



# Minnesota Sales and Use Tax

## Instruction Booklet

(Revised June 2004)

### Inside this booklet

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Exemption Certificate

**Please keep this booklet  
for future reference.**

### Need help with your taxes?

We're ready to answer your questions!

Phone: **651-296-6181**

Minnesota Relay 711 (TTY)

E-mail: **[salesuse.tax@state.mn.us](mailto:salesuse.tax@state.mn.us)**

600 North Robert Street, St. Paul, MN 55146-6330  
Hours: 8:00 a.m. – 4:30 p.m. Monday through Friday

*Information in this booklet is available in other formats upon  
request for persons with disabilities.*



**File your return electronically at  
[www.taxes.state.mn.us](http://www.taxes.state.mn.us).**

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# Registering your business

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You must register to collect sales tax if you make taxable retail sales in Minnesota. This includes sellers outside Minnesota who:

- have an office; distribution, sales, or sample room location; warehouse or other place of business in Minnesota, either directly or by a subsidiary;
- have a representative, agent, salesperson, canvasser, or solicitor in Minnesota, on either a permanent or temporary basis, who operates under the authority of the retailer or its subsidiary for any purpose, such as repairing, selling, delivering, installing, soliciting orders for the retailer's goods or services, or leasing tangible items in Minnesota;
- deliver items into Minnesota in their own vehicles; or
- provide taxable services in Minnesota.

See Revenue Notice #00-10, *Sales and Use Tax – Nexus Standards* for criteria on determining when an out-of-state retailer is required to register, collect and remit Minnesota sales or use tax on sales made into Minnesota.

If you make retail sales in any city or county with a local sales tax, you must also register to collect that local tax (see page 3).

If you sell only nontaxable items, you do not need to register.

If you do not make taxable sales, but make purchases subject to use tax, you must register to remit use tax. See page 3 for more information about use tax.

It is against the law to make taxable retail sales or provide taxable services in Minnesota without being registered.

**Affiliate nexus.** Beginning May 19, 2002, affiliates are required to collect and remit Minnesota sales tax on sales made into Minnesota.

An entity is an affiliate of a Minnesota business if the related entity promotes the affiliate's business or provides services to the out-of-state entity and the retailer and entity are related parties. A retailer and entity are related parties if at least one of the following is true:

- One of the parties owns directly or indirectly at least 50 percent of the other party's outstanding stock;
- One of the parties is a partnership, estate or trust that owns directly or indirectly at least 50 percent of the capital, stock, or value of the other party; or
- An individual stockholder or the stockholder's family owns directly or indirectly at least 50 percent of the value of outstanding stock of both entities.

For example, if two entities are related and the in-state entity advertises, promotes or facilitates the establishment or maintenance of a market in Minnesota for an out-of-state seller, the in-state entity creates nexus for the out-of-state seller.

In addition, if the in-state entity provides services to the out-of-state seller (such as accepting returns from the seller's customers, resolving complaints from the seller's customers, etc.), the in-state entity also creates nexus for the out-of-state seller.

## How to register or report business changes

Call 651-282-5225 to register to collect sales tax, report use tax, request a registration form or notify us of changes in your business. TTY: Call 711 for Minnesota

Relay. The registration form (Form ABR) is also available on our website at [www.taxes.state.mn.us](http://www.taxes.state.mn.us).

If you prefer, you can write to: Minnesota Revenue, Mail Station 4410, St. Paul, MN 55146-4410.

You must notify us if you:

- Change your **legal organization** (from individual to partnership or LLC, partnership to corporation, etc.).
- **Add or close** a location.
- Begin making **sales in a city or county with a local tax** (see page 3). If you file your return on the Internet, you can add a local tax when filing. If you file by phone, you must call our office to add a local tax.
- Begin selling a **product or service that is reported separately** such as liquor (on or off-sale), car rentals, waste hauling services, etc. If you file your return on the Internet, you can add these tax types when filing. If you file by phone, you must call our office to add them.
- Find your business has increased so that you are **required to file more often** (see page 11).
- **Close** your business.

## Operators of selling events

Before an operator of a county fair, craft show, art fair, flea market, trade show, or similar selling event can rent space to a person to sell at the event, the operator must have proof that the seller holds a valid sales-tax registration, or a written statement from the seller that no taxable items are being sold. Form ST19 is available for this purpose.

Anyone who pays consideration of any kind to sell at such an event is considered to be in business and must collect sales tax on all retail sales of taxable items.

**Penalty.** Operators who do not have Form ST19 or a similar written statement from sellers can be fined \$100 for each seller that is not in compliance for each day of the selling event.

*Fact Sheet 148, Selling Event Exhibitors and Operators; Revenue Notices 95-04 and 98-04.*

# Minnesota and local taxes

## Sales tax

Minnesota has a 6.5 percent general sales-tax rate. See pages 4 – 9 for examples of what’s taxable and what’s not taxable in Minnesota.

## Use tax

If you buy a taxable item for your own use without paying sales tax, you probably owe use tax. The tax rate is the same for both sales and use tax, and the same exemptions apply.

Here are some cases when use tax is due:

- You buy taxable items by mail order, from a shopping channel, over the Internet, etc., and the seller doesn’t collect Minnesota tax from you.
- You buy something exempt intending to resell it in your business, but instead take it out of inventory for business or personal use.
- A seller in another state or country does not collect any sales tax from you on a sale of an item that is taxed by Minnesota’s law.
- A Minnesota seller fails to collect sales tax from you on a taxable item.
- An out-of-state seller properly collects another state’s sales tax at a rate lower than Minnesota’s. In this case, you owe the difference between the two rates.

Keep track of your purchases subject to use tax and report them when you report your sales tax. Also, keep a record of the purchases on which you paid use tax, noting the date reported and paid.

If you are located in an area that has a local tax, be sure to also report local use tax.

**Individuals** as well as businesses owe use tax on taxable purchases when they have not paid sales tax. An individual, however, can purchase up to \$770 in taxable items for personal use without owing use tax. If the individual buys more than \$770 in a calendar year, that person owes use tax on all taxable items purchased that year. *This*

*exemption does not apply to purchases from a seller who is required to collect Minnesota sales or use tax and does not.*

Use Form UT-1 to report your individual use tax. *Fact Sheets 146, Use Tax for Businesses; and 156, Use Tax for Individuals.*

## Local taxes

We currently administer and collect the local taxes shown at the right. Sales tax applies to retail sales made and taxable services provided within the city or county.

Use tax applies to taxable items used in the city or county if local sales tax was not paid. The tax applies to the same items that are taxed by the Minnesota sales and use tax law. You must be registered for any locality if you do business there. For more information about local taxes, see *Fact Sheet 164, Local Sales and Use Taxes.*

For information about the seven *special* local taxes (shown at the right with an asterisk [\*]), see *Fact Sheet 164S, Special Local Taxes.*

**Duluth** administers its own local taxes. For information and forms, contact the city of Duluth directly at: Duluth Sales Tax, 105 City Hall, Duluth MN 55802. Phone 218-723-3271.

## How to report local taxes

Local taxes are reported at the same time you report your Minnesota sales and use tax, but the figures are reported separately.

**You must be registered for each local tax you report.**

- If you file over the Internet, you may register for local taxes online. Just click **Add a sales tax type** when filing your return.
- If you file by phone, you must register for local tax before you file your return. Call 651-282-5225 to register.

To figure the tax, combine the state sales-tax rate and the local rate. Apply the combined rate to the taxable sales price and round to the nearest full cent. (Rate cards are available upon request.)

## Local taxes by city/county

<b>Cook County</b>	
Sales tax	1.0%
Use tax	1.0%
<b>Hermantown</b>	
Sales tax	0.5%
Use tax	0.5%
<b>Mankato</b>	
Sales tax	0.5%
Use tax	0.5%
<b>Minneapolis</b>	
Sales tax	0.5%
Use tax	0.5%
Downtown liquor tax*	3.0%
Lodging tax*	3.0%
Downtown restaurant tax*	3.0%
Entertainment tax*	3.0%
<b>New Ulm</b>	
Sales tax	0.5%
Use tax	0.5%
<b>Proctor</b>	
Sales tax	0.5%
Use tax	0.5%
<b>Rochester</b>	
Sales tax	0.5%
Use tax	0.5%
Lodging tax*	4.0%
<b>St. Cloud</b>	
Liquor tax*	1.0%
Food tax*	1.0%
<b>St. Cloud area</b> ( <i>begins 1/1/03</i> )	
Sales tax	0.5%
Use tax	0.5%
<b>St. Paul</b>	
Sales tax	0.5%
Use tax	0.5%
<b>Two Harbors</b>	
Sales tax	0.5%
Use tax	0.5%
<b>Willmar</b> ( <i>ended 12/31/01</i> )	
Sales tax	0.5%
Use tax	0.5%
<b>Winona</b> ( <i>ended 12/31/02</i> )	
Sales tax	0.5%
Use tax	0.5%

*Changes to local taxes occur frequently. See Fact Sheet 164 for a current list.*

# What's taxable?

**Most retail sales are taxable** in Minnesota. A “retail sale” means any sale, lease or rental for any purpose other than resale, sublease or subrent.

**Sales, leases and rentals are taxable** regardless of quantity or whether the item is new or used, unless an exemption applies. Some services are also taxable.

**Rate charts** are available at the following percentages. Call our office to request copies or download them from our website.

Form ST6:	6.5% rate chart
Form ST69:	7.0% rate chart
Form ST68:	7.5% rate chart
Form ST64:	8.0% rate chart
Form ST-6L:	9.0% rate chart
Form ST65:	9.5% rate chart
Form ST66:	10.0% rate chart

## Figuring the tax

The following guidelines will help you determine the sales price on which the tax is charged.

