.** Semitrailer means any trailer so constructed that some part of its weight and that of its load rests upon or is carried by the towing vehicle. Semitrailer does not include an auxiliary axle or a car toter or tow dolly.

**Trailer.** Trailer means any device without motive power designed for carrying persons or property and being towed by a motor vehicle and so constructed that no part of its weight rests upon the towing vehicle. Trailer does not include an auxiliary axle or a car toter or tow dolly. (See [Neb. Rev. Stat. §§ 60-310.01](#) and [60-314.01](#) for definitions.)

**Utility-Type Vehicle.** Utility-type vehicle (UTV) means any motorized off-highway device which is 74 inches in width or less, is not more than 180 inches, including the bumper, in length, has a dry weight of 2,000 pounds or less, and travels on four or more nonhighway tires.

A UTV does not include ATVs, golf car vehicles (golf carts), or low-speed vehicles.

# Forms Ordering

County treasurers and dealers can order the Nebraska Sales and Use Tax and Tire Fee Statements listed below from DOR's website at [revenue.nebraska.gov](http://revenue.nebraska.gov). Click on "Forms," then "Sales and Use Tax," and then "Click here to order these forms." You may access the order form by [clicking here](#) or by clicking [Form 6 Ordering](#) on the Current Nebraska Forms page of the website.

- ❖ [Form 6, Nebraska Sales/Use Tax and Tire Fee Statement for Motor Vehicle and Trailer Sales](#);
- ❖ [Form 6XN, Amended Nebraska Sales/Use Tax and Tire Fee Statement for Motor Vehicle and Trailer Sales](#);
- ❖ [Form 6ATV, Nebraska Sales and Use Tax Statement for All-Terrain Vehicle \(ATV\) and Utility-Type Vehicle \(UTV\) Sales](#);
- ❖ [Form 6MB, Nebraska Sales and Use Tax Statement for Motorboat Sales](#); or
- ❖ [Form 6XMB, Amended Nebraska Sales and Use Tax Statement for Motorboat Sales](#).

A fillable [Form 6, Nebraska Sales/Use Tax and Tire Fee Statement for Motor Vehicle and Trailer Sales](#) is now available on DOR's website.

# Section A — Motor Vehicles, Trailers, and Semitrailers

## Purchases Subject to Tax

When the term "motor vehicle" is used in these instructions, it includes motor vehicles, trailers, semitrailers, and motorcycles. The county treasurer is required to collect sales and use tax upon the registration of all motor vehicles trailers, 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 60-3,244](#), the Motor Vehicle Registration Act):

**Motor Vehicles.** All motor vehicles that require registration.

**Trailers.** All trailers drawn by vehicles require registration (for example boat trailers, utility trailers, semitrailer, cabin trailers, camping trailers, and travel trailers).

### Leased Motor Vehicles.

- ❖ **Buy-Outs.** Lessees that exercise the buy-out option contained in a lease must pay the sales tax on the buy-out amount upon registration of the motor vehicle or within 30 days from the purchase date of the motor vehicle, whichever comes first.
- ❖ **Lessor's Option.** Lessors who have been approved by DOR to operate under the lessor's option are required to pay the Nebraska and local sales tax on all motor vehicles leased for periods of one year or more in lieu of collecting sales tax on the lease payments. The lessor is required to pay the tax on the motor vehicle at the time of registration, except for those motor vehicles leased to common or contract carriers who hold a valid Nebraska exemption certificate. The lessor must check box 4 in the Resale or Exempt Sale Certificate section on the [Form 6](#) and provide the common or contract carrier's certificate exemption number. For additional information, please see [Sales and Use Tax Regulation 1-019.07](#).

**Note.** Under the lessor's option, motor vehicles leased for less than one year do not qualify and sales tax cannot be paid on the cost of the motor vehicle at time of registration. The lessor will select Box 3 in the section titled Nebraska Resale or Exempt Sale Certificate for Motor Vehicle and Trailer Sales on the Form 6 and include their sales tax permit number they use to remit the sales tax collected on each lease payment.

**Repossessed Motor Vehicles.** 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 repossession in order for the original owner or other person to obtain a **new** title to the motor vehicle. It includes the amount due to pay off the note (debt), and any other amounts that must be paid to the repossession for reimbursement of the expenses incurred for repossessing the motor vehicle.

If a repossessed motor vehicle is registered by the repossession for his or her own use, the amount subject to tax is the amount of the debt forgiven and any other consideration.

**Homemade Trailers.** 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 motor vehicle without collecting sales tax and write on the bottom of the Form 6: "TPV – Homemade Trailer" (TPV means "Tax Paid Vendor").

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 may be the only documentation available. Without proof of payment of sales tax on the purchase of the kit, the county treasurer must collect the tax on the full sales price of the kit.

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.

**Motor 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 motor 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 9 of these instructions.

**Recreational Vehicles.** Recreational vehicles titled in the name of a shell company as determined by the Nebraska Department of Motor Vehicles or the DOR. See [Neb. Rev. Stat. § 60-366](#) for additional information.

## Exceptions

The county treasurer will **not** collect sales and use tax on motor vehicles that are not required to be registered in Nebraska or 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. Motor vehicles of this type include, but are not limited to:

- ❖ Every motor vehicle designed for living quarters that is more than 102 inches wide, or that is two stories or more in height when in place for use as living quarters;
- ❖ Mini-bikes, mopeds, off-road motorcycles, golf vehicles (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
- ❖ 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 when sold between two individuals. See [Sales and Use Tax Reg 1-022 Occasional Sales](#).

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.

# Form 6 Requirements

## Reporting Tax Due

[Nebraska Sales/Use Tax and Tire Fee Statement for Motor Vehicle and Trailer Sales, Form 6](#), is a form used for reporting sales and use tax and tire fee to the county treasurer. The instructions on the Form 6 provide important information for the purchaser, seller, and county treasurer.

Motor vehicle dealers must complete a Form 6 for every motor vehicle sale. Motor vehicle dealers must keep a copy for their records, provide two copies to the purchaser and mail a copy to Nebraska Department of Revenue, PO Box 98923, Lincoln, NE 68509-8923.

The purchaser must provide a copy of the Form 6 to the county treasurer for completion of the motor vehicle registration and retain a copy for their records.

The sale of a trailer (utility or commercial) by a dealer is to be reported on a Form 6 regardless of whether or not the dealer is required to be licensed by the Motor Vehicle Industry Licensing Board. The tire fee will be collected by the county treasurer upon registration of the trailer.

## 30-Day Sales Tax Reporting Period

The purchaser of a motor vehicle in this state owes tax on the amount paid for the motor vehicle. The purchaser will not owe penalty and interest provided the motor vehicle is registered or the tax is paid within 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.

## 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.

## Tax Computation

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

- ❖ Total sales 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.

