

Minnesota State Fair – Sales Tax

140

Sales Tax Fact Sheet 140

Fact Sheet

What's new in 2018

For 2018:

- Taxable sales at the Minnesota State Fair are now subject to the Ramsey County Transit Sales Tax. Previously, sales were subject to the Transit Improvement Tax, which ended September 30, 2017.
- You can pay sales tax at the fair on Tuesday, September 4, from 9 a.m. to 2 p.m. Our collection site is located at the walk-up service window on the south side of the Libby Conference Center at 1311 Cosgrove St. (by the main Bandshell).

The Minnesota Department of Revenue provides a collection site for seasonal filers to pay sales tax at the end of the State Fair. If you pay at the fair, we will file your return if you provide the necessary information.

If your sales price includes tax, you must display a sign that says “tax included” in your stand or booth. While the Department of Revenue does not have an office at the fairgrounds, you can call us at 651-296-6181 or 1-800-657-3777 (toll-free) if you have any sales and use tax questions during or after the fair.

Who needs a Minnesota Tax ID Number?

You must have a Minnesota Tax ID Number before participating at the State Fair if you or your business:

- Sell any taxable goods or services at the fair
- Hires anyone to work at the fair (including family or friends)
- Pays nonresident entertainers to perform at the fair
- Must file a Minnesota income tax return (see page 3)

If you sell or transfer your business, even to another family member, the new owner must register for a Minnesota ID number and inform the Fair Board.

State law requires the Fair Board to obtain evidence you are registered to collect sales tax before they can lease vendor space to you. The board must record the Minnesota ID number used to report sales and use tax.

How to apply for a Minnesota ID number

You can register for a Minnesota ID number:

- **Online** – Visit our website at www.revenue.state.mn.us and type **Minnesota Tax ID** into the Search box.
- **By phone** – Call 651-282-5225 or 1-800-657-3605 and press 2.
- **By mail** – Download an application (Form ABR) at our website or write to: Minnesota Tax Forms, Mail Station 1421, St. Paul, MN 55146-1421

Sales tax

All people or businesses at the State Fair, including nonprofit groups, must collect and remit sales tax when they:

- sell taxable goods or services at the fair; or
- take orders to mail taxable products into Minnesota after the fair or after they leave the state

Tax rate

Most sales made at the State Fair are subject to **7.375 percent** sales tax. This rate includes the 6.875 percent general state tax and the 0.5 percent Ramsey County Transit Sales Tax. (For information about rates on beer, wine, and liquor, see Alcoholic beverages on page 3.)

Note: Sales made on the fairgrounds are not subject to St. Paul local taxes.

Tax included in sales price

You must list sales tax separately on customer receipts or – if your sales price includes tax – you must display a sign that says “tax included” in your stand or booth.

If you include tax in your sales price, see Subtracting sales tax from your receipts on page 3.

State Fair fees

The Fair Board requires some vendors to pay a percentage of their sales to the Minnesota State Fair. This fee is separate from any state taxes due on those sales. You cannot deduct this fee when calculating your taxable sales.

Amusements

Charges for rides, shows, exhibitions, and games of skill or chance are taxable. This includes all carnival rides, games, bungee jumping, video games, mechanical handwriting analysis, virtual reality games, and other forms of entertainment.

Prizes for games of skill or chance conducted at the State Fair are taxable.

Entertainers

Entertainers who appear at Minnesota fairs or other events must register to collect Minnesota sales tax if they sell taxable items such as cassettes, compact discs, posters, mugs, programs, pictures, etc.

Newspapers and publications

Newspapers are not taxable. Magazines or periodicals sold over the counter or through vending machines are taxable.

Strollers and wheelchairs

Rentals of baby strollers are taxable. Wheelchairs and wheelchair rentals are exempt from sales tax.

Clothing

Clothing meant to be worn on the human body for general use is not taxable. Baby clothing, including receiving blankets used as clothing, is not taxable.

