



Sales and Use Tax for Retailers

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Minnesota Business Tax Education

May 2026

Disclaimer

This presentation is for educational purposes only and does not provide tax advice. It is meant to accompany an oral presentation and not to be used as a standalone document.

This presentation is based on the facts and circumstances being discussed, and on the laws in effect when it is presented. It does not supersede or alter any provisions of Minnesota laws, administrative rules, court cases, or revenue notices.

If you have any questions, contact us at salesuse.edu@state.mn.us, 651-296-6181, or 1-800-657-3777 (toll-free), or consult a tax professional.



Minnesota Business Tax Education Program

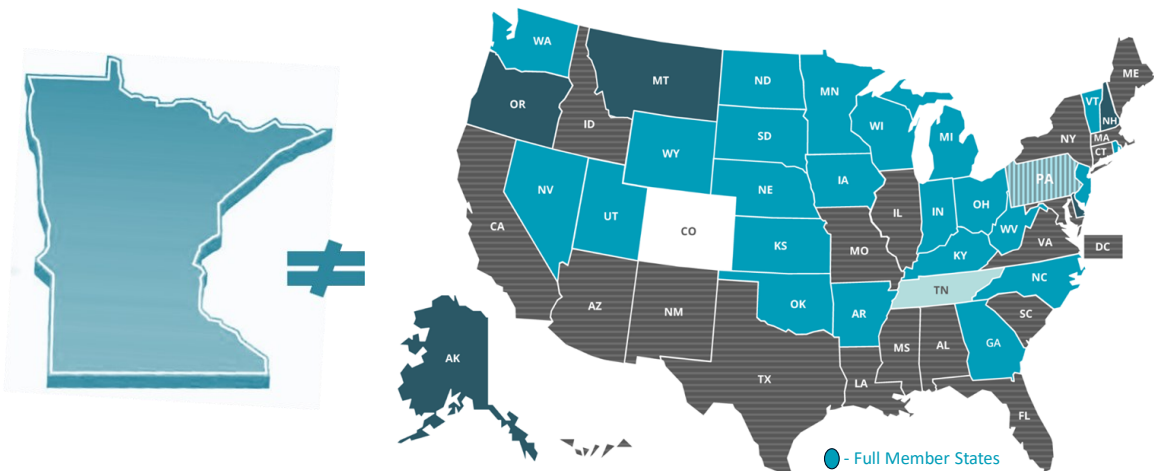
Providing education opportunities about Minnesota tax laws.

Course Objectives

After completing this course, you will be able to:

- Distinguish how sales and use tax law applies to retail businesses
- Recognize the exceptions to the general rule and the exemptions available
- Identify how to use and when to accept an exemption certificate
- Find resources that answer your sales and use tax questions

Sales Tax Laws Are Not The Same In Every State



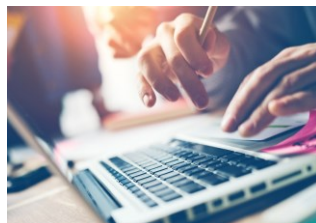
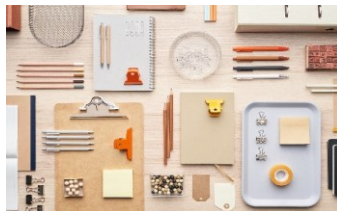
[Streamlined Sales Tax Governing Board](#)

Categories of Sales



Tangible Personal Property

Subject to sales and use tax unless an exemption applies



Trust Tax



Do I need to collect Minnesota sales tax?

You must collect Minnesota sales tax on goods **sourced** to Minnesota, unless:

- An **exemption** applies, or
- You are a **remote seller** that meets the **small seller exception**

General Sourcing Rules



Seller's
Address



Delivery
Address



Billing
Address

[M.S. 297A.668 subd. 2](#)

Sourced to Seller's Address



Sample Invoice 1

Lakeville Hardware
20195 Holyoke Ave
Lakeville, MN 55044-8339

Invoice 6543

Date: 4/1/2026

Bill To: Ben Weatherstaff

Ship To: Pick-up

Description	Amount	Tax
4-Step Fertilizer Program	\$ 150.00	T
Fertilizer Spreader	50.00	T
Subtotal	\$ 200.00	
Delivery	N/A	
Sales Tax (MN 6.875%, Dakota County Transit 0.25%, MAT 0.75%, MATH 0.25%)	16.25	
TOTAL:	\$ 216.25	