Items included in the total sales price:

- ❖ Dealer-installed options, and related labor charges for installing a camper shell, feed box, cement mixer, running boards, mud flaps, or any other component part or accessory and any charges for labor performed to apply sealer, color, anti-corrosion rust resistant materials, or clear coat;
- ❖ Guaranteed asset protection (GAP) waiver contracts;
- ❖ Buyers fees;
- ❖ Charges for dealer preparation;
- ❖ Service and maintenance agreements;
- ❖ Charges for warranty transfers;
- ❖ Destination charges;
- ❖ Document processing charges;
- ❖ Federal "gas guzzler" tax;
- ❖ Import custom fees;

- ❖ Manufacturer's excise tax; and
- ❖ Surcharges.

Items not included in the total sales price:

- ❖ 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;
- ❖ Loan payoff amounts paid by a dealership;
- ❖ Dealer discounts;
- ❖ Manufacturer Rebates granted by a motor vehicle manufacturer or dealer and issued directly to the purchaser at time of sale; and
- ❖ Mobility enhancing equipment (requires documentation).

## **Dealer Discount**

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

## **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 total sales price of the motor vehicle on line 1 of the Form 6 should match the amount on line 3 of the 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.

## **GAP Waiver Contracts**

The sale of a **guaranteed asset protection (GAP) waiver contract** made between the purchaser of a motor vehicle and the retail seller is part of the sales or lease price 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 unreported 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. When this occurs, the words "statute of limitations" or some similar statement should be written on line 1 of Form 6.

## **Trade-In**

What can and cannot be used as a trade-in allowance on a [Form 6](#):

- ❖ **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, motorboat, or ATV/UTV. The trade between a motor vehicle, motorboat, or ATV/UTV must occur at the time of the sale.
- ❖ **Motor Vehicle Dealers.** Motor vehicle dealers may include the value of a motor vehicle, motorboat, ATV or UTV taken in trade as a trade-in on the purchaser's Form 6 provided the motor vehicle, motorboat, or ATV/UTV is taken in trade at the time of the sale of the motor vehicle, motorboat, or ATV/UTV.
- ❖ **Multiple Motor Vehicle Trade-Ins or Purchases.** It is allowable to trade-in two motor vehicles towards the purchase of one motor vehicle. List both motor vehicles on the Trade-in Vehicle/Trailer Description line of the Form 6 and enter the total trade-in allowance of the two motor vehicles on line 2.

It is allowable to trade-in one motor vehicle against the purchase of two motor vehicles when the trade-in allowance is greater than the sales price of one of the motor vehicles, but less than the sale price of both motor vehicles. The trade-in may be split between two Form 6s, so that the entire trade-in allowance is used. The purchaser should provide their purchase contract when licensing the two motor vehicles to show why the same motor vehicle was used as a trade in on the purchase of the two motor vehicles.

- ❖ **Gifted or Inherited Motor Vehicles.** When a previously registered motor vehicle is gifted to or inherited by an individual or entity the title must be transferred into the individual or entities name before the motor vehicle can be used as a trade-in allowance on the purchaser's Form 6. The only exception is when a motor vehicle is gifted to the purchaser from a parent, guardian, or child. In this case the purchaser must provide proof of relationship to the county treasurer and proof the sales tax was previously paid on the motor vehicle used as a trade-in.
- ❖ **Motor Vehicles Transferred to an Insurance Company.** When a motor vehicle has been involved in an accident and the title is transferred to an insurance company the wrecked motor vehicle may not be used as a trade-in.
- ❖ **Leased Motor Vehicles.** Trade-in allowances are not permitted on leased motor vehicles that are not owned by the lessee. In order for the lessee to receive a trade-in allowance, the lessee must exercise the buy-out option contained in a motor vehicle lease and pay the sales tax on the buy-out amount at the time of registration.

When a lessee exercises a buy-out option contained in a motor vehicle lease, sales tax on the buy-out amount must be paid to the county treasurer at the time of registration or within 30 days of the purchase of the motor vehicle, whichever comes first. The lessor must issue a Form 6.

## **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 motor 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 by using a credit card and manufacturer rebates assigned to dealers on motor vehicles purchased outside Nebraska. Rebates given by a motor vehicle manufacturer to the purchaser of a motor vehicle after the sale do not reduce the sales and use tax base. The retail selling price remains the amount agreed upon at the time of the sale.

## **Local Sales and Use Tax**

The registration address shown on the motor 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 motor vehicle being registered in this state. To determine the correct state and local sales tax rate the street address is required. A PO Box address should not be used for the registration address.

## **Annexations and Local Sales and Use Tax**

Under Nebraska law, a local sales and use tax can only start, terminate, or be changed on the first day of a calendar quarter; specifically, January 1, April 1, July 1, or October 1. This applies to municipal boundary changes as well. The annexed area is not subject to the local sales tax until the effective date shown on the DOR website under the [Municipal Boundary Changes](#).

## **Tire Fee**

The county treasurer must collect the \$1 tire fee at time of registration on each tire including the spare of every new motor vehicle, and each new tire sold with a used motor vehicle. Unlike sales tax exemptions, the exemption from tire fee is only allowed for the federal government, its agencies, and Native American Indians residing within an Indian reservation or on Indian country. When the sale of a motor vehicle occurs between two individuals, no tire fee is due. 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](#).

Nonprofit organizations, state and local governmental agencies/units, and common or contract carriers are not exempt from paying the tire fee.

## **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
1-1-2021 and after	3%
1-1-2019 through 12-31-2020	5%
1-1-2013 through 12-31-2018	3%

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

**Example.** A motor vehicle is purchased on November 15, 2018, and registered January 15, 2020. The owner paid \$28,500 for the motor vehicle. The motor vehicle was registered in a city that has a 1.5% sales and use tax rate for a state and local total rate of 7%. The motor vehicle should have been registered and the tax amount of \$1,995 should have been paid by December 15, 2018. However, the motor vehicle is not registered until January 15, 2020. Interest must be assessed at 3% for 16 days (December 16, 2018, through December 31, 2018) and at 5% for 380 days (January 1, 2019, through January 15, 2020).

Interest owed is calculated in the following manner:

$$\begin{aligned} (\text{Tax owed}) \times (\text{interest rate}) \div (365) \times (\text{number of days late}) &= \text{interest due} \\ \$1,995 \times .03 \div 365 \times 16 &= \$ 2.62 \\ \$1,995 \times .05 \div 365 \times 380 &= \underline{\underline{103.85}} \\ \text{Interest due} &= \$106.47 \end{aligned}$$

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 DOR 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](#).

No interest or 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 or penalty is due when:

- ❖ The only amount due is the tire fee;
- ❖ The motor vehicle is transferred by gift (no tax due);
- ❖ A lessee registers the motor 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 business day that is not a Saturday, Sunday, or an approved holiday.

## 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, 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 that would have been imposed if the Nebraska resident would have purchased and registered the motor 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 motor vehicle in a city in Nebraska that has a combined state and city rate of 7% owes city sales tax equal to the remaining 1% rate.

