

News Release

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FOR IMMEDIATE RELEASE:

November 16, 2011

Minnesota Department of Revenue investigates sales tax evasion for recreational vehicles

Saint Paul – The Minnesota Department of Revenue reminds Minnesota residents that motor vehicles they purchase, including recreational vehicles, are subject to the state’s 6.5 percent motor vehicle sales tax and the vehicles must be registered in Minnesota. This rule applies regardless of where the vehicle was purchased.

“While the majority of Minnesota residents pay taxes when purchasing a vehicle, there is a small group that isn’t paying their share. We are investigating these tax evasion activities and we will ensure that all Minnesotans follow the rules and pay the taxes that they owe,” said Revenue Commissioner Myron Frans.

The department is investigating cases in which Minnesota residents set up shell corporations in Montana (in these cases, limited liability corporations, LLCs) in an attempt to evade paying sales tax on high end recreational vehicles. The tax evasion scheme follows a pattern where the Minnesota resident sets up the shell corporation in Montana to purchase the recreational vehicle and register the vehicle in Montana. Because this scheme violates [Minnesota law](#), any Minnesota resident evading the motor vehicle sales tax could face gross misdemeanor or felony criminal charges, in addition to paying the sales tax, penalty and interest.

The department has closed 22 cases since October 2010 and collected \$230,000. The price of the motor homes involved ranges from \$150,000 to over \$1 million. Currently, the department is investigating 270 cases and is working with Montana authorities, Minnesota State Patrol and the Minnesota Department of Public Safety Vehicle Crimes Unit to combat this issue.

Those who have not paid taxes on a recreational vehicle should contact the Minnesota Department of Revenue at 651-556-6684 or visit www.taxes.state.mn.us.

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