Sourced to Delivery Address



Sample Invoice 2

GMT Retail Store
123 University Ave
St. Paul, MN 55101

Invoice 12345

Date: 7/15/2026

Bill To: I M A Business
4300 W 66th St
Edina, MN 55435-1617

Ship To: Same

Description	Qty	Amount	Tax
Latex gloves (pkg of 100)	5	\$ 50.00	E
Hand Sanitizer, 7.5 oz. pump bottles (12/case)	1	45.00	T
Multi-surface aerosol cleaner (6/case)	2	50.00	T
Polo shirts, navy with embroidered logo	50	1,000.00	E
Subtotal		\$ 1,145.00	
Sales Tax (MN 6.875%, Edina 0.5%, Hennepin County 0.15%, Hennepin County Transit 0.5%, MAT 0.75%, MATH 0.25%)		8.57	
TOTAL:		\$ 1,153.57	

Sourced to Billing Address



[M.S. 297A.668](#) [297A.669](#)

Sample Invoice 3

Business Solutions Software Co.
1315 10th St.
Sacramento, CA 95814-4905

Invoice 65432

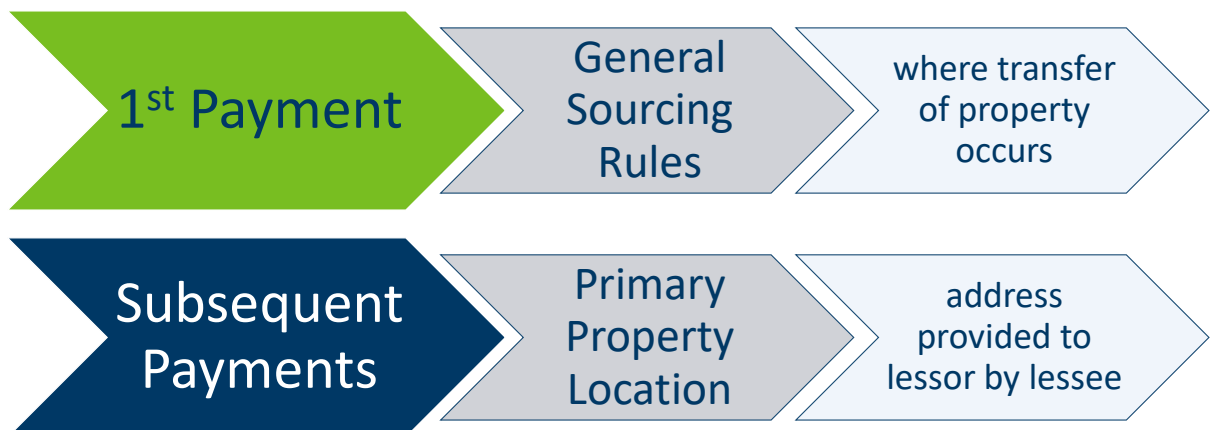
Date: 1/2/2026

Bill To: Billy Beane Enterprises
122 6th St. NE
Staples, MN 56479-2900

Ship To: Download

Description	Amount	Tax
Accounting Software Package – 5 users	\$ 4,000.00	T
Subtotal	\$ 4,000.00	
Delivery	N/A	
Sales Tax (MN 6.875%, Todd County Transit 0.5%, Staples 0.5%)	315.00	
TOTAL:	\$ 4,315.00	

Sourcing Rules for Leases or Rentals of TPP



Sample Invoice 4

Business Solutions Co
658 Cedar St.
St. Paul, MN 55155-1603

Invoice 12345-1

Date: 8/1/2026

Bill To: Widget Manufacturing
300 South 6th St.
Minneapolis, MN 55487-0999

Ship To: Pick-up

Description	Amount	Tax
Commercial Copy Machine S/N: 987654321CCM Monthly Lease 1 of 60 (August 1-31, 2026)	\$ 250.00	T
Subtotal	\$ 250.00	
Sales Tax (MN 6.875%, St. Paul 1.5%, Ramsey County Transit 0.5%, MAT 0.75%, MATH 0.25%)	24.69	
TOTAL:	\$ 274.69	

Sample Invoice 5

Business Solutions Co
658 Cedar St.
St. Paul, MN 55155-1603

Invoice 12345-1

Date: 7/1/2026

Bill To: Widget Manufacturing
300 South 6th St.
Minneapolis, MN 55487-0999

Ship To: Same

Description	Amount	Tax
Commercial Copy Machine S/N: 987654321CCM Monthly Lease 2 of 60 (September 1-31, 2026)	\$ 250.00	T
Subtotal	\$ 250.00	
Sales Tax (MN 6.875%, Minneapolis 0.5%, Hennepin County 0.15%, Hennepin County Transit 0.5% MAT 0.75%, MATH 0.25%)	22.56	
TOTAL:	\$ 272.56	

Retail Delivery Fee

Applies to **certain** transactions involving **retail delivery** in Minnesota that equal or exceeds \$100

Retailer Exclusions:

- Minnesota retail sales less than **\$1,000,000** in previous calendar year
- Marketplace provider facilitates Minnesota retail sales less than \$100,000 in previous calendar year

[Retail Delivery Fee](#)

Remote Sellers

A **remote seller** is any business that sells products in Minnesota without having a physical presence in Minnesota.