## 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 both as the purchaser or agent of purchaser and person claiming the exemption.

## 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 is required to provide documentation to the county treasurer to support the exemption and must sign the exempt sales certificate on the Form 6. If the supporting documentation is not provided or the Form 6 is not signed, 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 (above the signature line) when signing the Form 6 exempt sales certificate. Persons who are not sure if they qualify should be referred to DOR. 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 motor vehicles. The title to the motor vehicle must be in the name of the exempt organization. Only those organizations that are specifically listed in the [Sales Tax Exemption Chart](#) as exempt entities are exempt from Nebraska sales and use tax. The organization's exemption number must be indicated on the Form 6. If you question the exemption of any organization, you may contact DOR before registering the motor vehicle.

Most nonprofit organizations are not exempt from Nebraska sales and use tax and must pay the tax on items including motor vehicles purchased for its own use. This includes purchases of motor vehicles to be given away. (See [The Nebraska Taxation of Nonprofit Organizations Information Guide](#) for organizations that are not exempt from sales and use tax).

- 2. Common or Contract Carriers.** A common or contract carrier holding a valid certificate of exemption issued by DOR is exempt from sales and use tax only on motor 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 or 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 motor 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 motor vehicles even though the carrier has been issued an exemption number except:

- When prior approval is given by DOR in specific cases; or
- For registration of passenger motor 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 DOR that the motor 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 Sales Tax on Leased Motor Vehicles Information Guide](#) for additional information.

- 4. Lessor's Option Exemption.** A motor vehicle purchased by a lessor who has been approved by DOR 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 must be indicated on the Form 6.

- 5. Purchase by a Native American Indian Residing within an Indian Reservation or on Indian Country in Nebraska.** The sale of a motor vehicle to a Native American Indian residing within an Indian reservation or on Indian country in Nebraska is exempt from sales and use tax, provided the motor vehicle is registered within the Indian reservation or on Indian country 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-Native individual hold title to a motor vehicle as joint owners, and the motor vehicle is registered at an address within an Indian reservation or within Indian country in Nebraska, sales and use tax is due on the dollar value of the non-Native individual's share of the motor 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" means 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. See [Neb. Rev. Stat. § 77-2704.44](#) for motor vehicles purchased in another country.

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 "Motor Vehicles Purchased in Another State" on page 4.

- 7. Disabled Person.** The entire purchase price of a motor vehicle is exempt 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. The contribution amount must be indicated on the [Form 6](#). Payment for the motor 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. 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](#)).

- 9. Agricultural Trailers.** The purchase of header trailers, head haulers, header transports, or seed tender trailers that are depreciable agricultural machinery and equipment for use in commercial agriculture. (Refer to the [Agricultural Machinery and Equipment Sales Tax Exemption Information Guide](#).)

**Note:** The agricultural trailer exemption does not currently appear on the multi-copy paper Form 6. If you are using the paper Form 6 please cross out the description in Box 9 and write in Qualified Agricultural Trailer. Then, have the purchaser sign and keep the appropriate copy.

If you use the Form 6 in the VicTory system, you may print a copy and have the purchaser sign. Please provide a signed copy to the purchaser.

- 10. Gift or Inheritance.** A motor vehicle which is received by a new owner (donee) as a gift or by inheritance 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 motor vehicle does not present evidence that the donor has previously paid the applicable tax, then tax is due on the transfer of that motor vehicle as a condition of registration. The tax is based on the original purchase price of the motor vehicle, but if the donee cannot provide evidence of the original purchase price, the tax is based on the actual value of the motor vehicle. Evidence of previously paid tax may include a tax-paid receipt or proof of prior registration by the donor. An exception exists 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.

Motor vehicle dealers may not gift an inventory motor vehicle without first paying the sales tax.

The transfer of a motor vehicle into or out of 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 donor and donee. Consideration is not limited to money. Listed below are some transactions that **do not** qualify as a gift:

- ❖ The transfer of a motor 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 motor vehicle. When the father registers the motor 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.

- ❖ The transfer of a motor 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 motor 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 motor vehicle, he or she owes tax on the amount normally charged to paint a house of similar size.

**Note.** The transfer of a motor 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 DOR before processing.

11. **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 pursuant to the following provisions:

**Note:** The occasional sale exemption does not currently appear on the multi copy paper Form 6. If a purchaser is claiming one of the provisions below and you are using the paper Form 6 please cross out the description in Box 11 and write in Occasional Sale. Then, have the purchaser sign and keep the appropriate copy.

If you use the Form 6 in the VicToRy system, you may print a copy and have the purchaser sign. Please provide a signed copy to the purchaser.

- ❖ 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. This occasional sale provision applies to corporations that have at least 50% common ownership, and other entities that would be considered a parent, subsidiary, or brother-sister if they were corporations. The transfer must be between two companies.
- ❖ From one corporation to another corporation pursuant to a reorganization. Reorganization means a statutory merger or consolidation; or acquisition by a corporation of substantially all of the properties of another corporation when the consideration is solely all or a part of the voting stock of the acquiring corporation or of its parent or subsidiary corporation.
- ❖ From one limited liability company to another limited liability company pursuant to a reorganization.
- ❖ In connection with the winding up, dissolution, or liquidation of a corporation, partnership, or limited liability company if there is a distribution of the property of the corporation, partnership, or limited liability company to the owners substantially in proportion to their share of stock or securities in the corporation, or interests of the owners of the partnership or limited liability company.
- ❖ To a corporation, partnership, or limited liability company for the purpose of organizing the corporation, partnership, or limited liability company or contributing additional capital to a corporation when the former owners of the property are in control of the corporation, partnership, or limited liability company immediately after the transfer, and the stock, securities, or interest received by each is substantially in proportion to his or her interest in the property prior to the transfer.
- ❖ Any other transaction that qualifies as a tax-free transaction under the Internal Revenue Code. County treasurers should contact DOR on each of these transactions prior to accepting the exemption.

**Example.** The transfer of a motor vehicle from a single member to its "disregarded" LLC or visa versa may be made tax-free under the Internal Revenue Code. Therefore, transfers of this type are not subject to sales or use tax, provided the single member or the "disregarded" LLC transferring the motor vehicle previously paid sales tax on the motor vehicle.

These transactions may involve new or used motor vehicles. Persons claiming the occasional sale exclusion for purchases of motor vehicles must provide the county treasurer, or other designated county official, with evidence that the transfer falls within [Nebraska Sales and Use Tax Reg 1-022.02 and Reg 1-022.03](#), at the time of registration.