- Deduct **federal excise tax** imposed directly on the customer if separately stated on the customer's bill.
- For **trade-ins**, charge sales tax on the *difference* between the price of the item you are selling and the trade-in allowance. The item traded must be a taxable item and something you normally sell in your business.
- Do not charge sales tax on **interest, financing and carrying charges** on credit sales if separately stated on the customer's bill.
- Charge sales tax on **shipping, handling and installation charges** for taxable items.
- Charge sales tax on the total price of any taxable **services**. Do not deduct the cost of materials and supplies you used to provide the service.
- Deduct **cash discounts**, trade discounts or quantity discounts you give at the time of sale.

- When honoring one of **your own coupons**, subtract the coupon amount first, then charge sales tax on the remaining amount. Handle “two-for-one” and similar coupons the same way.
- When honoring a **manufacturer's coupon**, charge sales tax first, then subtract the coupon amount.
- **Gift certificates** are treated the same as cash. Charge sales tax, then subtract the gift certificate amount.

List the tax separately from the sales price for your customer whenever practical. You can include the tax in the selling price; however, you must publicly post that the price includes all applicable sales tax or state on the invoice that tax is included.

## Examples of taxable sales

**Admission and amusement fees.** Fees to use health clubs, amusement devices, tanning facilities, spas, athletic facilities, golf clubs, ski hills, recreational areas (campgrounds, parks, trails, picnic grounds), movies, etc., are taxable. One-time initiation fees and membership dues to athletic clubs are also taxed. *Fact Sheet 124, Exercise Facilities and Health Clubs.*

**Aircraft.** *Fact Sheet 101, Aircraft.*

**Building materials, supplies and equipment** sold to owners, contractors, subcontractors and builders to build, alter, repair or improve real property. *Fact Sheet 128, Contractors.*

**Cable and satellite TV service** including basic, premium, pay-per-view, digital, direct satellite, music services and other similar services.

**Candy and soft drinks.** *Fact Sheets 102B, Candy; and 102C, Soft Drinks and Other Beverages.*

**Cigarettes**, cigars and other tobacco products.

**Computer software**, packaged or canned. *Fact Sheet 134, Computer Software.*

**Delivery charges** (including shipping and handling) for taxable items or services. *Fact Sheet 155, Delivery Charges.*

**Drugs.** Most over-the-counter medicine and health-care products, except analgesics. *Fact Sheet 117, Health Products.*

**Fabrication labor.** Charges to produce, fabricate, print or process items, even if the customer directly or indirectly furnishes materials used. *Fact Sheet 152, Labor.*

**Installation labor** for taxable items or services. *Fact Sheet 152, Labor.*

**Local governments.** Sales to most local governments (including counties, cities, towns, commissions, boards and special taxing districts) are taxable. Some schools, hospitals, nursing homes, libraries and towns, however, can make exempt purchases (see *Sales to local governments* on page 9). *Fact Sheets 111, Schools – Sales and Purchases; 135, Fire Fighting, Police and Emergency Equipment; 139, Libraries; and 142, Sales to Governments.*

**Lodging** (including lodging for less than 30 days) and related services. *Fact Sheet 141, Hotels and Lodging Facilities.*

**Machinery, equipment, tools, accessories, appliances, furniture and fixtures**, either new or used. See page 18 to determine if you qualify for a capital-equipment refund.

**Machinery, office equipment and other items sold by businesses** that used the items in their trade or business. *Fact Sheet 132, Occasional Sales of Business Equipment and Goods.*

**Meals and drinks** prepared by the seller, including take-out orders and catering. *Fact Sheets 102D, Prepared Food; 118, Hospital and Nursing Home Meals; and 137, Restaurants and Bars.*

# What's taxable? (continued)

**Motor vehicles. Leases and rentals of motor vehicles and sales of vehicles that don't require registration**, such as all-terrain vehicles, mini-bikes, racing bikes, etc., are taxable. (Also see *Car rentals* on page 5 and *motor vehicles* on page 7.)

**Prepaid telephone calling cards** and recharging fees. *Fact Sheet 119, Telecommunication Services.*

**Services.** The following services are taxable. For more information, request these fact sheets.

No.	Title
112	Building Cleaning and Maintenance ( <i>for commercial and residential buildings</i> )
114	Detective and Security Services
120	Laundry and Cleaning Services
121	Lawn and Garden Care, Tree and Bush Service, Landscaping
162	Massages ( <i>not medically authorized</i> )
113	Motor Vehicle Towing, Washing, Rustproofing
166	Parking Services
122	Pet Grooming, Boarding and Care Services

**Utilities.** Electricity, gas, fuel oils, coal, wood, water and telephone services are taxable. For more information, request these fact sheets.

No.	Title
119	Telecommunication Services
116	Petroleum Products
145	Industrial Production
129	Utilities Used in Production
157	Residential Utilities

Also available: *Rule 8130.1100, Utilities and Residential Heating Fuels.*

**Vending-machine sales** of food, candy, gum, cigarettes, pop and other beverages, taxable items, and receipts from game machines and jukeboxes. *Fact Sheet 158, Vending Machines and Other Coin-Operated Devices.*

## Special tax rates

Tax rates for some items are different from the general 6.5 percent rate.

**Car rentals (additional 6.2% tax and 3% fee).** In addition to the 6.5 percent state sales tax and any local sales tax, this tax and fee applies to most rentals of passenger cars, vans or pickup trucks for fewer than 29 days. *Fact Sheet 136, Motor Vehicle 6.2% Rental Tax and 3% Fee.*

**Liquor sales (combined 9% rate).** The 6.5% general sales-tax rate and 2.5% liquor gross-receipts tax applies to beer, wine and other alcoholic beverages sold at an on-sale or off-sale municipal liquor store or other establishment licensed to sell any type of intoxicating liquor. (If the establishment has only a 3.2 percent malt liquor license, the 6.5 percent tax rate applies.) (Before Jan. 1, 2006, liquor sales was subject to 9% sales tax rate.) *Fact Sheet 137, Restaurants and Bars.*

**Mobile homes and park trailers (4.225%).** If you're selling a new or used mobile home for residential use and this is the first time it is being sold in Minnesota, or if you're selling a park trailer, the sale is subject to a 4.225 percent tax rate. For mobile homes, the 4.225 percent tax applies to the dealer's cost. *Fact Sheet 150, Manufactured Homes, Park Trailers and Prefabricated Homes.*

## Waste management services

Waste management services are not subject to sales tax but are subject to the solid-waste management (SWM) tax. These taxes are reported on your sales and use tax return. Request *SWM Fact Sheet 1, Solid-Waste Management Tax* for more information.

**You must register for waste management taxes** so you will be able to report them on your sales-tax return. A penalty of 10 percent for the first violation and 20 percent for subsequent violations applies if the SWM tax is not reported on the appropriate lines of the sales-tax return.

Waste management services for both mixed municipal solid waste and non-mixed municipal solid waste (construction and demolition waste, infectious and pathological waste, industrial waste) are subject to the SWM tax. Solid-waste management services include waste collection, transportation, processing, disposal, and compactor and container rental charges when made by the waste service provider.

**Residential solid-waste management services (9.75%).** Applies to mixed municipal solid-waste management services to residential generators, including amounts from selling bags or stickers to vendors for resale to residential generators.

**Commercial solid-waste management services and self-haulers (17%).** Applies to mixed municipal solid-waste management services to commercial generators and self-haulers, including amounts from selling bags or stickers to vendors for resale to commercial generators.

**Construction and demolition waste and other non-mixed solid-waste services (\$.60 per noncompacted cubic yard).**

# What's not taxable?

## Items exempt by law

When an item is exempt by law, the seller does not have to prove why tax wasn't charged other than showing the item was food, clothing, prescription drugs, etc.

## Items exempt with an exemption certificate

When a purchaser gives a seller a fully completed exemption certificate at the time of sale, the seller does not have to collect sales tax.

**Form ST3, Exemption Certificate**, is used to claim exemption when buying taxable items. The purchaser can give a "single-purchase" certificate for just one transaction or a "blanket certificate" that applies to future purchases of qualifying exempt items. See pages 19 – 22 for Form ST3 and exemption descriptions.

**Form ST3 is now used for all types of exemptions.** All other exemption certificates have been combined into the ST3. You do not need to immediately update your files with the new certificate. Exemption certificates do not expire unless the information on the certificate changes; however, we recommend updating exemption certificates every three to four years.

If you want to develop your own certificate instead of using Form ST3, you must include the following information:

- seller's name and address;
- purchaser's name and address;
- description of the purchaser's business;
- description of the items purchased;
- type of exemption claimed;
- purchaser's signature; and
- purchaser's Minnesota tax ID number, or an explanation as to why an ID is not needed.

If a customer does not make taxable sales and is not required to have a Minnesota tax ID number, the seller may accept an exemption certificate without a number. *The reason no number is needed must be indicated.*

*It is not acceptable for a customer to furnish only a tax ID number; the customer must furnish all of the above information.*

A penalty for misuse of an exemption certificate in an effort to evade paying sales tax applies to purchases of taxable services as well as purchases of taxable property.

## Applying for certain exemptions

You must apply to the Department of Revenue to obtain a special exemption for the following:

- **Direct pay.** Allows the buyer to pay sales tax on certain items directly to the state instead of to the seller. Applicants must be registered to collect sales tax in order to qualify. Call our office for information on how to apply.
- **Motor carrier direct pay.** Allows motor carriers to pay tax directly to the state when they *lease* mobile transportation equipment or buy certain parts and accessories. Applicants must be registered for sales tax in order to apply. To apply, use Form MCDP-AP.
- **Nonprofit exemption.** Valid only for groups organized *exclusively* for charitable purposes, senior citizen groups, and religious and educational organizations. To apply, use Form ST16.
- **Resource recovery facility exemption.** Allows resource recovery facilities and their contractors to buy waste processing equipment exempt. Call our office for information on how to apply.