Examples:

- Internet Sellers
- Mail order and catalog companies
- Sales over the telephone

Small Seller Exception

The **Small Seller Exception** applies to remote sellers who do NOT meet either of the following thresholds in the previous 12 months:

- 200 or more retail sales shipped into Minnesota
- Retail sales shipped into Minnesota that total more than \$100,000

[Sales Tax for Remote Sellers](#)

Use Tax Basics

- Applies to taxable purchases when sales tax was not charged
- Complements sales tax
- Self-assessed
- Paid directly to the state

What is the tax rate?



Sales Tax is a Transaction Tax

Look at each transaction to determine its taxability



Sales Tax is a Transaction Tax

ABC Retail Store 111 Main Street St. Paul, MN 55106 Phone: 651-555-5555 4/14/2024 11:37		
General Merchandise		
Candy	4.49	TF
Coloring Book	1.99	T
Grocery		
Salad Dressing	3.49	F
Coffee	13.18	F
2 @ 6.59		
Meat		
Ground Beef	4.99	F
Subtotal	28.14	
Tax on 6.48	0.64	
Total	28.78	

ABC Retail Store 111 Main Street St. Paul, MN 55106 Phone: 651-555-5555 4/14/2024 11:37		
General Merchandise		
Candy	4.49	*
Coloring Book	1.99	*
Grocery		
Salad Dressing	3.49	
Coffee	13.18	
2 @ 6.59		
Meat		
Ground Beef	4.99	
Subtotal	28.14	
Tax on 6.48	0.64	
Total	28.78	

ABC Retail Store 111 Main Street St. Paul, MN 55106 Phone: 651-555-5555 4/14/2024 11:37		
General Merchandise		
Candy	4.49	T
Coloring Book	1.99	T
Grocery		
Salad Dressing	3.49	N
Coffee	13.18	N
2 @ 6.59		
Meat		
Ground Beef	4.99	N
Subtotal	28.14	
Tax on 6.48	0.64	
Total	28.78	

Bundled Transactions

Bundled transactions are two or more items included for one non-itemized price.

- Taxable when any of the included items are taxable
 - Unless the taxable items are considered diminimus
- Bundles containing certain exempt items are taxable if more than 50% of the items included are taxable

Itemized Transactions

List taxable and nontaxable items on separate lines of an invoice.

- Car repair
 - Repair labor is not taxable
 - Parts are taxable
- Computer setup and repair
 - Support services are not taxable
 - Software or parts are taxable

Taxable Sales

Sellers must collect Minnesota sales tax on goods they sell unless an exemption applies.

Examples of taxable sales:

- Equipment sales or rentals
- Office supplies
- Pet food and medications
- Protective equipment
- Sports equipment

Sales Price Includes

- Retail price of the product or service
- All items required as a condition of the sale
- Delivery or handling charges
- Fabrication labor
- Installation charges
- Layaway fees
- Service charges
- Taxes and fees that are the obligation of the seller

Sales Price Does NOT Include

- Credit allowed for TPP taken in trade (trade-in allowance must be in-kind)
- Discounts or Coupons (unless reimbursed by a third party)
- Interest
- Finance charges
- Taxes and fees legally imposed on the consumer, if separately stated on the invoice

Retailer's Coupon

Subtract the coupon from the price of the item, then apply sales tax.

Computer	\$400.00
Less coupon	<u>50.00</u>
Subtotal	350.00
Tax (6.875%)	<u>24.06</u>
Total due	\$374.06

Manufacturer's Coupon

Apply sales tax to the price of the item, then subtract the coupon.

Computer	\$400.00
Tax (6.875%)	<u>27.50</u>
Subtotal	427.50
Less coupon	<u>50.00</u>
Total due	\$377.50

Daily Deal Website Vouchers and Coupons

Discount vouchers and group coupons are purchased online and brought to the retailer for the discount.

- Purchase of a discount voucher is not taxable
- If the item or service is taxable, charge sales tax when the voucher or coupon is redeemed

How are vouchers taxed?

Is the amount paid for the voucher known?	Charge Sales Tax on:
Yes	Tax the amount paid for the discount voucher.
No	Tax the face value of the discount voucher.