The following are some examples of transactions that do not qualify as an occasional sale:

- ❖ Transfers of motor vehicles into or out of ongoing partnerships. 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 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;
- ❖ Transfers from a corporation or partnership to an individual (for example, sole officer and shareholder or partner) and the corporation or partnership continues to operate. Sales tax is due on the amount of consideration, amount refinanced, or the fair market value. Contact DOR on each of these transactions before registering the motor vehicle.
- ❖ Sales made, supervised, or aided by an auctioneer, or agent or employee of an auctioneer;
- ❖ Sales by a dealer of inventory motor vehicles; and
- ❖ Religious organizations who hold a Nebraska exemption number may not make exempt sales of motor vehicles, even at the annual sales tax exempt sales event.

**Note.** If you question the taxability of any transaction, you may contact DOR before registering the motor vehicle.

12. **30-Day Plate.** The purchase of a 30-day plate by a nonresident of Nebraska may require collecting 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 paying the Nebraska sales and use tax.

## Refunds

Purchasers of motor vehicles who have paid sales tax or the tire fee to the county treasurer in error may file a [Claim for Refund of Sales and Use Tax, Form 7](#) when the county treasurer has remitted the tax or tire fee to DOR. If the county treasurer has not remitted the tax or tire fee to DOR, the county treasurer may refund the sales tax to the purchaser.

## 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 the tax reported on the Form 6 was paid.

If it is determined that additional tax or tire fee is due **before** the Form 6 has been filed with the county treasurer, the county treasurer should make the adjustment on the original Form 6.

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

# 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 Motor Vehicles

When an insurance payment is received for a wrecked motor vehicle and later applied to the subsequent purchase of a new motor vehicle, two separate transactions have occurred. The first transaction occurred when the payment was received from the insurance company for the wrecked motor 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 motor vehicle is not reduced. Sales tax is due on both transactions.

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

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

Tax is due on the transfer of the motor vehicle from the dealer to Tom. The fact that the motor 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.

## **Rescinded Sales**

When a dealer rescinds a sale of a motor vehicle and refunds the full purchase price, the purchaser may request and receive a refund of the Nebraska and local sales tax paid to the county treasurer at time of registration. A [Claim for Refund of Sales and Use Tax, Form 7](#) may be filed with DOR. The purchaser must provide a signed statement from the seller setting forth the amount refunded and that the sale was rescinded. They must also provide a copy of the [Form 6](#) or registration form supporting the payment of the tax to the county treasurer, and any other documentation that would be deemed appropriate.

## **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 of 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 motor 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 incurring a sales tax liability by the owner of the vehicle regardless of the amount of the total loss settlement payment.

When the prior owner obtains the salvaged motor vehicle after the certificate of title has transferred to the insurance company, the salvage branded certificate of title cannot be issued without the prior owner incurring a sales tax liability. The sales tax liability is calculated on any consideration given by the prior owner.

## **Motor Vehicles Sold for Parts**

The taxability of motor vehicles sold for parts is determined by whether or not the motor 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.** Motor vehicle's are transferred without a title when they lose their identity as a motor vehicle. The title must be surrendered to the county treasurer or the Department of Motor Vehicles. In these cases Nebraska and local sales and use tax is due and must be paid to DOR except for the following transactions:
  - 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.

## **Motor Vehicle Dealers**

Nebraska licensed motor vehicle dealers (dealers) may purchase inventory motor vehicles from outside the State of Nebraska without paying sales tax. If the dealer is required to take title of the inventory motor vehicle in Nebraska, they may transfer the title without paying sales tax. When a dealer is a sole proprietor, the Nebraska Motor Vehicle Licensing Board issues the license in both the dealer's legal name (John Smith) and the dealer's DBA name (Smith Auto). As a sole proprietor the title may be in either name, as they are one in the same, and no sales tax is due as long as the motor vehicle remains in the sole proprietor dealers inventory.

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

Dealers must pay sales or use tax on all motor vehicles they gift, even if they are gifting to an exempt entity. The dealer will complete the Form 6 entering their name as both the seller and purchaser.

## Military Personnel

Military personnel must pay Nebraska and local sales and use tax on the purchase of all new and used motor vehicles they register in Nebraska. Non-resident military personnel who properly registered a new or used motor vehicle in their state of domicile are not required to pay Nebraska and local sales or use tax.

## Lemon Law

If a purchaser receives a settlement under the Nebraska Lemon Law, or under arbitration as an alternative to the Lemon Law, the amount received from the manufacturer or dealer includes all of the sales and use tax that is refundable. No additional refunds will be paid by DOR.

## Motor Vehicles Awarded as Prizes

When a sales tax **exempt nonprofit** organization purchases and takes title to a motor vehicle to be awarded to the winner of a raffle or contest, the winner does not owe sales tax when registering the motor vehicle, because the nonprofit organization is exempt from sales tax and the winner did not purchase the motor vehicle. The sales tax exempt nonprofit organization must provide the winner a completed Nebraska Sales/Use Tax and Tire Fee Statement, Form 6, with exemption block 1 or 10 checked, and include its sales tax exemption number. The winner then provides a copy of the Form 6 to the county treasurer showing the tax exempt status of the sales tax exempt nonprofit organization at the time the winner registers the motor vehicle.

When a nonprofit organization that is **not exempt** from sales or use tax purchases and takes title to a motor vehicle that will be awarded to the winner of a raffle or contest they must pay the sales tax to the county treasurer based on the business location of the nonprofit organization. The winner does not owe additional sales tax at the time of registration because the winner did not purchase the motor vehicle. The nonprofit organization must provide the winner a completed Nebraska Sales/Use Tax and Tire Fee Statement, Form 6, with exemption block 10 checked. The winner then provides a copy of the Form 6 to the county treasurer at the time the winner registers the motor vehicle. If the nonprofit organization purchases the motor vehicle and does not take title or pay the sales tax it must be stated on the raffle ticket that the winner is responsible for the sales tax. When the winner picks the car up, the dealer will issue a Form 6 showing the winner as the buyer. The purchase price of the motor vehicle will be the amount paid by the nonprofit organization and the date of purchase should be the date the winner picks up the motor vehicle.

Dealers must pay sales or use tax to the county treasurer on motor vehicles they donate to a nonprofit organization that will be awarded as a prize in a raffle or contest. The tax is calculated based on the dealer's cost of the motor vehicle and its business address. The winner owes no additional sales tax at the time of registration because the winner paid nothing for the motor vehicle. This applies regardless of whether or not the nonprofit organization is exempt from sales tax.

**Note.** See [Nebraska Sales and Use Tax Regulation 36, Donations, Prizes, And Promotional Give-Aways](#).

## Forms 9 and 9B

Pre-identified [Nebraska and Local Sales and Use Tax Return, Form 9](#), and [Nebraska Tire Fee Return, Form 9B](#), are mailed to the county treasurer each month. If a pre-identified form is not received for a reporting period, duplicate returns should be requested from DOR. The county treasurer must file the Form 9, Form 9B, and remit the sales tax and tire fee collected on the sales of motor vehicles and tires by the 15th day of the month following the close of the reporting period.