## Nontaxable items, uses and charges

Most nontaxable items are listed here. An exemption certificate or other documentation may be required. If you have a question about when to charge tax, call us.

**Admission tickets** to regular-season games, events and activities for public and private schools, grades 1–12; admissions to artistic events sponsored by the U of M if the events are held at university-owned

facilities; the Minnesota Zoo; artistic performances sponsored by qualified tax-exempt organizations; and charitable golf tournaments when the beneficiary of the proceeds is a tax-exempt organization. *Fact Sheet 111, Schools–Sales and Purchases.*

**Advertising materials** shipped or transferred outside the state by the seller or the customer and used solely outside Minnesota. *Fact Sheet 133, Advertising–Creative Promotional Services; and Rule 8130.9250.*

**Airflight equipment.** Airplanes and repair parts sold to airlines. *Rule 8130.6000.*

**Agricultural production materials** includes horticulture, floriculture, aquaculture, farming and maple-syrup harvesting. *Fact Sheets 100, Agricultural Production; and 130, Aquaculture Production Equipment.*

**Ambulances** leased by an ambulance service licensed by the Emergency Medical Service (EMS) Regulatory Board. *Fact Sheet 135, Fire Fighting, Police and Emergency Equipment.*

**Aquaculture equipment** including repair or replacement parts used to maintain or repair qualifying equipment. *Fact Sheet 130, Aquaculture Production Equipment.*

**Bulletproof vests** purchased by licensed peace officers, and state and local law-enforcement agencies.

**Caskets, urns for cremains and burial vaults.** *Fact Sheet 165, Funeral Homes, Mortuaries, Crematories and Cemeteries; and Rule 8130.6300.*

**Clothing** and wearing apparel customarily worn on the human body for general use. *Fact Sheet 105, Clothing.*

Labor to **construct, repair or improve real property.** *Fact Sheet 128, Contractors.*

**Cross-country ski passes** for the use of public trails.

**Court-reporter transcripts** or copies of transcripts of verbatim testimony of legal proceedings to parties, or representatives of parties, involved in the proceedings.

# What's not taxable? (continued)

## **Custom computer software.**

*Fact Sheet 134, Computer Software.*

## **Deliveries arranged by the seller to customers outside Minnesota.**

*Fact Sheet 110, Items for Business Use Outside Minnesota.*

**Detachable tools.** *Fact Sheet 145, Industrial Production; and Rule 8130.5500, subp. 9.*

**Direct pay.** Certain items sold to persons who give you an exemption certificate with their direct-pay number. *Rule 8130.3400.*

**Discounts offered by the seller** at the time of sale.

**Electricity and natural gas** used as the primary source of residential heat for the billing months of November through April. *Fact Sheet 157, Residential Utilities.*

**Electricity** used to make snow for outdoor use for ski hills, ski slopes or ski trails.

**Energy-efficient products.** Residential lighting fixtures and compact florescent bulbs that have an energy star label. Also, photovoltaic devices, and certain water heaters and furnaces.

**Farm machinery,** including repair or replacement parts (except tires) used to maintain or repair qualifying equipment. *Fact Sheet 106, Farm Machinery.*

## **Feminine hygiene products.**

Automatic **fire-safety sprinkler systems** and all component parts (including waterline expansions and additions) are exempt when installed in an existing residential dwelling, hotel, motel, or lodging house with four or more dwelling units.

**Food.** Groceries for human consumption. Candy, soft drinks and food supplements are taxable. *Fact Sheets 102A through 102E (on food products); and 115, Food Stamps.*

**Fuel oil, coal, wood, steam, hot water, propane and LP gas** used for residential heat on a year-round basis. *Fact Sheet 157, Residential Utilities.*

**Fundraising sales.** Sales made by or for nonprofit organizations may qualify for exemption if certain criteria are met.

**Fur clothing** is no longer reported on your sales-tax return. It is subject to a 6.5 percent gross-receipts tax and must be reported on a separate form. Call 651-297-1772 for more information. *Revenue Notice 01-04, Special Fur Clothing Tax.*

**Gasoline** and other fuels on which Minnesota gasoline excise tax has been paid and not refunded. Other exemptions also apply (see *Petroleum products* on page 8). *Fact Sheet 116, Petroleum Products.*

Conversion costs to make vehicles **handicapped accessible.** The exemption covers parts, accessories and labor to make a vehicle handicapped accessible. *Fact Sheet 125, Motor Vehicles.*

**Horses** and supplies for the care of horses, including feed and medications. *Fact Sheet 144, Veterinary Practice.*

**Industrial production materials.** Industrial production includes manufacturing, mining, printing, photography, lumbering and commercial fishing. *Fact Sheet 145, Industrial Production.*

**Installment payments** on previously reported credit sales.

**Interest or finance charges** incurred after the sale if listed separately on the invoice.

**Logging equipment and repair or replacement parts** (except tires) used to maintain or repair the equipment. *Fact Sheet 108, Logging Equipment.*

**Meals and drinks** served to patients in hospitals and nursing homes as part of their care. Meals and lunches served at pre-kindergarten through 12th grade schools are exempt. Meals and lunches served at colleges, universities and private career schools are taxable as of July 1, 2002, unless they are part of a student's board contract. *Fact Sheets 111, Schools—Sales and Purchases; 118, Hospital and Nursing Home Meals; and 137, Restaurants and Bars.*

## **Mill liners, grinding rods and grinding balls** sold to taconite companies.

*Fact Sheet 147, Taconite and Iron Mining; and Rule 8130.9600.*

Used **mobile homes** used for residential purposes. *Fact Sheet 150, Manufactured Homes, Park Trailers and Prefabricated Homes.*

**Mobile transportation equipment,** accessories and parts sold to an interstate motor carrier who gives you a motor carrier direct-pay number. *Fact Sheet 107, Interstate Motor Carriers.*

Sales of **motor vehicles** that must be registered and have a license plate (such as cars, trucks, trailers, motorcycles, mopeds and motor homes) are subject to sales tax at the time of registration with the Department of Public Safety. For answers to questions about the sales tax on motor vehicles, call the Department of Public Safety at 651-296-6911. *Fact Sheet 125, Motor Vehicles.*

**Newspapers and publications** issued every three months or less. Over-the-counter sales of magazines and periodicals are taxable.

**Occasional sales** of some business equipment. *Fact Sheet 132, Occasional Sales of Business Equipment and Goods.*

**Packing materials** used to pack and ship household goods to destinations outside Minnesota that will not be returned to Minnesota except in the course of interstate commerce. *Rule 8130.5200.*

**Patent, trademark, and copyright drawings and documents.** Some drawings, diagrams, or similar or related documents, or copies of these documents produced and sold by a patent drafter are exempt.

**Personal computers and related software** if specifically required for use in a public or private school, college, university, or business or trade school for regularly enrolled students. To qualify, the computers or software must be sold by the institution.

*Continued*

# What's not taxable? (continued)

**Petroleum products.** Petroleum products are exempt under certain conditions:

- Gasoline, motor fuel, natural gas and propane on which Minnesota gasoline excise tax has been paid and not refunded.
- Fuels used or consumed in agricultural or industrial production.
- Fuels for use in ambulances, municipal fire apparatus and marked police vehicles.
- Petroleum products used to improve agricultural land by constructing, maintaining and repairing drainage ditches, tile drainage systems, grass waterways, water impoundment and other erosion-control structures.
- Petroleum products used in a passenger snowmobile for off-highway business use to operate a resort.
- Used motor oil.

*Fact Sheet 116, Petroleum Products.*

**Prescription drugs,** including over-the-counter drugs prescribed by a licensed health professional; analgesics (aspirin, acetaminophen, ibuprofen, ketoprofen, naproxen); insulin; prescription glasses; and therapeutic and prosthetic devices. This exemption applies only to products used in treating humans. *Fact Sheet 117, Health Products.*

**Prizes** for games of skill or chance conducted at events such as carnivals, festivals and fairs lasting fewer than six days are exempt. Prizes for use at amusement parks, arcades, the State Fair and other events that last six days or more, and for lawful gambling or the state lottery are taxable.

**Real property.** Sales of real property, rentals or leases of real property, and rentals of mobile homes used for residential purposes for more than 30 days.

**Repair labor** (except clothing repair) if listed separately on the invoice. *Fact Sheet 152, Labor.*

**Resale.** Goods and services purchased solely to resell, lease or rent in the regular course of business.

**Sacramental wine** used in religious ceremonies if sold by a nonprofit religious organization or by someone with a sacramental wine license.

**Service materials.** Materials, utilities, and short-lived detachable tools used or consumed in providing the following taxable services are exempt:

- Laundry and dry cleaning (*Fact Sheet 120*)
- Car washing and towing (*Fact Sheet 113*)
- Building cleaning and maintenance (*Fact Sheet 112*)
- Detective and security services (*Fact Sheet 114*)
- Pet grooming and animal boarding (*Fact Sheet 122*)
- Lawn care (*Fact Sheet 121*)
- Massages (*Fact Sheet 162*)

**Ship repair and replacement parts and lubricants** used by ships or vessels engaged principally in interstate or foreign commerce.

**Ski areas.** Tangible personal property used or consumed primarily and directly for tramways at ski areas or in snowmaking and snow grooming operations at ski hills, ski slopes or ski trails are exempt. See *2000 Sales and Use Tax Law Changes* for details.