Voucher Example – Amount Paid



Voucher Example – Value



Voucher Example – Amount Paid & Value



Rewards Programs

Rewards programs are incentives to encourage customer loyalty. They include:

- Coupons
- Discounts
- Points
- Rebates

When is a rewards program considered a discount?

A reward is considered a discount when it:

- Is not purchased
- Is not provided in exchange for services
- Cannot be redeemed for cash
- Is not reimbursed by a third party

Retailer Rewards

Retailer rewards are taxable if they:

- Require a customer to pay cash for the reward
- Require the customer to provide services in exchange for the reward
- Are reimbursed by a third party
- Can be redeemed for cash

Rewards Program – Punch Card

Punch card at a coffeeshop

- For every purchase you get one punch
- 10 punches gets you a free drink
- No tax is due on the free drink

Rewards Program – Restaurant Loyalty Card

Loyalty card sold by a restaurant for \$50

- The customer gets 20% off purchases for a year
- Tax charged on full price of meal before discount is applied

[Coupons and Other Forms of Payment](#)

Returns

- Refund purchase price, and
- Refund the sales tax originally paid, even if returned to a different location

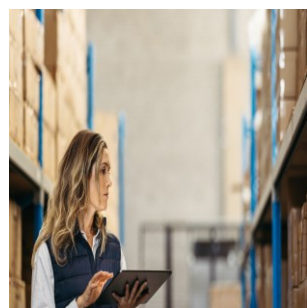
Exempt Transactions



Product-based



Entity-Based



Use-Based

Product-Based Exemptions



Clothing



Food and Food Ingredients



Drugs



Printing Industry



Secure Firearm Storage Units

Entity-Based Exemptions

Federal government agencies [Federal Government](#)

Tribal governments [Tribal Governments and Members](#)

Local governments [Local Governments](#)

Nonprofit organizations [Nonprofit Organizations](#)

Minnesota government agencies [State Government Agencies](#)

Entity-Based Exemptions

- Paid for directly by the exempt entity
- The sales tax exemption for entity-based organizations does not apply to:
 - Lodging
 - Prepared food, candy, soft drinks, alcoholic beverages, and taxable cannabis products
 - Purchases, leases, or rentals of most motor vehicles
 - Waste collection and disposal services

Use-Based Exemptions

- Inventory purchased for resale [Retailers and Wholesalers](#)
- Nonreturnable packaging [Retailers and Wholesalers](#)
- Advertising materials shipped out-of-state [Advertising](#)
- Items consumed in performing a taxable service [Taxable Services](#)
- Items used in agricultural production [Agricultural and Farming](#)
- Materials used in the manufacturing process [Industrial Production](#)

Authorization Letters and Permits

Certain businesses may qualify for these exemptions:

- Direct Pay
- Exempt Status (nonprofit exemption)
- Motor Carrier Direct Pay
- Resource Recovery Facility

Authorized Exemption Certificates

- Form ST3, Certificate of Exemption
- Form F0003, Certificate of Exemption
- Uniform Sales and Use Tax Certificate
- Other state's exemption certificates*
- Self-prepared exemption certificate *

*If all required elements are included

Required Elements for Exemption Certificates

Name of Purchaser ABC Retail			
Business Address 123 Main Street		City St. Paul	State MN
Purchaser's Tax ID Number 1234567		State of Issue Minnesota	
If no tax ID number, enter one of the following:		Driver's license number/State issued ID number	
FEIN		State of Issue Number	
Name of seller from whom you are purchasing, leasing, or renting XYZ Wholesale Company			
Seller's Address 987 First Avenue		City Minneapolis	State MN
		ZIP code 55404	
Type of Business			
☐ 01 Accommodation and food services ☐ 02 Agricultural, forestry, fishing, hunting ☐ 03 Construction ☐ 04 Finance and insurance ☐ 05 Information, publishing and communications ☐ 06 Manufacturing ☐ 07 Mining ☐ 08 Real estate ☐ 09 Rental, leasing ☒ 10 Retail trade		☐ 11 Transportation and warehousing ☐ 12 Utilities ☐ 13 Wholesale trade ☐ 14 Business services ☐ 15 Professional services ☐ 16 Education and health-care services ☐ 17 Nonprofit organization ☐ 18 Government ☐ 19 Not a business (explain) ☐ 20 Other (explain)	
Reason for Exemption (See instructions)			
☐ A Federal government (department) ☐ B Specific government exemption ☐ C Tribal government (name) ☐ D Foreign diplomat # ☐ E Charitable organization # ☐ F Educational organization # ☐ G Religious organization # ☒ H Recale ☐ I Qualifying capital equipment (see instructions when equipment claimed is part of a construction project)		☐ J Agricultural production ☐ K Industrial production/manufacturing ☐ L Direct pay authorization ☐ M Multiple points of use (services, digital goods, or computer software delivered electronically) ☐ N Direct mail ☐ O Other (enter number from instructions) ☐ P Percentage exemption ☐ Q Advertising (enter percentage) ☐ R Utilities (enter percentage) ☐ S Electricity (enter percentage)	
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 Purchaser <i>Jane Smith</i>		Print Name Here Jane Smith	Title Purch. Agent
		Date 06/15/2020	
Rev. 7/19			