The county treasurer will deduct the collection fee from the total amount of sales tax collected. The county treasurer is allowed to deduct the same amount a retailer is allowed to deduct on the Nebraska Sales and Use Tax Return, Form 10. **Beginning January 1, 2020** county treasurers can deduct an additional amount equal to one-half of one percent on all amounts in excess of six thousand dollars remitted each month. The Department of Motor Vehicles is only allowed to deduct the same amount a retailer is allowed to deduct on the [Nebraska Sales and Use Tax Return, Form 10](#).

County treasurers who fail to file returns or remit the tax owed by the due date will be subject to a penalty equal to 10% of the unpaid tax, or \$25, whichever is greater. Interest is imposed at the rate specified in [Neb. Rev. Stat. § 45-104.02](#) from the due date to the date payment is received.

A record of each [Form 6](#) and [Form 6XN](#) must be retained by the county treasurer for a minimum of three years and made available to the DOR 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 DOR can provide proof of sales tax paid.

## **Insufficient Funds**

If a county has been issued a check or other form of payment of Nebraska sales and use tax and the check or other form of payment is returned to the county unpaid, the county can take a deduction on a current Form 9, line 9 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 or bank documentation is attached to the [Form 9](#) on which the deduction is taken; and
- ❖ The statement describing the collection activities taken by the county has been attached to the Form 9.

## **Confidentiality**

Sales and use tax information retained by the office of the county treasurer is confidential 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.

# Section B — ATVs/UTVs

## Purchases Subject to Tax

The county treasurer is required to collect sales and use tax upon the titling of all-terrain vehicles (ATVs) and utility-type vehicles (UTVs) that require titling and **do not** qualify for a sales and use tax exemption. The tax is collected on the sales transactions listed below (see Neb. Rev. Stat. §§ [60-103](#), [60-135.01](#), [77-2701.35](#), [77-2703](#), and the Motor Vehicle Certificate of Title Act):

**ATVs and UTVs.** Beginning October 1, 2014 all ATVs that were sold new after January 1, 2004 and UTVs that were sold new after January 1, 2011, as defined under the terms in the introduction, are required to be titled. The sales tax must be paid by the purchaser or person acting on behalf of the purchaser at the time an application for the certificate of title is submitted to the county treasurer. The county treasurer must withhold the issuance of the title until the sales tax has been paid.

The owner is not necessarily required to complete a [Form 6ATV](#) and pay the sales and use tax if the county treasurer is satisfied that an ATV or UTV was purchased prior to October 1, 2014. If the county treasurer is not satisfied that the ATV or UTV was purchased prior to October 1, 2014, the county treasurer can require the owner to complete the Form 6ATV. The owner must substantiate the date of purchase, or if an exemption is claimed they may check one of the exemption boxes on the bottom of Form 6ATV. If an owner is claiming an exemption that is not listed, it may be necessary for the owner to contact DOR, or pay the sales tax and file a [Claim for Refund of Sales and Use Tax, Form 7](#).

**ATVs and UTVs Purchased in Another State.** Owners of ATVs and UTVs that are purchased in another state, and who are required to title the ATV or UTV in Nebraska, must provide the county treasurer a completed Form 6ATV. If the purchaser only has an invoice for the ATV or UTV, the purchaser must complete Form 6ATV before titling the ATV or UTV in Nebraska. The owner is required to pay the Nebraska and local sales and use tax at time of titling unless an exemption can be properly claimed. Any sales tax properly paid to another state must be applied as a credit against the Nebraska sales or use tax due.

## Exceptions

The county treasurer will not collect sales and use tax on the following:

- ❖ **Titling Not Required.** ATVs purchased new on or before January 1, 2004 and UTVs purchased new on or before January 1, 2011 are not required to be titled in Nebraska. Refer to the terms section of these instructions to determine which ATVs and UTVs require titling.
- ❖ **Statute of Limitations.** When an ATV or UTV was purchased more than 6 years and 30 days before the title date, no sales tax, penalty, or interest can be collected. When this occurs, the words "statute of limitations" or some similar statement should be written on line 1 of Form 6ATV.

## Form 6ATV Requirements

### Reporting Tax Due

[Nebraska Sales and Use Tax Statement for All-Terrain Vehicle \(ATV\) and Utility-Type Vehicle \(UTV\) Sales, Form 6ATV](#) is a 4-part form used for reporting the sales and use tax to the county treasurer. The instructions on the reverse side of Form 6ATV provide important information for the purchaser, seller, and county treasurer.

The seller must state on the customers sales invoice the dollar amount of the sales tax and furnish a completed Form 6ATV to the purchaser. As part of Form 6ATV, the seller is required to complete questions A and B, which will provide the county treasurer with much needed information.

- A. Did the purchaser take possession of the ATV or UTV at the seller's address listed on this Form 6 ATV? Yes No If No, answer B.

- B. Was the ATV or UTV delivered to the purchaser's address listed on this Form 6ATV? Yes   No  
If No, provide the address of where it was delivered \_\_\_\_\_

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

If the purchaser claims an exemption from sales tax they will complete the exempt section of the Form 6ATV. Sellers 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.

## **30-Day Sales Tax Reporting Period**

The purchaser of an ATV or UTV in this state owes tax on the amount paid for the ATV or UTV. The purchaser will not owe penalty and interest, provided the ATV or UTV is titled or the tax is paid within 30 days from the date of purchase. A nonresident purchaser is not required to pay the tax, provided the ATV or UTV is removed from this state within 30 days after the date of purchase.

## **Tax Computation**

The "Tax Computation" portion of Form 6ATV must be completed to reflect the following:

- ❖ Total sales price of the ATV or UTV;
- ❖ Trade-in allowance, if any;
- ❖ Tax base on which the sales and use tax will be computed.

Items included in the total sales price:

- ❖ Accessories;
- ❖ Destination charges;
- ❖ Import custom fees;
- ❖ Surcharges;
- ❖ Charges for a service and maintenance agreement;
- ❖ Document processing fees;
- ❖ Charges for warranty transfers; and
- ❖ Dealer-installed options.

Items not included in the total sales price:

- ❖ Title and lien fees paid by a seller to public officials on behalf of its customers; and
- ❖ Loan payoff amounts paid by a dealership.

**Note.** The amount of a rebate granted by an ATV or UTV manufacturer cannot be deducted from the total selling price of the ATV or UTV.

## **Local Sales and Use Tax**

County treasurers are required to collect the local sales and use tax based on the location of the sale of the ATV or UTV and not on the title address of the ATV or UTV. The location of the sale is where the purchaser takes delivery of the ATV or UTV. The responses to questions A and B on [Form 6ATV](#) provide the information to determine the location of the sale. If the seller indicates on Form 6ATV that the purchaser took delivery of the ATV or UTV at the seller's address, the county treasurer must collect the local sales and use tax based on the seller's address. If the ATV or UTV is delivered to the purchaser's address or some other address, the county treasurer will collect the local sales and use tax at the rate in effect at that address.