**Special tooling,** i.e., tools, dies, jigs, patterns, gauges and other tooling that has value and use only for the buyer and only for the use for which it was made. An item has value only to the buyer if it is not standard enough to be stocked or ordered from a catalog or other sales literature but must be produced according to the buyer's special requirements, and is not commonly used by someone else whose conditions for use are reasonably similar to the buyer's. *Fact Sheet 145, Industrial Production.*

**Telecommunications equipment** used directly by a telecommunications service provider primarily to provide telecommunications services for sale at retail. *Fact Sheet 119, Telecommunication Services.*

**Textbooks** that are required for classes in public or private schools, colleges, universities, or business and trade schools when sold to regularly enrolled students. *Rule 8130.6700.*

**Trade-in allowances** can be subtracted before figuring the tax if the items traded in are also taxable and sold by the retailer in the regular course of business.

**TV commercials.** TV commercials and items primarily used or consumed in preproduction, production or postproduction of a TV commercial are exempt. *Fact Sheet 163, TV Commercials.*

**Waste-management containers and compactors** purchased by a waste management service provider to use in providing waste-management services are exempt. To qualify, the service provider must collect the solid-waste management tax on customer charges or on the lease or rental payments for the compactors or containers. Containers for recycling remain taxable.

**Water** for residential use, including bottled, distilled and spring water delivered to residences. *Fact Sheet 102C, Soft Drinks and Other Beverages.*

**Wind energy conversion systems** and materials used to manufacture, install, construct, repair or replace them.

**YMCA, YWCA and Jewish Community Centers** of Greater Minneapolis and St. Paul memberships, both one-time initiation fees and periodic membership dues. Separate charges for the use of an association's sports and athletic facilities are taxable.

# What's not taxable? (continued)

## Sales to certain people and nonprofit organizations

The following organizations are allowed to purchase most items exempt from sales tax. To claim exemption, they must give an exemption certificate to the seller.

**Charitable organizations** must apply to the Department of Revenue for an exempt-status number (ES#) and furnish that number on Form ST3.

**Consular officials.** Sales-tax exemption cards are issued to some foreign diplomats and consular officials stationed in this country. The card will list any limitations on the exemption. For example, some officials must pay tax on hotel room charges or on purchases under a certain amount.

If someone shows you a sales-tax exemption card, check the card to make sure the purchase qualifies for the exemption. You may also ask for additional identification. If the purchase qualifies, write the individual's tax-exemption number on your billing or sales invoice. Keep the invoice in your files.

**Educational and religious organizations** must give the seller an exemption certificate. If they've received an exempt-status number (ES#) from the Department of Revenue, that number should be written on Form ST3.

**Federal government.** All sales to the federal government and its agencies are exempt. The purchaser must provide a purchase order, payment voucher or work order. Form ST3 may also be used. Purchases by federal *employees* are taxable, even if they are reimbursed by the federal government.

Sales to **local governments**, including counties, cities, townships, commissions, boards, special taxing districts, etc., are taxable, except those briefly described below. The local government must give sellers a purchase order, payment voucher, work order or Form ST3 to purchase the following exempt from tax.

- Leases of vehicles used as **ambulances** by ambulance services licensed by the EMS Regulatory Board.
- **Biosolids processing equipment** and materials incidental to installation for wastewater treatment facilities.
- **Bullet-resistant body armor.**
- **Chore and homemaking services** for the elderly and disabled that are purchased by a local government specifically for elderly and disabled individuals.
- **Correctional facility meals for inmates.**
- **Emergency rescue vehicle** repair and replacement parts.
- **Firefighter personal protective equipment.**
- **Fuels** used in ambulances, fire apparatus and marked police vehicles.
- **Gravel, machinery, equipment and motor vehicles** (except pickup trucks) used exclusively for road and bridge maintenance if purchased by a town.
- Purchases by **hospitals** and **nursing homes** owned and operated by local governments.
- Purchases by public and legislative **libraries.**
- **Metropolitan Council.**
  - MTC buses
  - Light rail transit vehicles and repair parts
- Purchases by **school** districts and public schools.

- **Solid-waste disposal facility** machinery and equipment.
- **Transit program vehicles** that meet certain criteria

*Fact Sheets 111, Schools – Sales and Purchases; 135, Fire Fighting, Police and Emergency Equipment; 139, Libraries; and 142, Sales to Governments.*

**Non-Minnesota government agencies.** Sales to another state or another state's political subdivisions are not taxable if the sales would not be taxed in that other state. This exemption does not apply to sales of meals and lodging.

**Resource recovery facilities** must apply for and receive approval from the Department of Revenue. Form ST3 must be given to the seller including the certificate number (CN#) issued in the approval letter.

**Senior citizen groups** formally organized for pleasure, recreation and other nonprofit purposes must apply to the Department of Revenue for an exempt-status number (ES#) and provide the number on Form ST3.

The **State of Minnesota** uses a direct pay number, which means that state agencies do not pay tax to sellers on purchases of tangible items. A state *purchase order* is enough to document the exemption, or an exemption certificate may be used including the direct-pay number. **Note:** Charge tax on sales of services, meals and lodging, admissions, and motor vehicles to state agencies since the direct-pay number does not apply to these items.

**Tribal governments.** All sales to Indian tribal governments are exempt.

**Veteran groups** can make purchases for charitable, civic, educational or nonprofit purposes by giving the seller Form ST3.

# Fact sheets

Fact sheets are available on many topics related to sales and use taxes. You can download them from our website at [www.taxes.state.mn.us](http://www.taxes.state.mn.us) or call 651-296-6181 to have them mailed to you.

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# General filing information

Your sales and use tax account is set up on either a monthly, quarterly or annual filing basis depending on how much tax you owe each month.

- **Annual filing.** Tax must average less than \$100 per month.
- **Quarterly filing.** Tax must average less than \$500 per month.
- **Monthly filing.** Tax averages more than \$500 per month.
- **Seasonal filing.** If your business is not open year-round, request seasonal filing. With seasonal status, you'll only need to file returns for those periods your business is open.
- **One-time filing.** If you plan to make taxable sales in Minnesota at only one event or during one month, ask for one-time filing. Do not apply for one-time filing if you plan to make taxable sales in the future.

If the amount of tax you report is consistently higher or lower than the limits, call our office to have your account changed to another filing basis.

## Due dates

**You will not receive a notice to remind you to file your return,** so it's important to know the due dates listed below.

**Monthly filers.** 20th day of the following month.

**Quarterly filers.** April 20, July 20, October 20 and January 20.

**Annual filers.** February 5 of the following year. Annual filers must file on a calendar-year basis, not a fiscal or other basis.

**Unregistered individuals filing annual use tax.** April 15 of the following year.

When the due date falls on a Saturday, Sunday or legal holiday, the due date becomes the next business day. If you mail your payment, it must be postmarked by the due date.

## Record-keeping

It's important to keep good records so you—and the department—figure the correct amount of state and local tax you owe. Your records should include:

- bills, receipts, invoices, cash-register tapes and any other original documents that support the entries in your account books;
- exemption certificates; and
- worksheets used to prepare your tax returns.

Your records should show both sales (taxable and nontaxable) and purchases, the rate of tax collected on each sale and any use tax you paid.

## Accounting methods

Use the same accounting method for sales tax as you use for income tax. If you use the cash method, include only payments received in the period of the return. For an accrual method, include all cash sales, credit sales, installment sales and COD sales made during the period of the return. If you want to change accounting methods, send us a letter explaining when and why you want to change, and showing that the new method will not make auditing your records more difficult. You cannot change your filing method until you receive our written approval.

## Statute of limitations

We can audit your return within three and a half years after you file it. If there's an error in the amount of tax, and the difference between the original amount and the correct amount is 25 percent or more, we have six and a half years to audit the return. There is no time limit if we find you've fraudulently reported tax information or have not filed a return.

## Penalties and interest

You will be charged penalties and interest if you don't file or pay what you owe on time. Shortage of available cash is not a valid reason for not filing a return and paying the tax because sales tax is not an out-of-pocket expense to the retailer. Sales tax collected by a retailer must be

held in trust for the state until remitted on the appropriate due date. This money does not belong to the retailer and should not be used for any other business purpose.

We'll send you a notice if we don't receive your return or payment. If you have questions or believe we've made an error, call us immediately. We'll work with you to get your account current. If you disagree with the outcome, refer to the notice you receive for information on your right to appeal.

If you don't pay the tax on time, the following penalties apply:

- 5 percent of tax due if payment is one to 30 days late;
- 10 percent if it is 31 to 60 days late;
- 15 percent if it is more than 60 days late.

Add an additional 5 percent to the above penalty if you also don't file your return on time. Even if your tax is paid timely, you must still file a return electronically, either over the Internet or by phone.

For mandatory and associated payers (see page 15), an additional 5 percent penalty applies to payments not made electronically.

**Repeated failure to pay.** There is an additional penalty of 25 percent of the unpaid tax if you continually pay your tax late.

**Interest** is figured on the total tax plus penalty at the following rates from the date you should have paid the tax until the date the total is paid:

2003–5%, 2002–7%, 2001–9%,  
2000–8%, 1999–8%, 1998–9%,

The same interest rates apply to refunds.

The law allows various ways for us to collect unpaid taxes including cancelling your authorization to make sales in Minnesota, which prohibits you from doing business in the state. It's a felony to continue to make taxable sales after your authorization is revoked. There is also a civil penalty of \$100 for each day you continue to make taxable sales after authorization has been revoked.

# Preparing to file your return

## Before you start

You may need to make adjustments to your figures before you file your return.

If you have the following items that apply to sales in the **current** period, subtract them from the appropriate tax type before you file. (To make changes to a *prior* period, file an amended return. See page 16.)

- **Bad debts** on sales previously reported if you write them off for federal income-tax purposes.
- **Cash or credit refunds** given to customers.
- **Checks** that are returned for nonsufficient funds if you are on the cash method of accounting.

Be sure to adjust the correct tax type. For example, if a customer returns an item that was subject to Minnesota sales tax and Minneapolis local tax, be sure to adjust both state and Minneapolis tax types.