- Purchaser's name and address
- Purchaser's Minnesota tax ID number
- Purchaser's type of business
- Reason for exemption
- Purchaser's signature (unless on-line order form or shopping cart)

Other Fields on the Exemption Certificate

 DEPARTMENT OF REVENUE Form ST3, Certificate of Exemption			
Purchaser: Complete this certificate and give it to the seller. Seller: If this certificate is not completed, you must charge sales tax. Keep this certificate as part of your records. This is a blanket certificate, unless one of the boxes below is checked. This certificate remains in force as long as the purchaser continues making purchases or until otherwise cancelled by the purchaser.			
☐ Check if this certificate is for a single purchase and enter the related invoice/purchase order # _____ ☐ If you are a contractor and have a purchasing agent agreement with an exempt organization, check the box to make purchases for a specific job. Enter the exempt entity name and specific project: Exempt entity name _____ Project description _____			
Name of Purchaser ABC Retail			
Business Address 123 Main Street		City St. Paul	State MN
Purchaser's Tax ID Number 1234567		State of Issue Minnesota	
If no tax ID number, enter one of the following:		Driver's license number/State issued ID number	
FEIN		State of Issue Number	
Name of seller from whom you are purchasing, leasing, or renting XYZ Wholesale Company			
Seller's Address 987 First Avenue		City Minneapolis	State MN
		ZIP code 55404	

- One-time exemption on a purchase
- Purchasing agent buying materials for an exempt job
- Seller's name and address

Purchaser's Responsibilities

- Know if you qualify to claim an exemption
- Complete an exemption certificate
- Give it to the seller at the time of purchase
- Pay any use tax, penalty, or interest if used incorrectly

Seller's Responsibilities

- Review all exemption certificates
- Keep exemption certificates as part of your business records
- Do not unlawfully solicit exemption certificates

Local Taxes

Local taxes are added to the state general sales tax rate to compute the total tax rate.

- City tax
- County tax
- Special local tax
- Motor vehicle \$20 excise tax



Tools to Find Tax Rates

We offer a variety of tools including:

- Sales Tax Rate Calculators
- Sales Tax Rate Map
- Sales Tax Rate Spreadsheet
- Sales Tax API (Application Program Interface)
- Local Sales Tax Rate Publication
- Twin Cities Area Local Tax Rate Publication



Businesses



We offer information and resources to help businesses:

- File and pay Minnesota taxes and fees
- Get a Minnesota Tax ID Number
- Calculate sales tax rates
- Manage tax accounts and business information
- Learn about other business taxes and fees

Open All [+/-]

Top Tasks

[+]

Business Tax Resources

[+]

Business Taxes and Fees

[-]

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[S Corporation Tax](#)
[Sales and Use Tax](#)
[Solar Energy Production Tax](#)
[Unrelated Business Income Tax](#)
[Wind Energy Production Tax](#)
[Withholding Tax](#)

Contact Info

EMAIL

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PHONE

651-282-5225 ☎
800-657-3605 ☎

HOURS [+/-]

ADDRESS [+/-]

How Are We Doing?

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Related Content

[Collection Information](#)
[Annual Tax Statistics](#)
[Revenue Notices](#)

Last Updated

February 05, 2026



Sales and Use Tax



Sales Tax applies to most retail sales of goods and some services in Minnesota. You may owe Use Tax on taxable goods and services used in Minnesota when no sales tax was paid at the time of purchase. We also administer a number of local sales taxes.

2025 Individual Cannabis Use Tax

We are updating [Form MTL Individual Use Tax Return](#), to include the Individual Cannabis Use Tax. Please wait for the new form if you need to file cannabis use tax for 2025 or earlier.

You may use the current form to file Individual Use Tax for **only** the general sales tax rate or liquor gross receipts tax.

Phone and In-Person Sales Tax Appointments Now Available

If you need help with sales tax forms or documents, you can meet with us by phone or in person. In most cases, it's faster and easier to contact us in other ways. For details, see [Get Sales Tax Help](#).