**Example.** A person who lives in Lincoln purchases and takes delivery of the ATV at the dealer's location within the City of Omaha. The purchaser titles the ATV in Lincoln. The Lancaster County Treasurer must collect the Omaha local sales tax. The Lancaster County Treasurer must report the Omaha local sales tax on its [Form 9ATV](#), Nebraska Schedule – Local Sales and Use Tax Collected.

**Example.** A person who lives in Hastings purchases an ATV from a seller located in Grand Island and has the seller deliver it to the purchaser's residence in Hastings. The Adams County Treasurer must collect the Hastings local sales tax. The Adams County Treasurer will report the Hastings local sales tax on its Form 9ATV, Nebraska Schedule – Local Sales and Use Tax Collected.

The county treasurer will collect and report the local sales tax for several different cities. If you have collected the local sales and use tax for a city that is not pre-identified on your Nebraska Schedule I – Local Sales and Use Tax, enter the city or county name, code, and sales tax amount for each city in the blank spaces. If you have more than 20 cities or counties for which you collected the local sales and use tax, attach a list and provide the city or county name, code, and sales tax amount for each city or county. If you do not know the local code, it can be obtained from DOR's website on the [Nebraska Sales and Use Tax](#) page under Local Sales and Use Tax Rates.

## Tire Fee

ATV and UTV tires are not subject to the tire fee. The purchase of trailers from a dealer to haul an ATV or UTV is subject to the tire fee. The county treasurer must collect the \$1 tire fee on each tire including the spare of every new trailer, and each new tire sold with a used trailer. Unlike the sales tax exemption, the exemption from tire fee is only allowed for the federal government, and its agencies, and Native American Indians living within an Indian reservation or on Indian country. 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](#). Nonprofit organizations, state and local governmental agencies/units, and common or contract carriers are not exempt from paying the tire fee.

## Signatures

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

Purchasers claiming an exemption should sign the Form 6ATV both as the purchaser or agent of purchaser and person claiming exemption.

## 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 is required to provide documentation to the county treasurer to support the exemption and must sign the exempt sales certificate on the Form 6ATV. If the supporting documentation is not provided or the [Form 6ATV](#) is not signed, the exemption must be disallowed and the person must pay the proper sales or use tax. Persons claiming an exemption that is questionable should be cautioned about the penalty clause (above the signature line) when signing the Form 6ATV exempt sales certificate. Persons who are not sure if they qualify should be referred to DOR. The following types of exemptions may be claimed on the Form 6ATV:

- 1. Agricultural Machinery and Equipment.** Depreciable agricultural machinery and equipment that will be directly used in commercial agriculture (refer to the [Agricultural Machinery and Equipment Sales Tax Exemption Information Guide](#)). However, the purchaser should list the ATV or UTV on their personal property return. The county treasurer may want to share a copy of Form 6ATV with the county assessor's office in these instances.

- 2. Exempt Organizations.** An organization holding a valid Nebraska sales and use tax certificate of exemption is exempt from sales and use tax on the purchase of ATVs and UTVs. The title to the ATVs or UTVs must be in the name of the exempt organization. Only those organizations that are specifically listed in the [Sales Tax Exemption Chart](#) as exempt entities are exempt from Nebraska sales and use tax. The organization's exemption number must be indicated on the Form 6ATV.
- Most nonprofit organizations are not exempt from Nebraska sales and use tax and must pay the tax on ATVs and UTVs purchased for their own use. This includes purchases of ATVs and UTVs to be given away. (See [The Nebraska Taxation of Nonprofit Organizations Information Guide](#) for organizations that are not exempt from sales and use tax.)
- 3. Lease.** The purchase of an ATV or UTV by a lessor for lease or rental is not subject to sales and use tax at the time of titling. The lessor's sales tax permit number used to report lease receipts must be indicated on the [Form 6ATV](#).
- 4. Purchase by a Native American Indian Residing within Indian Country in Nebraska.** The sale of an ATV or UTV to a Native American Indian residing within an Indian reservation or on Indian country in Nebraska is exempt from sales and use tax, provided the ATV or UTV was delivered to a location within the Indian reservation or on Indian country in Nebraska. A valid state tax exemption card number must be indicated on the sales invoice and on the Form 6ATV. When a Native American Indian and a non-Native individual hold title to an ATV or UTV as joint owners, and the ATV or UTV was delivered to a location within an Indian reservation or on Indian country in Nebraska, sales and use tax is due on the dollar value of the non-Native American Indian's share of the ATV or UTV (see [Revenue Ruling 1-76-27](#)).
- 5. 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 for purchases of ATVs and UTVs 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 6ATV, since sales and use tax exemption numbers are not assigned to these entities (refer to the [Governmental Entities Information Guide](#)).
- 6. Gift or Inheritance.** An ATV or UTV received by a new owner (donee) as a gift or by inheritance 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 titling the ATV or UTV 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 titling. The tax is based on the original purchase price of the ATV or UTV, but if the donee cannot provide evidence of the original purchase price, the tax is based on the actual value of the ATV or UTV. Evidence of previously paid tax may include a tax-paid receipt or proof of prior titling 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 an ATV or UTV into or out of 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 donor and donee. Consideration is not limited to money. Listed below are some transactions that **do not** qualify as a gift:

- The transfer of an ATV or UTV 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 ATV or UTV. When the father titles the ATV or UTV, 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.

- The transfer of an ATV or UTV 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 ATV or UTV 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 titles the ATV or UTV, he or she owes tax on the amount normally charged to paint a house of similar size.

**7. Transfers.** Transfers of an ATV or UTV during the creation, reorganization, or dissolution of a corporation, limited liability company, or partnership solely for voting stock, membership interest, or partnership interest. Also includes the transfer of an ATV or UTV as additional capital to an ongoing corporation. (Documentation required.)

**8. Intercompany Sale.** The transfer of an ATV or UTV 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 if the seller directly or indirectly paid the sales or use tax on the ATV/UTV to the seller prior to October 1, 2014 or to the county treasurer when the ATV or UTV was titled in this state. (Documentation required.)

This occasional sale 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).

## Other Information

For information on the subjects listed below refer to Section A, Motor Vehicles, Trailers, and Semitrailers of these instructions. ATV and UTV purchases and the titling of ATVs and UTVs are treated in a similar manner as motor vehicles and the registration of motor vehicles in Section A.