## Subtracting sales tax from receipts

If your total receipts include sales tax, you must subtract the tax from the total receipts before filing your return.

If receipts include tax at rate:	Divide receipts by	OR	Multiply by:
6.5%	1.065		.939
7.0%	1.07		.935
7.5%	1.075		.930
8.0%	1.08		.926
9.0%	1.09		.917
9.5%	1.095		.913
10.0%	1.10		.909
12.0%	1.12		.893
12.5%	1.125		.889
13.0%	1.13		.885
15.5%	1.155		.866

### Example:

All prices at your restaurant include sales tax. The total taxable sales at the end of the month are \$10,000. Divide \$10,000 by 1.065 (or multiply by .939) to remove the Minnesota tax ( $\$10,000 \div 1.065 = \$9,390$ ). Report \$9,390 on the *General rate sales* line.

## Sales tax types

When you file electronically, you will be asked to enter figures for only the tax types for which you are registered.

If you file over the Internet, you can add additional tax types to your return by clicking **Add a sales tax type**.

If filing by phone, you must register for any additional tax types before you file. Call 651-282-5225.

Following are all the tax types that can be reported on the sales and use tax return.

### Gross receipts

Report total receipts or sales from all business operations for Minnesota during the reporting period (what you report as Minnesota receipts for income tax). Include all taxable and exempt sales, leases and rentals. Do not include sales tax. You must always enter an amount for gross receipts. If you don't have gross receipts to report, enter zero.

### General-rate sales (6.5%)

Report all taxable sales, leases, rentals and services subject to the 6.5 percent tax rate.

### Use-tax purchases (6.5%)

Report the purchase price of taxable items bought for business or personal use that were not taxed when you bought them. Include only amounts subject to the full 6.5 percent tax rate. *Fact Sheet 146, Use Tax for Businesses*

# Preparing to file your return (continued)

## Variable-rate purchases

If you bought items in another state and paid sales tax at a rate lower than Minnesota's rate, you owe the difference between the Minnesota rate and the rate paid to the other state. You must enter the purchase price of the items and the difference in the tax amount.

Example: If you bought a computer in another state for \$3,000 and paid 4 percent tax, you owe 2.5 percent use tax ( $6.5\% - 4\% = 2.5\%$ ) to Minnesota. Enter \$3,000 for the variable-rate purchases taxable amount and \$75 for the tax amount ( $\$3,000 \times 2.5\% = \$75$ ). *Fact Sheet 146, Use Tax for Businesses.*

## Local city and county taxes

Report all taxable sales, leases, rentals and services subject to local tax. For information about local taxes, see *Fact Sheet 164, Local Sales and Use Taxes*. For information about the seven *special* local taxes (shown below with an asterisk [\*]) see *Fact Sheet 164S, Special Local Taxes*.

- Cook County sales and use tax
- Hermantown sales and use tax
- Mankato sales and use tax
- Minneapolis sales and use tax
- Mpls downtown liquor\*
- Mpls downtown restaurant\*
- Mpls entertainment\*
- Minneapolis lodging\*
- New Ulm sales and use tax
- Proctor sales and use tax
- Rochester sales and use tax
- Rochester lodging\*
- St. Cloud area sales and use tax
- St. Cloud food\*
- St. Cloud liquor\*
- St. Paul sales and use tax
- Two Harbors sales and use tax

## Liquor sales (9%)

Report sales of beer, wine and other alcoholic beverages sold at businesses licensed to sell any type of intoxicating liquor. If the establishment has only a 3.2 percent malt liquor license, the 6.5 percent rate applies. Beginning Jan. 1, 2006, the general sales-tax rate applies to liquor sales. *Fact Sheet 137, Restaurants and Bars.*

## Motor carrier direct pay

If you have a Motor Carrier Direct Pay Certificate (MCDP), add all purchases of qualifying repair parts and accessories, and leases of mobile transportation equipment. Enter this amount as the taxable amount for MCDP purchases. Multiply this figure by your Minnesota prorate mileage percentage, and then multiply the result by the 6.5 percent tax rate. Enter the result as the tax amount.

Example: You paid \$4,000 for repair parts. Your Minnesota prorate mileage percentage is 5 percent. ( $\$4,000 \times 5\% = \$200$ .  $\$200 \times 6.5\% = \$13$ .) You would enter \$4,000 as the taxable amount and \$13 as the tax amount. *Fact Sheet 107, Interstate Motor Carriers.*

## Mobile homes and park trailers (4.225%)

Report the sale of a mobile home if it is the first time it is registered in Minnesota and if it will be used for residential purposes. For mobile homes, enter the dealer's cost of the mobile home. For new and used park trailers, report the selling price. *Fact Sheet 150, Manufactured Homes, Park Trailers and Prefabricated Homes.*

## Car rental (6.2%)

Report leases or rentals of passenger automobiles, vans or pickup trucks for periods of fewer than 29 days. Also include these sales on the *General rate sales* line. This tax expires effective Dec. 31, 2005. *Fact Sheet 136, Motor Vehicle 6.2% Rental Tax and 3% Fee.*

## Car rental fee (3%)

This fee is intended to reimburse lessors for the cost of registering vehicles and is only reported once per year on the December return.

Add the total amount of 3 percent fees collected during the calendar year and enter it when prompted. To figure the amount of tax, subtract the actual registration tax you paid on the vehicles from the total amount collected and enter the difference. If the amount is less than zero, enter zero. *Fact Sheet 136, Motor Vehicle 6.2% Rental Tax and 3% Fee.*

## Residential solid-waste management services (9.75%)

Report mixed municipal solid-waste management services to residential generators, including amounts from selling bags or stickers to vendors for resale to residential generators.

## Commercial solid-waste management services (17%)

Report mixed municipal solid-waste management services to commercial generators and self-haulers, including amounts from selling bags or stickers to vendors for resale to commercial generators.

## Construction and demolition waste and other non-mixed solid-waste services (\$.60 per noncompacted cubic yard)

List the total number of noncompacted cubic yards of waste.

See *SWM Fact Sheet 1, Solid-Waste Management Tax*, for information about the above three taxes.

# Filing electronically



Minnesota sales and use tax returns must be filed electronically over the Internet

or by phone using **e-File Minnesota**.

**e-File Minnesota** lets you file current, past-due and amended returns.

## Filing over the Internet

You'll need Internet access with at least Internet Explorer 5.5, Netscape 7.0 or other compatible browser.

Go to [www.taxes.state.mn.us](http://www.taxes.state.mn.us) and click on e-File Minnesota.

### Step 1

Enter your seven-digit Minnesota tax ID number and password.

**Note:** If you're filing for the first time, you'll need to create a personal password. After you enter your tax ID number, select a four to eight character password to use each time you file. Keep your password in a safe place, and if you lose or forget your password, call our office for assistance.

### Step 2

Select **File a return** and then choose **Sales and use tax return**. Then, select the period for which you are filing. You will need:

- Gross receipts
- General-rate sales
- Purchases for which use tax is due
- Totals for local tax and other sales tax types for which you are registered

Enter the figures as prompted. Round all amounts to whole dollars. Drop amounts less than 50 cents and increase amounts 50 cents or more to the next dollar. For example, 129.49 becomes 129, and 129.50 becomes 130.

Click **Calculate**. The system computes the tax for all tax types except for variable-rate purchases, motor carrier direct pay, and the 3 percent car rental fee. See page 13 for information on how to report these taxes.

### Step 3

Verify that the amounts are correct; then click **Continue** to submit your return.

### Step 4

If you want to pay using the **e-File Minnesota** system, select **Pay electronically with this return**. You'll need your bank routing and account numbers. Your information will be securely transmitted to us.

If you want to pay without using the system (such as by credit method, Fed Wire or check), select **Pay another way** and click **Continue**. See *Paying the balance due* on this page for information about these payment options.

No matter how you choose to pay, you will be given a confirmation number and date/time stamp. Be sure to print or save this information for your records.

## Setting up multiple users

More than one user can be set up to file and pay a business's taxes through **e-File Minnesota**, if necessary. One person acts as the "password administrator" and is in charge of setting up users, assigning them passwords, and giving them access to file and pay taxes for the business.

### How to set up users

1. Log on to **e-File Minnesota**. On the main menu, click on the bottom link, **Administer multiple users**.
2. On the contact-information screen, enter your name, phone number and e-mail address as the password administrator. Then, click **Continue**.
3. On the administer-users screen, click **Add**.
4. On the modify user password and rights screen, enter the first user's name and password. Next, use the drop-down menu to select a tax type. Click **Y** or **N** to designate if the user is authorized to file and/or pay that tax. Then click **Save**. To add other tax types for the user, click **Add** and repeat the above steps for each additional tax type. When you're done, click **Close**.

5. You're now ready to add more users if necessary. Repeat Steps 3 and 4. When you're done entering all additional users, click **Back**.

Give each user his or her user name and password. When users enter **e-File Minnesota**, they must enter the business's tax ID number, and their assigned password. Users will only have access to the tax types and functions for which they are authorized.

The password administrator can change a user's password and access rights, remove a user or add another user at any time by clicking **Administer multiple users** from the main menu.

## Filing by phone

If you don't have Internet access, you can file with a touch-tone phone. Call 1-800-570-3329. You'll need the same information as you do when filing over the Internet.

## Paying the balance due

You must pay your sales and use tax in one of the following ways.

**Electronically with e-File Minnesota.** This is the easiest and most convenient way to pay your tax—and it's free. You can do it at the same time you file your return, and you'll get a confirmation number so you'll know your payment is received. Follow the prompts on the Internet or phone system. You'll need your bank's routing number and your account number.

### Electronically by credit method.

Credit payments are initiated by you through your financial institution. You authorize your bank to transfer funds to the state's bank account. The bank must use ACH file formats available on our website at [www.taxes.state.mn.us](http://www.taxes.state.mn.us) or by calling our office. You could be charged for each transaction.