Open All [+/-]

Top Tasks

[+]

File and Pay

[+]

Sales Tax

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How Are We Doing?

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Last Updated

December 23, 2025



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Funding Minnesota's Future



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individuals



Businesses

Resources and information for
businesses



Tax Professionals

Resources for tax professionals
and software providers



Governments

Resources for state agencies and
local governments

I need to...

[Check My Refund](#)

[Log in to e-Services](#)

[Calculate Sales Tax](#)

[Make a Payment](#)

[Register for a Tax ID](#)

[Find a Form](#)

Sales Tax Rate Calculator

Use this calculator to find the general state and local sales tax rate for any location in Minnesota.

The results do not include special local taxes that may also apply — such as admissions, entertainment, liquor, lodging, and restaurant taxes. For more information, see [Local Sales Tax Information](#).

Note: Changes to the sales and use tax rates are published about 30 days before they begin.

The Sales Tax Rate Calculator may not provide an accurate sales tax rate when a 9-digit zip code crosses city or county boundaries. If you notice an inaccurate rate or error message, use the [Sales Tax Rate Map](#).

Find a Sales and Use Tax Rate

You can search by address, 9-digit ZIP code, or by searching on an interactive map. [Look up a ZIP code or verify an address](#) on the U.S. Postal Service website.

Address

[+]

Zip+4

[+]

[Open All](#) [+]

Map

[+]

Contact Info

EMAIL

[Go to Contact Form](#)

PHONE [+]

651-296-6181
800-657-3777

HOURS [+]

ADDRESS [+]

How Are We Doing?

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[Sales and Use Tax Information](#)

Last Updated

September 10, 2025

Zip+4

[-]

Enter a nine-digit ZIP code.

ZIP CODE*

55146

-

6000

EFFECTIVE PERIOD

Jan-Mar 2026



DOLLAR AMOUNT

2500

Submit

Reset

Results: The Sales Tax rate for 55146-6000 is **9.875%** (Jan-Mar 2026).

MN State = 6.875% ; Ramsey County Transit = 0.500% ; St. Paul = 1.500% ; Metro Area Transportation = 0.750% ; Metro Area Tax for Housing = 0.250%.

The tax on 2500 is **\$246.88**.

Address

[-]

Enter an address.

ADDRESS*

600 Robert St N

ADDRESS 2

Apt/Suite/Other

CITY*

St. Paul

STATE: MN

EFFECTIVE PERIOD

Jan-Mar 2026



DOLLAR AMOUNT

2500

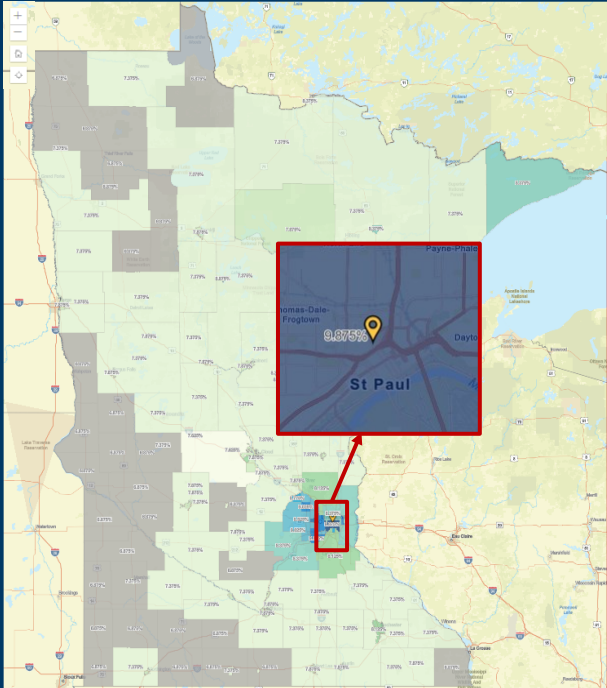
Submit

Reset

Results: The Sales Tax rate for 600 Robert St N, St Paul **55146-6000** is **9.875%** (Jan-Mar 2026).

MN State = 6.875% ; Ramsey County Transit = 0.500% ; St. Paul = 1.500% ; Metro Area Transportation = 0.750% ; Metro Area Tax for Housing = 0.250%.

The tax on 2500 is **\$246.88**.