- ❖ Date of Sale or Purchase
- ❖ Dealer Discount
- ❖ Statute of Limitation
- ❖ Trade-In
- ❖ Annexations and Local Sales and Use Tax
- ❖ Interest and Penalty
- ❖ Credit for Tax Paid to Another State
- ❖ Refunds
- ❖ Change of Name and Address on the Title
- ❖ Insurance on Wrecked ATVs and UTVs
- ❖ Rescinded Sales
- ❖ ATVs and UTVs Sold for Parts
- ❖ ATV and UTV Dealers
- ❖ ATVs and UTVs Awarded as Prizes
- ❖ Form 9ATV
- ❖ Insufficient Funds
- ❖ Confidentiality

# Section C — Motorboats

## Purchases Subject to Tax

The county treasurer is required to collect sales and use tax upon the registration of motorboats 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. §§ [77-2703](#), [37-1204](#), [77-2701.16](#), [77-2701.24](#), [77-2701.35](#), [77-2703.01](#), [77-2704.44](#), [77-27.132](#)):

**Motorboats.** Motorboats, are required to be registered when purchased. If an exemption is claimed, the owner must complete a [Form 6MB](#) checking the appropriate exemption box on the bottom of Form 6MB. When the owner is claiming an exemption that is not listed, the owner must pay the sales tax and may file a [Claim for Refund of Sales and Use Tax, Form 7](#).

**Motorboats Purchased in Another State.** Any person who purchases a motorboat in another state, and who are required to register the motorboat in Nebraska, must provide the county treasurer a completed Form 6MB. If the purchaser only has an invoice for the motorboat, the purchaser must complete a Form 6MB before registering the motorboat in Nebraska. The owner is required to pay the Nebraska and local sales and use tax unless an exemption can be properly claimed.

**Watercraft that Becomes a Motorboat.** When a person purchases a motor and attaches it to a non-motorized boat it becomes a motorboat. The owner must register the motorboat with the county treasurer. A credit is allowed for any sales tax previously paid on the non-motorized boat and motor. The owner must provide documentation supporting the payment of sales tax.

**Motorboats Sold Between Private Individuals.** When a motorboat is sold between two private individuals the seller must provide the purchaser a bill of sale that reflects the selling price of the motorboat, the date of the sale, and the signature of the seller. The seller should also complete a Form 6MB and provide it to the purchaser along with the bill of sale. (See [Occasional Sale provisions in Section A](#).)

**Repossessed Motorboats.** When a repossessed motorboat is sold to the original owner or any other person, the amount subject to tax is the total amount paid to the repossession in order for the original owner or other person to obtain a **new** title to the motorboat. Total amount paid includes the amount due to pay off the note (debt), and any other amounts that must be paid to the repossession for reimbursement of the expenses incurred for repossessing the motorboat.

When a repossessed motorboat is registered by the repossession for the purpose of using it, the amount subject to tax is the amount of the debt forgiven and any other consideration paid by the repossession.

**Homemade Motorboats.** If the person registering the motorboat can prove that sales tax was paid on the materials, or that the materials were not taxable because they were purchased pursuant to an occasional sale exemption, no sales tax is due on the registration of the motorboat. The county treasurer should register the motorboat without collecting any additional tax. The county treasurer should write on the bottom of the Form 6MB: "TPV – Homemade Motorboat" (TPV means "Tax Paid Vendor"). Please refer any questions to DOR.

**Unassembled Motorboat Kits.** The person registering the motorboat must be able to provide proof of sales tax paid to the retailer. The purchaser's receipt is probably the only documentation available. Without proof of payment, the county treasurer must collect the sales tax on the cost of the kit.

**Motorboat Dealers.** Motorboat dealers applying for a class 1, 2, 3, or 4 boat number and certificate are required to pay sales and use tax at time of registration. A Nebraska Sales and Use Tax Statement for Motorboat Sales, Form 6MB, must be completed.

**Motorboat Trailers.** The sale of a trailer by any dealer is to be reported on a [Nebraska Sales/Use Tax and Tire Fee Statement for Motor Vehicle and Trailer Sales, Form 6](#). Purchasers are required to pay the sales tax to the county treasurer when the trailer is registered. Sellers who are not required to be licensed to sell motorboat trailers, and who do not complete a Form 6, must collect the Nebraska and local sales tax at the time the trailer is sold. The seller will collect the sales tax at the rate in effect where the purchaser takes possession of the trailer. The person registering the trailer must be able to provide proof of sales tax paid to the seller to forego the payment of sales tax at the time the trailer is registered.

**Example.** A person who lives in Hastings purchases a motorboat and trailer from a seller located in Grand Island and takes possession of the motorboat and trailer at the seller's location in Grand Island. The dealer completed the Form 6MB and Form 6, and did not collect sales tax on the transaction. The Adams County Treasurer must collect Nebraska and Hastings local sales tax based on the registration address of the trailer. The Adams County Treasurer will report the Hastings local sales tax collected on the registration of the trailer on the [Nebraska and Local Sales and Use Tax Return, Form 9](#).

## Exceptions

The county treasurer will not collect sales and use tax on the following.

- ❖ **Watercraft Not Defined as a Motorboat.** The retailer is required to collect the applicable tax on all watercraft that do not meet the definition of a motorboat. If you have any question please contact DOR.
- ❖ **Credit for Sales Tax Paid to a Retailer.** When a motorboat is purchased from a dealer, the owner is entitled to a credit for the sales tax paid to the dealer. The amount of sales tax paid to the dealer should be shown on Form 6MB, line 8.
- ❖ **Statute of Limitations.** If it is determined that the motorboat was purchased more than six years and 30 days before the registration date, no sales tax, interest, or penalty can be collected. The words "statute of limitations" or some similar statement should be written on Form 6MB, line 1.
- ❖ **Dealers Registering a Class 5 Motorboat.** Motorboat dealers applying for a class 5 boat number and certificate are not required to pay any sales and use tax on such registration. A Nebraska Sales and Use Tax Statement for Motorboat Sales, Form 6MB, is not required to be completed.
- ❖ **Vessel with a Valid Marine Document.** Purchasers of vessels, as defined in [Neb. Rev. Stat. § 37-1203](#), with a valid marine document issued by the Bureau of Customs of the United States Government or any federal agency successor thereto are not required to register and pay taxes to the county treasurer. This includes, but is not limited to, vessels registered with the U.S. Coast Guard. However, sales of these vessels are sales of tangible personal property subject to sales and use tax in Nebraska when transfer of possession or first use takes place in this state. Use tax must be reported and paid to DOR by the purchaser. Individual purchasers must report and pay the use tax on the [Nebraska and Local Individual Use Tax Return, Form 3](#).

## Form 6MB Requirements

### Reporting Tax Due

[Nebraska Sales and Use Tax Statement for Motorboat Sales, Form 6MB](#), is a 4-part form used for reporting the sales and use tax to the county treasurer. The instructions on the reverse side of Form 6MB provide important information for the purchaser, seller, and county treasurer.

The seller must state on the customer's sales invoice the dollar amount of the sales tax and furnish a completed Form 6MB to the purchaser. The purchaser must present the white and blue copies of the Form 6MB to the county treasurer for completion of the motorboat registration.