**Fed Wire.** Fed Wire payments are initiated by you through your financial institution. Most financial institutions are

# Filing electronically (continued)

able to include information needed to post a Fed Wire payment (Minnesota tax ID number, tax-type code, period of payment). If your financial institution is unable to include the payment details, you should enter the details by submitting a Fed Wire notification through the **e-File Minnesota** system. If you don't have Internet access, call our office for more information.

**By paper check.** If you choose to pay by check, you must complete the payment voucher you received in the mail and send it with your check. Mail them to: Minnesota Revenue, P.O. Box 64622, St. Paul, MN 55164-0622.

We'll continue to send you payment vouchers as long as you use them. Once you pay electronically, we'll stop sending vouchers; however, you can call us to request a voucher at any time.

## Mandatory and associated payers

**Mandatory payers.** If you reported more than \$120,000 in Minnesota sales and use tax during the state's previous fiscal year (July through June), you are required to pay sales and use tax electronically. Returns and payments are due on the 20<sup>th</sup> day of the following month for mandatory payers (the same as all other monthly filers).

Mandatory payers are required to make a June estimated payment two business days before the end of June. Check our website for more information.

**Associated payers.** If you are required to pay any business tax type to the Department of Revenue electronically, you must pay all business taxes electronically.

**Penalty.** If you are required to pay electronically and do not, a 5 percent penalty (in addition to regular penalties) applies to payments not made electronically, even if a paper check is sent on time or early.

## Internet filing for consolidated filers

If you file a consolidated return, you must use the Internet. You can either:

**1. Enter the return information for each location separately.**

OR

**2. Attach an electronic spreadsheet with information for all locations.**

First, create a spreadsheet where the columns list the type of filing information being reported and the rows have information about the specific locations (see example below). Column headings can be used when creating the file; however, the heading must be accounted for on the file-type screen by indicating the number of lines to be skipped at the beginning of the file.

If your spreadsheet has rows that total the columns, you must delete them before you save the file. Our system will not accept rows containing column totals. When your file is ready, you can save it as a delimited file or a text file with fixed-length fields. The most commonly used format is comma delimited (CSV).

Log on to **e-File Minnesota**. On the filing-options screen, select **Attach a file**.

**File-type screen.** Skip the appropriate number of rows, if applicable, and leave the spreadsheet format button checked. Do not make any other adjustments to the field separator or string qualifier unless you are **not** using a CSV file.

**File-layout screen.** Specify the order of the columns in your spreadsheet. If you have columns other than the ones listed

on screen, you must account for them with filler fields.

**Attach-file screen.** Select the file you want to attach.

You will be able to view the first ten rows of the file you attach so you can make sure your columns are defined properly.

**e-File Minnesota** will then process your file and produce a consolidated return summary. The summary allows you to view the information you have just filed and will display any prepayments.

**Payment-options screen.** If you have a balance due, you can choose to pay electronically or pay another way (see *Paying the balance due* on page 14).

**Filing-confirmation screen.** You can print the confirmation number and/or the locations summary by using your browser's print function.

**Example:**

Location	Gross receipts	General-rate sales	Use tax due	Variable-rate purchases	Variable tax amount	Rochester sales
2	55742	9505	0	9	0	0
3	155478	39171	1288	948	0	0

# Amending a return

If you make an error on your return, you must file an amended return using **e-File Minnesota**—either over the Internet or by phone—to correct the error.

**Note:** Consolidated filers must use the Internet system to file amended returns. Our phone system is not available for consolidated filers.

You must file an amended return if you:

- did not report enough tax on your original return;
- reported too much tax on your original return;
- charged an incorrect tax rate on an item and will refund the tax to the purchaser;
- charged sales tax on an item you shipped directly to another state (or another city or county if local sales taxes are applicable) and will refund the tax to the purchaser;
- charged sales tax on nontaxable items and will refund the tax to the purchaser;
- received a valid exemption certificate from a customer to exempt a sale reported in a prior period and will refund the tax to the purchaser.
- reported sales or purchases in the wrong tax type.

**Don't use an amended return** for adjustments you can make on a current return, such as adjustments for:

- bad debts
- cash or credit refunds
- returned checks

**Don't use an amended return** to request a refund of sales or use tax for the following. Use the specific form indicated below. See page 18 for more information about claims for refund.

- Capital equipment (use Form ST11).
- Purchasers claiming a refund of tax paid to vendors in error (use Form ST11-PUR).
- Motor carriers (use Form ST11-P for purchases made before your MCDP was issued; use Form ST11-PUR for purchases made after your MCDP was issued).
- Correctional facilities (use Form ST11-P).
- Chair lifts, elevators and ramps for the disabled (use Form ST11-P).
- Low-income housing projects (ST11-P).
- Other special construction contract exemptions, border city zones, etc. (use Form ST11-P).
- Disabled veterans (use Form ST11-VA).

Amended returns may be filed up to three and a half years from the date the return was due or one year after the order date assessing tax (i.e., on an audit).

Keep all supporting documents for any amended returns in your records. These must be made available to the department if your business is audited. If we find that the amended returns were in error, you could be billed for the tax plus penalty and interest.

## How to file

To amend a return using the **e-File Minnesota** system, do the following:

1. **Select the period(s) you are amending.** Enter the beginning and ending dates of the reporting period(s) you are amending. On the Internet, you can amend more than one reporting period on a single amended return. On the phone, only one period can be amended at a time. You must enter 2 digits for the month and 4 digits for the year.
2. **Select the reason for amending the return.** On the Internet, you'll select the reason from a list. On the phone, you'll enter a two-digit reason code. See page 17 for reason codes and explanations.

## Example

You make several sales to an organization over a three-month period, charge sales tax, and report the tax on your monthly returns.

Later, the organization gives you an exemption certificate and requests a refund of the tax paid in error.

The sales incorrectly taxed were:

Month	Amount of sale	Tax
May	\$300	\$20
June	550	36
July	420	27
<b>Total</b>	<b>\$1,270</b>	<b>\$83</b>

### By Internet

1. Select **File an amended return** and enter the beginning and ending periods being amended (May – July), and the reason for amending the return. Then, click **Continue**.
2. Enter zero on the *Gross receipts* line since there is no adjustment to this amount.
3. Enter -1270 on the *General rate sales* line (taxable amount). Be sure to include a minus sign to indicate you overpaid tax and need a refund. Click **Calculate** to figure the tax. In this example, the tax would show -83 to indicate you overpaid \$83. Now, click **Continue**.

4. Because this amended return covers multiple periods, the screen will list each period separately. For each period, fill in the change in tax for that period. In this example, you would fill in -20 for May, -36 for June and -27 for July using minus signs to indicate the tax was overpaid. Click **Calculate** to figure the interest. Then, click **Continue**.
5. Print or save your confirmation number for your records.

### By phone

Enter the same information by phone as you would over the Internet, but amend each period separately.

# Amending a return (continued)

3. **Enter the change.** When amending a return, you enter only the **net change amount** (the difference between what you previously reported and the corrected amount), not the actual corrected figures. See the example on page 16. Be sure to do the following when entering your figures:

- Use a minus sign before any amounts you overpaid. If filing by phone, use the asterisk key (\*) for the minus sign.
- Round all amounts to whole dollars.
- Don't use commas.
- Enter the **net change amount** (not the corrected figures).
- If no adjustment to gross receipts is necessary, enter zero on that line.
- Be sure to adjust the correct tax type. For example, if you are adjusting both Minnesota and Minneapolis sales tax, enter the net change amount on each of these tax lines.

The system will calculate the interest. If you're amending multiple periods on one return (available on Internet only), you'll need to enter the change in tax for each period so that the interest can be calculated correctly (see example on page 16).

4. **Keep your confirmation number** and filing date for your records.

## Balances due and refunds

The system will automatically calculate any amount due or refund. If your amended return results in additional tax due, you can either:

- Pay the additional tax electronically using the **e-File Minnesota** system; or
- Call our office and ask that we send you a payment voucher. File your amended return electronically and send us your check with the payment voucher.

If your amended return results in a reduction in the amount of tax due, we will refund it to you. **Do not take credit on other returns for the overpayment.**

## Reason codes for amending returns

Code	Reason	Code	Reason
14	<b>Advertising materials and exempt publications.</b> Sales tax charged incorrectly to customers (or use tax accrued) on exempt publications or advertising materials shipped out of state.	23	<b>Resale exemptions.</b> Sales tax charged on items to be sold or leased by your customer at retail.
15	<b>Agricultural and industrial production exemption.</b> Sales tax incorrectly charged to customers (or use tax accrued) on materials, packaging supplies or short-lived accessory tooling consumed in agricultural or industrial production.	24	<b>Resource recovery exemptions.</b> Sales tax incorrectly charged on items purchased with a resource recovery facility exemption certificate.
16	<b>Direct-pay certificate holders.</b> Sales tax incorrectly charged to customers (or use tax accrued) on items purchased with a direct-pay certificate.	25	<b>Sales tax accounting errors.</b> Incorrect taxable amount used to calculate tax liability on original return.
17	<b>Exempt organization/federal government.</b> Sales tax incorrectly charged to a charitable, religious or educational organization; Indian tribal council; the federal government; or an exempt local government agency such as a school or hospital.	26	<b>Special tooling.</b> Sales tax incorrectly charged (or use tax accrued) on special tooling.
18	<b>Farm machinery.</b> Sales tax charged at an incorrect rate, or tax charged on exempt repair parts or farm machinery.	27	<b>Including tax in taxable amount.</b> Tax incorrectly included in the taxable amount used to calculate your sales-tax liability.
19	<b>Interstate commerce/intercity commerce.</b> Sales tax or city sales tax charged on items shipped out of state or out of city.	28	<b>Paying tax to another state.</b> Sales tax incorrectly charged (or use tax accrued) on items legally taxable in another state, when the other state's tax was paid or assessed in an audit. (See <i>Variable-rate purchases</i> on page 13 if the other state has a sales/use tax rate different from the Minnesota rate.)
20	<b>Leases of tangible items.</b> Sales tax charged on equipment that was part of a lease/finance agreement or a sale/leaseback agreement.	29	<b>Tax paid twice.</b> Sales tax charged and use tax accrued on the same sales transaction.
		30	<b>Use tax accrual errors.</b> Taxable amount used to calculate use-tax liability determined incorrectly.
		31	<b>Utilities (electric, gas, steam, water or other fuels).</b> Sales tax incorrectly charged to customer who is exempt for agricultural or industrial production, or residential use.
		32	<b>Other.</b> Use only if none of the codes listed above describes the error.