Find the Rate

Address Search:
600 Robert St N, Saint Paul, MN, 55146, US/ X Q

Effective Period:
Jan-Mar 2026 v

Sales Tax Results

Address Returned: 600 Robert St N, Saint Paul, Minnesota, 55146

Local General Sales & Use Tax Rates	
Total Sales Tax Rate:	9.875%
State Tax:	6.875%
County Tax:	0.5%, Ramsey County Transit
City Tax:	1.5%, St. Paul City
Other Tax:	None
Other Local Tax 1:	None
Other Local Tax 2:	None
Other Local Tax 3:	0.75%, Metro Area Transportation
Other Local Tax 4:	0.25%, Metro Area Tax for Housing

Reset Address
Download Results

Calculate the Rate

Dollar Amount
0.00 v

x

Rate
9.875% v

Reset Calculator
Calculate

Special Local Taxes

This result does not include [special local taxes](#) (lodging, entertainment, liquor, admissions, and restaurant taxes). If special local taxes apply, add them to the rate provided above.

Sales Tax Rate Spreadsheet

	A	B	C	D	E	F	G	H
1								Updated: 4/21/2026
2			DEPARTMENT OF REVENUE					
3								
4			Look Up a Minnesota Tax Rate					
5			Use this spreadsheet to determine the tax rate for sales and purchases made in Minnesota.					
6								
7								
8								
9								
10								
11								
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14								
15								
16								
17								
18								
19								
20								
21								
22								
23								

ZIP Code	Applicable Local Taxes	Rate 04/01/26
551466000	State, Ramsey Transit, St. Paul, Metro Area Tax for Housing, Metro Area Transportation	9.875%

How to Use This Spreadsheet

We update this spreadsheet quarterly. Be sure to use the right version for the date of the sale or purchase to find the correct sales tax rate.

1. Enter a nine-digit ZIP code in the left column (above). Do not enter any dashes. You must use a valid, nine-digit ZIP code. [Find a ZIP code based on mailing address](#) (U.S. Postal Service website).
2. Press the Return key.
3. The tool will list the local taxes that apply and resulting tax rate.

Note: You may also need to add special local taxes to this rate; see below for details.

Special Local Taxes

This spreadsheet does not include any special local taxes (lodging, entertainment, liquor, admissions, or restaurant taxes). If any special local taxes apply, you must also add them to the rate. For details, see:

- [Local Sales and Use Tax Guide](#)
- [Special Local Taxes](#)

Sales Tax API (Application Program Interface)

[Subscribe to Sales Tax API email updates.](#)

The Minnesota Department of Revenue offers a Sales Tax Application Program Interface (Sales Tax API) that connects an online retailer's sales site and Minnesota's sales tax rate information, using a nine-digit ZIP code.

Why use the Sales Tax API?

The Sales Tax API is an efficient service that will automatically find the general state and local sales tax rate for any location in Minnesota for each of your sales transactions. You no longer need to do quarterly updates for rates and boundaries information when using the Sales Tax API.

The results do not include special local taxes—such as admissions, entertainment, liquor, lodging, and restaurant taxes—that may also apply. For more information, [see Local Sales Tax Information](#).

Use Tax

Use tax is based on your purchase price of taxable items or services. This is true whether you:

- Buy taxable items without paying sales tax
- Take items out of inventory
 - Use in your business
 - Donate to a charitable organization
 - Give away as promotional gifts
- Buy items in another Minnesota city or county with a lower (or no) local tax

Review Your Invoices

- Determine if items on the invoice are taxable
- Look for taxable items purchased with an exemption certificate
- Look for vendor changes
- Watch for remote sellers that are not required to charge sales tax



Recording Use Tax

- Always self-assess the tax and remit it directly to the Department of Revenue
- **Never add use tax to a vendor payment**
- Record the amount of use tax accrued on the invoice

Variable Rate Credit

- Minnesota allows a credit for sales tax paid to another state
- Must be legally due to the other state to receive credit

Calculating Variable Rate

1. Calculate the applicable amount of tax due (variable rate X sales price).

2. Enter the amount as variable rate use tax on your sales and use tax return.

Minnesota sales tax rate	6.875%
Wisconsin state and local sales tax	<u>(5.500%)</u>
Variable rate tax due to Minnesota	1.375%

Recordkeeping Basics

Use a record-keeping system that:

- Incorporates Generally Accepted Accounting Principles (GAAP)
- Tracks the data you need
- Easy to maintain
- Works for your business

Sales Documentation

You should retain sales documents that detail the following:

- Date of the transaction
- Description of the item
- Sales price
- Where the sale was sourced
- Sales tax collected
- Exemption certificates

Purchase Documentation

Record this information:

- Date of purchase
- Invoice number
- Vendor's name
- Description of the item
- Taxable amount
- Location where the item was used
- Amount of state and local sales or use tax paid

Keep a copy of the backup documentation

Fundamentals of a Recordkeeping System

Make sure that you:

- Record each transaction the same
- Do not mix personal and business transactions
- Do not mix business records, if you have more than one business
- Use the appropriate accounting method (cash or accrual)

Accounting Methods

Cash Basis

- Record income when you receive payment
- Report sales tax when you receive payment
- Report use tax when you pay the invoice

Accrual Basis

- Record income when you make the sale
- Report sales tax when you make the sale
- Report use tax based on the invoice date

Letters or Bills

Did you receive a letter or a bill from us?





