

8130.1500 EXEMPTION FOR PROPERTY TAKEN IN TRADE.

Any amount allowed as a credit against the sales price for tangible personal property taken in trade for resale is exempt under Minnesota Statutes, section 297A.67, subdivision 26. The payoff of the old contract does not affect the amount allowed on the trade-in; even if this indebtedness is included in the new contract. The property so accepted qualifies for the exemption if the property is taxable under the Sales and Use Tax Law or the Sales Tax on Motor Vehicles Law.

Example 1. A dealer sells a new boat with a list price of \$3,000 to a customer. The dealer accepts the customer's used boat in trade and gives the customer a credit of \$1,000. The credit qualifies for the exemption. Consequently, the sales price is \$2,000.

Example 2. A mobile home dealer sells a customer a new mobile home with a list price of \$12,000. The customer trades in an old mobile home which has an existing loan of \$2,000 on it. The dealer agrees to include the payoff amount of the old contract in the new contract. The dealer allows \$5,000 for the trade-in of the customer's mobile home. The following represents the amount of financing the customer arranges for and the sales price is \$7,000:

List price	\$12,000
Less: Trade-in	5,000
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Sales price	\$ 7,000
Add: Payoff of old contract	2,000
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New contract	\$ 9,000

The tax is computed on the sales price of \$7,000.

Statutory Authority: *MS s 14.388; 270C.06; 297A.29*

History: *17 SR 1279; L 2005 c 151 art 1 s 114; 31 SR 449*

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