If the purchaser claims an exemption from sales tax they will complete the exempt section of the Form 6MB. Sellers must keep the pink copy for their records, and if required to file a sales and use tax return must mail the green copy with their Nebraska and Local Sales and Use Tax Return, Form 10.

## **30-Day Sales Tax Reporting Period**

The purchaser of a motorboat in this state owes tax on the amount paid for the motorboat. The purchaser will not owe penalty and interest, provided the sales tax is paid within 30 days from the date of purchase. A nonresident purchaser is not required to pay the tax, provided the motorboat is removed from this state within 30 days from the date of purchase.

## **Tax Computation**

The "Tax Computation" portion of [Form 6MB](#) must be completed to reflect the following:

- ❖ Total sales price of the motorboat;
- ❖ Trade-in allowance, if any;
- ❖ Manufacturer's rebate assigned to the dealer;
- ❖ Tax base on which the sales and use tax will be computed.

The following items are part of the total sales price and must be included in the tax base:

- ❖ Boat;
- ❖ Motor;
- ❖ Accessories;
- ❖ Destination charges;
- ❖ Import custom fees;
- ❖ Surcharges;
- ❖ Charges for a service and maintenance agreement;
- ❖ Document processing fees;
- ❖ Charges for warranty transfers; and
- ❖ Dealer-installed options.

The following items are not part of the total sales price and are not included in the tax base:

- ❖ Dealer discounts;
- ❖ Interest;
- ❖ Insurance;
- ❖ Title and lien fees paid by a seller to public officials on behalf of its customers; and
- ❖ Loan payoff amounts paid by a dealership.

## **Local Sales and Use Tax**

The registration address shown on the motorboat registration certificate issued by the county determines whether or not the county treasurer must collect the local sales and use tax on a motorboat being registered in this state.

## **Tire Fee**

**County Treasurer.** The county treasurer, must collect the \$1 tire fee on each tire including the spare of every new trailer, and each new tire sold with a used trailer. Unlike the sales tax exemption, the exemption from tire fee is only allowed for the federal government and its agencies and Native American Indians living within an Indian reservation or on Indian country. When the sale of a motorboat trailer occurs between two individuals, no tire fee is due at the time the trailer is registered. 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](#).

Nonprofit organizations, state and local governmental agencies/units, and common or contract carriers are not exempt from paying the tire fee.

## **Signatures**

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

Purchasers claiming an exemption must sign the Form 6MB both as the purchaser or agent of purchaser and person claiming the exemption.

## **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 is required to provide documentation to the county treasurer to support the exemption and must sign the exempt sales certificate on Form 6MB. If the supporting documentation is not provided or the Form 6MB is not signed, the exemption must be disallowed and the person must pay the proper sales or use tax. Persons claiming an exemption that is questionable should be cautioned about the penalty clause (above the signature line) when signing the Form 6MB exempt sales certificate. Persons who are not sure if they qualify should be referred to DOR. The following types of exemptions may be claimed on Form 6MB:

- 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 motorboats. The title to the motorboat must be in the name of the exempt organization. Only those organizations that are specifically listed in the [Sales Tax Exemption Chart](#) as exempt entities are exempt from Nebraska sales and use tax. The organization's exemption number must be indicated on the Form 6MB.

Most nonprofit organizations are not exempt from Nebraska sales and use tax and must pay the tax on motorboat purchased for their own use. This includes purchases of motorboats to be given away. (See [The Nebraska Taxation of Nonprofit Organizations Information Guide](#) for organizations that are not exempt from sales and use tax.

- 2. Lease.** The purchase of a motorboat by a lessor for lease or rental is not subject to sales and use tax at the time of registration. The lessor or person registering the motorboat must indicate on the Form 6MB the lessor's sales tax permit number used to report the lease receipts.

- 3. Purchase by a Native American Indian Residing within an Indian reservation or on Indian Country in Nebraska.** The sale of a motorboat to a Native American Indian residing within an Indian reservation or on Indian country in Nebraska is exempt from sales and use tax provided the motorboat is registered within an Indian reservation or on Indian country in Nebraska. A valid state tax exemption card number must be indicated on the sales invoice and on the Form 6MB.

When a Native American Indian and a non-Native individual hold title to a motorboat as joint owners and the motorboat is registered at an address within an Indian reservation or on Indian country in Nebraska, sales and use tax is due on the dollar value of the non-Native individual's share of the motorboat.

- 4. Purchased and Registered Outside Nebraska.** No sales tax is due on motorboats coming into Nebraska that have been registered for operation in another state, including motorboats 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 United States, the District of Columbia, the Commonwealth of Puerto Rico, any territory or possession of the United States, and any foreign country or political subdivision thereof.

- 5. 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 motorboat which would be used by any department or portion of the governmental unit that sells gas, electricity, water, or heat. Sales and use tax exemption numbers are not assigned to such entities. Therefore, an exemption number is not required to be indicated on Form 6MB.

- 6. Intercompany Sale.** The transfer of a motorboat 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 exemption **provided** the motorboat 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 the motorboat.

The occasional sale exemption 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 an individual such as a brother or sister.

- 7. Gift or Inheritance.** A motorboat received by a new owner (donee) as a gift or inheritance 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 a motorboat does not present evidence that the donor has previously paid the applicable tax, then tax is due on the transfer of that motorboat as a condition of registration. The tax is based on the original purchase price of the motorboat, but if the donee cannot provide evidence of the original purchase price, the tax is based on the actual value of the motorboat. 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 (new owner) is required to pay sales or use tax.

Motorboat sellers may not gift an inventory vehicle without first paying the sales tax. The transfer of a motorboat into or out of 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 nontaxable gift, the transfer of ownership must be unconditional and not involve consideration between the donor and donee. Consideration is not limited to money. Transfers of motorboats resulting in the forgiveness of a monetary debt such as a lien, mortgage, or other encumbrance previously assumed by the donor, cannot qualify as a tax-free gift. The transfer of a motorboat as payment for services rendered cannot qualify as a tax-free gift.

## Other Information

For information on the subjects listed below refer to Section A, Motor Vehicles, Trailers, and Semitrailers of these instructions. Motorboat purchases and the registration of motorboats are treated in a similar manner as motor vehicles and the registration of motor vehicles in Section A.

- ❖ Date of Sale or Purchase
- ❖ Dealer Discount
- ❖ Statute of Limitation
- ❖ Trade-In
- ❖ Annexations and Local Sales and Use Tax
- ❖ Interest and Penalty
- ❖ Credit for Tax Paid to Another State
- ❖ Refunds
- ❖ Change of Name and Address on the Title
- ❖ Insurance on Wrecked Motorboats
- ❖ Rescinded Sales
- ❖ Motorboats Sold for Parts
- ❖ Motorboat Dealers
- ❖ Motorboats Awarded as Prizes
- ❖ Forms 6MB
- ❖ Insufficient Funds
- ❖ Confidentiality