# Claiming a refund

A claim for refund may be filed up to three and a half years from the date the return was due or one year after the order date assessing tax on an audit.

## Capital equipment

Use Form ST11 to claim a refund for capital equipment. To qualify, the equipment must be used for manufacturing, fabricating, mining or refining tangible items to be sold ultimately at retail; electronically transmitting results retrieved by a customer of an on-line computerized data-retrieval system; or for generating electricity or steam to sell at retail. You may file only *two* capital-equipment refund claims per year. *Fact Sheet 103, Capital Equipment.*

## Purchaser refunds

Use Form ST11-PUR to claim a refund of sales tax paid to a vendor in error. You may file only *two* purchaser refund claims per year. To qualify, you must be registered to report sales or use tax and the total amount requested on each refund claim must be over \$500 in tax.

## Disabled veterans

Use Form ST11-VA. Disabled veterans may be eligible for a refund of sales tax paid on building materials used to construct or remodel their homes. To qualify, the construction or remodeling must be financed under a special federal grant program administered by the Department of Veterans Affairs.

## Special purchase refunds

Use Form ST-11P to claim a refund of sales or use tax paid on the following:

- **Border city zones.** The cities of Breckenridge, Dilworth, East Grand Forks, Luverne, Moorhead and Ortonville may designate areas as “border city development zones.”

Businesses may be eligible for a refund of sales or use tax paid on machinery, equipment and repair parts used in a trade or business in one of these cities if the machinery or equipment has a useful life of at least 12 months.

Owners, users or contractors may also be eligible for a refund of sales or use tax paid on construction materials used to construct a facility for use in a trade or business located in one of these cities.

Beginning July 1, 2002, sales on use tax may be refunded for building materials for housing in the zone.

A business must first obtain a tax-credit certificate from the city authorizing the refund. You may file only *two* special purchase refund claims per year.

- **Chair lifts, elevators and ramps for disabled.** If you buy a chair lift, ramp or elevator to install at a disabled person’s home, you can receive a sales-tax refund if the item is authorized by a physician. The refund also applies to building materials used to install or construct the above items.
- **Correctional facilities.** Government entities may be eligible for a refund of sales tax paid on construction materials and supplies used to construct or improve an adult or juvenile correctional facility.  
  
To qualify, the project must be required by state or federal law, rule or regulation. If materials are purchased by a contractor or builder, the contractor must give a statement to the local government stating the cost of the construction materials and supplies and the sales tax paid.
- **Low-income housing projects.** As of July 1, 2002, materials and supplies used or consumed in, and equipment incorporated into, the construction, improvement or expansion of qualified low-income housing projects. (Before July 1, 2002, this was an up-front exemption). To qualify, both the housing project and the owner must meet specific guidelines provided by statute (*MS 297A.71 subd. 23*). Applies to facility owner or to contractors for use on qualifying projects. Call our office for details.
- **Motor carriers.** Interstate motor carriers may get a refund of part of the sales or use tax paid *before* receiving a motor carrier direct-pay number on purchases or leases of interstate transportation equipment, or on parts and accessories for the equipment. Contact the vendor or file an ST-11PUR for sales or use tax paid in error *after* obtaining the motor carrier direct-pay number. *Fact Sheet 107, Interstate Motor Carriers.*

# Certificate of Exemption

**Purchaser:** Complete this certificate and **give it to the seller.** Do not send to the Department of Revenue.

**Seller:** Keep this certificate as a part of your records. If this certificate is not fully completed, you must charge tax.

Print or type

Check one

**Single purchase certificate**       **Blanket certificate** (if checked, this certificate continues in force until cancelled by the purchaser)

Name of purchaser's business or organization \_\_\_\_\_

Business address \_\_\_\_\_

City \_\_\_\_\_ State \_\_\_\_\_ Zip code \_\_\_\_\_

Purchaser's state tax ID number \_\_\_\_\_ State of issue \_\_\_\_\_

If no number, give reason \_\_\_\_\_

Name of seller from whom you are purchasing, leasing or renting \_\_\_\_\_

Seller's address \_\_\_\_\_

City \_\_\_\_\_ State \_\_\_\_\_ Zip code \_\_\_\_\_

Describe business/  
exempt items

Describe the nature of your business or organization. Include a description of the items normally sold in your business, if applicable.

Describe the items for which you are claiming exemption.

Type of exemption

Circle the exemption reason code. Enter the number or title where applicable.

Code      Description

**A      Agricultural or industrial production.**

**B      Direct pay.** Enter DP# \_\_\_\_\_

**C      Exempt organization.** Enter ES# or type of group \_\_\_\_\_

**D      Motor carrier direct pay.** Enter MCDP# \_\_\_\_\_

**E      Multiple points of use.**

**F      Percentage exemption.**

Advertising (enter percentage) \_\_\_\_\_%       Utilities (enter percentage) \_\_\_\_\_%

**G      Resale.**

**H      Resource recovery facility.** Enter CN# \_\_\_\_\_

**I      Other.** Enter title \_\_\_\_\_

*I declare that the information on this certificate is correct and complete to the best of my knowledge and belief. (PENALTY—If you try to evade paying sales tax by using an exemption certificate for items or services that will be used for purposes other than those being claimed, you may be fined \$100 under Minnesota law for each transaction for which the certificate is used.)*

Signature of authorized purchaser \_\_\_\_\_

Print name here \_\_\_\_\_

Phone  
(      )

Date \_\_\_\_\_

Sign here

If you have questions, call 651-296-6181. TTY: Call 711 for Minnesota Relay.  
Forms and fact sheets are available on our website at [www.taxes.state.mn.us](http://www.taxes.state.mn.us).

# ST3 exemption reasons

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See the descriptions on the next page for more information about the following exemptions.

## **A. Agricultural and industrial production**

Materials and supplies used or consumed in agricultural or industrial production of items intended to be sold ultimately at retail. Does not cover machinery, tools (except qualifying detachable tools and special tooling), accessories, furniture and fixtures used to produce a product.

## **B. Direct pay**

Direct-pay number issued by Department of Revenue. Cannot be used for meals, lodging and most services.

## **C. Exempt organizations**

- Charitable (ES# required)
- Chore/homemaking services for elderly and disabled
- Federal government
- Hospitals
- Libraries
- Nursing homes
- Outpatient surgical centers
- Religious and educational (churches, schools, school districts, scouts, youth groups, etc.)
- Senior citizen group (ES# required)

## **D. Motor carrier direct pay**

Motor carrier direct-pay number issued by Department of Revenue.

## **E. Multiple points of use**

Services or electronically delivered computer software that is made available for use in more than one taxing jurisdiction at the same time.

## **F. Percentage exemptions**

- Advertising materials for use outside Minnesota or local taxing area.
- Utilities used in agricultural or industrial production.

## **G. Resale**

Items or services purchased for resale.

## **H. Resource recovery facility**

Issued CN number by Department of Revenue.

## **I. Other exemptions**

- Airflight equipment
- Ambulances
- Aquaculture production equipment
- Automatic fire-safety sprinkler systems
- Biosolids processing equipment
- Bullet-resistant body armor
- Emergency-vehicle accessories
- Emergency-rescue-vehicle repair
- Exempt publications
- Farm machinery
- Firefighter equipment

- Handicapped accessible (building materials)
- Handicapped accessible (vehicle costs)
- Horse materials
- Logging equipment
- Materials for business use in a state where no sales tax applies
- Materials used to provide taxable services
- Medical supplies for a health-care facility
- Packing materials used to ship household goods outside Minnesota
- Poultry feed
- Prizes used for games at fairs or other events lasting fewer than six days
- Repair or replacement parts used in another state/country as part of a maintenance contract
- Ship replacement parts and lubricants
- Ski area items
- State or local government agency from another state
- Taconite production items
- Telecommunications equipment
- Townships (gravel, machinery, and equipment used for road and bridge maintenance)
- TV commercials
- Veteran organizations
- Waste-management containers and compactors
- Wind energy systems

# Form ST3 exemption descriptions

Use Form ST3, Exemption Certificate, to claim the following exemptions. Fact sheets are available for some of the items as noted. Call our office for details about other exemptions not listed here.

## **Agricultural or industrial production.**

Materials and supplies used or consumed in agricultural or industrial production of items intended to be sold ultimately at retail. Does not cover machinery, tools (except qualifying detachable tools and special tooling), accessories, furniture and fixtures used to produce a product. *Fact Sheet 100, Agricultural Production, or Fact Sheet 145, Industrial Production.*

**Direct pay.** Allows the buyer to pay sales tax on certain items directly to the state instead of to the seller. Applicants must be registered to collect sales tax in order to qualify and must apply for and receive approval and a DP# from the Department of Revenue. Enter the DP# on Form ST3.

**Exempt organizations.** Must be a government or nonprofit organization as described below. Cannot be used to buy meals and lodging exempt, except for the federal government.