Resources

Are you looking for additional resources?



Visit our website at revenue.state.mn.us

Filing a Sales and Use Tax Return: [Filing Information](#)

Sales and Use Tax Contact Information

- Sales taxability questions

Email: salesuse.tech@state.mn.us

- Sales and Use Tax account questions

Email: salesuse.tax@state.mn.us

- Telephone assistance

Phone: 651-296-6181 or 1-800-657-3777 (toll free)

[Get Sales Tax Help](#)



Other Division Contact Information

- Business Income Taxes

- 651-556-3075

- Email: businessincome.tax@state.mn.us

- Withholding Tax

- 651-282-9999 or 1-800-657-3594

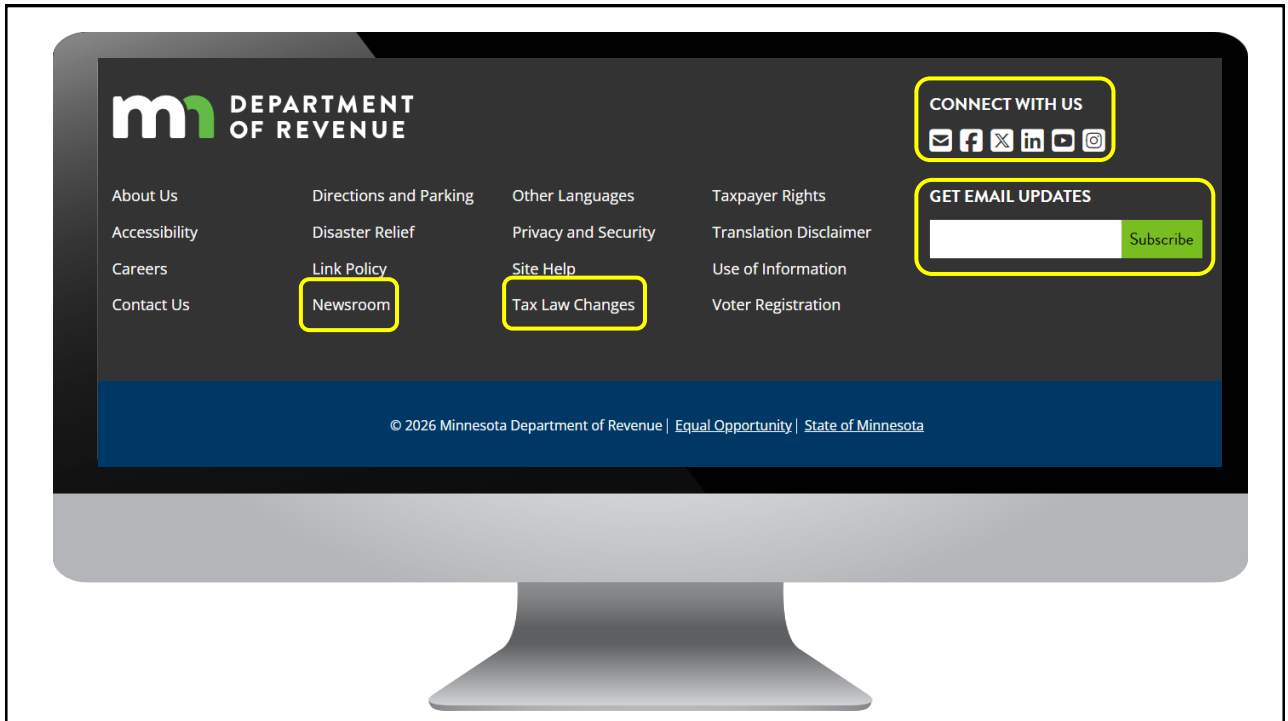
- Email: withholding.tax@state.mn.us

- Business Registration

- 651-282-5225 or 1-800-657-3605

- Email: Business.Registration@state.mn.us





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Course Review

During this class, we discussed ...

- The basic sales and use tax concepts for Minnesota and its local taxing jurisdictions
- The difference between taxable goods and services and those that are nontaxable or exempt
- How to use and when to accept an exemption certificate
- The documentation necessary for sales and use tax records and returns
- Where to find information to help answer your questions



Thank you!

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