- **Charitable organizations.** Must be operated exclusively for charitable purposes. You *must* apply for and receive an ES# from the Department of Revenue. Enter the number on Form ST3. (Some nonprofit organizations do not qualify for sales-tax exemption.)
- **Chore/homemaking services** purchased by a local government specifically for elderly and disabled.
- The **federal government** may provide purchaser orders, payment vouchers, work orders or complete Form ST3.
- **Hospitals** owned by a local government or that qualify as charitable under IRC 501(c)(3) can use this certificate without an exemption number or *may* apply for an ES# from the Department of Revenue.
- **Libraries.** Includes public, county law, state agency, and the state and legislative libraries.
- **Nursing homes** owned by a local government or that qualify as charitable under IRC 501(c)(3) can use

Form ST3 without an exemption number or may apply for an ES# from the Department of Revenue.

- **Outpatient surgical centers** that qualify as charitable under IRC 501(c)(3) can use this certificate without an exemption number or *may* apply for an ES# from the Department of Revenue.
- **Religious and educational organizations.** Churches, schools, school districts, scouts, youth groups, etc., operated exclusively for religious or educational purposes can use Form ST3 without an exemption number or may apply for an ES# from the Department of Revenue.
- **Senior citizen groups.** Groups must limit membership to senior citizens age 55 or older, or under 55 but physically disabled. They *must* apply for and receive an ES# from the Department of Revenue and enter it on Form ST3.

**Motor carrier direct pay.** Allows motor carriers to pay tax directly to the state when they lease mobile transportation equipment or buy certain parts and accessories. Applicants must be registered for sales tax in order to apply. You must apply for, and receive approval and MCDP# from the Department of Revenue. Enter the MCDP# on Form ST3. *Fact Sheet 107, Interstate Motor Carriers.*

**Multiple points of use.** Taxable services or electronically delivered computer software that is made available for use in more than one taxing jurisdiction at the same time. Purchaser is responsible for apportioning and remitting the tax due to each taxing jurisdiction.

## **Percentage exemption.**

- Percentage exemptions may be claimed for **advertising materials** for use outside Minnesota or local taxing area. Purchaser must enter exempt percentage on Form ST3. *Fact Sheet 133, Advertising – Creative Promotional Services.*
- Exemption applies to percent of **utilities used in agricultural or industrial production.** General space heating and lighting is not included in the exemption. Purchaser must enter exempt percentage on Form ST3. *Fact*

*Sheets 100, Agricultural Production; and 129, Utilities Used in Production.*

**Resale.** Items or services must be purchased for resale in the normal course of business.

**Resource recovery facilities.** Applies to equipment used for processing solid or hazardous waste (after collection and before disposal) at a resource recovery facility. You must apply for and receive approval from the Department of Revenue. Enter the CN# on Form ST3.

## **Other exemptions**

**Airflight equipment.** Must be purchased by an airline company taxed under M.S. 270.071 through 270.079.

**Ambulances (leases of vehicles used as ambulances).** Must be used by an ambulance service licensed by the EMS Regulatory Board under section 144E.10.

**Aquaculture production equipment.** Qualifying aquaculture production equipment, and repair or replacement parts used to maintain and repair it. *Fact Sheet 130, Aquaculture Production Equipment.*

**Automatic fire-safety sprinkler systems.** Fire-safety sprinkler systems and all component parts (including waterline expansions and additions) are exempt when installed in an existing residential dwelling, hotel, motel or lodging house that contains four or more dwelling units.

**Biosolids processing equipment.** Equipment designed to process, dewater and recycle biosolids for wastewater treatment facilities of political subdivisions and materials incidental to installation of that equipment.

**Bullet-resistant body armor.** Must be purchased by a licensed peace officer, or a state or local law-enforcement agency.

**Emergency rescue vehicle repair and replacement parts.** Must be purchased by a government entity and attached to an emergency rescue vehicle. Emergency rescue vehicles are fire trucks, hook and ladder trucks, ambulances and pumper trucks. Marked squad cars and fire-chief

# ST3 exemption descriptions (continued)

cars are not considered rescue vehicles. *Fact Sheet 135, Fire Fighting, Police and Emergency Equipment.*

**Emergency vehicle accessory items** used to initially equip marked police cars, fire trucks, hook and ladder trucks, pumper trucks and ambulances. *Fact Sheet 135, Fire Fighting, Police and Emergency Equipment.*

**Exempt publications.** Materials and supplies used or consumed in the production of newspapers and publications issued at average intervals of three months or less. Includes publications issued on CD-ROM, audio tape, etc.

**Farm machinery.** Qualifying farm machinery, and repair or replacement parts (except tires) used to maintain and repair it. *Fact Sheet 106, Farm Machinery*

**Firefighter equipment.** Personal protective equipment used to provide fire protection when purchased or authorized by an organized fire department, fire protection district or fire company that provides fire protection to the state or a political subdivision. *Fact Sheet 135, Fire Fighting, Police and Emergency Equipment.*

**Handicapped accessible (residential building materials).** Building materials and equipment purchased by nonprofit organizations if the materials are used in an existing residential structure to make it handicapped accessible, and the homeowner would have qualified for a refund of tax paid on the materials under M.S. 297A.71, subd. 11 or subd. 22. Nonprofit organizations include those entities organized and operated exclusively for charitable, religious, educational or civic purposes; and veteran groups exempt from federal taxation under IRC 501(c)(19).

**Handicapped accessible (vehicle costs).** Conversion costs to make vehicles handicapped accessible. Covers parts, accessories and labor.

**Horse materials.** Covers consumable items such as feed, medications, bandages and antiseptics purchased for horses. Does not cover machinery, tools, appliances, furniture and fixtures.

**Logging equipment.** Qualifying logging equipment, and repair or replacement parts (except tires) used to maintain and repair it. *Fact Sheet 108, Logging Equipment.*

**Materials for business use outside Minnesota** in a state: where no sales tax applies to such items; or for use as part of a maintenance contract. This exemption applies only if the items would not be taxable if purchased in the other state (e.g., a state that does not have sales tax).

**Materials used to provide taxable services.** Materials must be used or consumed directly in providing services taxable under MS 297A.61, subd. 3.

**Medical supplies for a health-care facility.** Purchases by a licensed health care facility, outpatient surgical center or licensed health-care professional of medical supplies used directly on a patient or resident to provide medical treatment. The exemption does not apply to equipment, lab or radiological supplies, etc. *Fact Sheet 117, Health Products.*

**Packing materials.** Packing materials used to pack and ship household goods to destinations outside Minnesota.

**Poultry feed.** The poultry must be for human consumption.

**Prizes.** Items given to players as prizes in games of skill or chance at events such as community festivals, fairs and carnivals lasting fewer than six days.

**Repair or replacement parts used in another state or country** as part of a maintenance contract. This does not apply to equipment or tools used in a repair business.

**Ship repair or replacement parts and lubricants.** Repair or replacement parts and lubricants for ships and vessels engaged principally in interstate or foreign commerce.

**Ski areas.** Items used or consumed primarily and directly for tramways at ski areas, or in snowmaking and snow-grooming operations at ski hills, ski slopes or ski trails. Includes machinery, equipment, water additives and electricity used in the production and maintenance of machine-made snow.

**State or local government agency from another state.** Sales made to other states and local government agencies are exempt if the item would not be taxed in the home state. (Does *not* apply to sales of meals and lodging.)

**Taconite production items.** Mill liners, grinding rods and grinding balls used in taconite production if purchased by a company taxed under the in-lieu provisions of MS 298 if they are substantially consumed in the production of taconite.

**Telecommunications equipment** used directly by a telecommunications service provider primarily to provide telecommunications services for sale at retail. *Fact Sheet 119, Telecommunication Services.*

**Townships (gravel, machinery, and equipment used for road and bridge maintenance).** Purchases by a town of gravel, machinery, equipment and accessories used exclusively for road and bridge maintenance.

**TV commercials.** Covers TV commercials and tangible personal property primarily used or consumed in preproduction, production or postproduction of a TV commercial. Includes *rental* equipment for preproduction and production activities only. (Equipment *purchased* for use in any of these activities is taxable.) *Fact Sheet 163, TV Commercials.*

**Veteran organizations.** Applies to purchases by veteran organizations and their auxiliaries if they are organized in Minnesota and exempt from federal income tax under IRC 501(c)19 of the IRC; and the items are for charitable, civic, educational or nonprofit use (e.g., flags, equipment for youth sports teams, materials to make poppies given for donations).

**Waste-management containers and compactors** purchased by a waste-management service provider to use in providing waste-management services that are subject to solid-waste management tax.

**Wind energy systems.** Wind energy conversion systems and materials used to construct, install, repair or replace them.

## Your rights as a taxpayer

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As a Minnesota taxpayer, you have the right to clearly understand your rights and responsibilities under the law, and the Department of Revenue is responsible for helping you do so.

Several brochures are available on our website or by calling our office.

We also want you to know how your information is used, and what is considered public and private information.

### Public vs. private information

**Public information** about businesses registered for sales and use tax includes:

- Minnesota tax ID number,
- name and address under which the business is registered,
- business name and location,
- registration date, and
- any registration cancellations.

If someone asks for specific information about your business, only the above information will be provided (*MS 270B.08, subd. 1*).

**Private information** includes the information you provide on your tax return, except for the public informa-

tion listed above. Private information cannot be given to others without your consent except to the IRS, other states that guarantee the same privacy and certain government units as provided by law.

**Why we ask for information.** Your name, address, and Minnesota tax ID number are required for identification.

Your taxable sales and use-tax purchases are required to determine your correct tax. If you don't provide this information, your return may not be accepted or processing of the return may be delayed. You may also be subject to civil and criminal penalties for not filing a return.

The information on your return may be compared with other information you have provided to the Department of Revenue.