Examples of nontaxable clothing

- belts
- embroidery or screen printing done on clothing before it's sold
- gloves
- hats
- leather jackets
- rain coats
- sewing fabric and materials that will become clothing
- shoes
- sweatshirts
- t-shirts

Examples of taxable items

- barrettes and hair bows
- belt buckles (sold separately from belt)
- billfolds
- crib blankets and sheets
- doll clothes
- embroidery or screen printing done after it is sold, or on clothing the customer brings to you
- handbags
- jewelry
- money belts/clips
- perfume
- purses
- sewing equipment (pins, patterns, machines, and needles)
- sunglasses
- umbrellas
- wallets
- wigs

For more information, see Fact Sheet 105, *Clothing*.

Food and drinks

Prepared food, candy, and soft drinks are subject to Minnesota Sales Tax. Nearly all food and drinks are taxable when sold at the State Fair.

Taxable prepared food

“Prepared food” means food that meets any of the following:

- sold heated or heated by the vendor
- food where two or more food ingredients are mixed or combined by the vendor
- food sold with eating utensils

Food and drinks, including bakery goods, are taxable when sold by anyone providing eating utensils. Eating utensils include but are not limited to plates, knives, forks, spoons, glasses, cups, napkins, or straws.

If the vendor's practice is to physically give or hand a utensil to the customer with the food as part of the sales transaction or the vendor places the utensil on a table, counter, or similar surface for the customer to use, the sale is taxable.

Note: Food prepared by the vendor that requires additional cooking or heating before it can be eaten is exempt.

Food prepared by someone besides the vendor Some food concessionaires sell food prepared by someone else. If the vendor contracts with another legal entity to prepare the food, the food is not taxable if sold under the vendor's label, unless the food is otherwise taxable. For example, sales of candy and soft drinks and food sold in a heated state or with eating utensils provided by the vendor are taxable regardless of who originally prepared the food.

For more information, see:

- Revenue Notice 10-01, Prepared Food
- 102A, *Food and Food Ingredients*
- 102B, *Candy*
- 102C, *Soft Drinks and Other Beverages*
- 102D, *Prepared Food*

Examples of food sales at the fair

Example 1. A booth makes and sells cinnamon rolls served on a plate. Since the plate is considered an eating utensil, the sales of the cinnamon rolls are taxable.

Example 2. A vendor makes and sells jars of spaghetti sauce. The sauce is not taxable because the customer generally heats it after the sale.

Example 3. A vendor sells spices made by someone else who packages the spices and applies the vendor's label to the packaging. The vendor uses the spices in demonstrations and passes out free samples of spiced food. Eating utensils are used to pass out the food samples.

The spices are not taxable because they are not prepared by the vendor. The eating utensils used during the demonstration do not cause the spices to be taxable. However, if the vendor prepares the spices (mixes their own spice blends), they are taxable even if the vendor doesn't provide eating utensils.

Example 4. A vendor sells pickles. The vendor uses a wooden skewer to retrieve the pickle from the container and hands the pickle to the customer on the skewer, which the customer keeps. The pickle is taxable because the skewer is considered to be an eating utensil.

Example 5. A vendor sells mini donuts and coffee. No eating utensils are handed to the customer or provided with the sale of the mini donuts. The sale of the mini donuts is not taxable; however, the sale of the coffee is taxable. The vendor must maintain proper records separating taxable from nontaxable sales.

Alcoholic beverages

For alcoholic beverages, the sales tax rate depends on what type of license the vendor holds. The most common licenses and corresponding tax rates are listed below.

- **Intoxicating Liquor license:** The total rate is 9.875 percent on all sales of alcoholic beverages, including wine coolers and 3.2 beer. (This rate includes the 6.875 percent state general rate sales tax, 0.5 percent Ramsey County Transit Sales Tax, and 2.5 percent Liquor Gross Receipts Tax.)
- **Wine license:** The total rate is 9.875 percent on all sales of alcoholic beverages, including wine coolers and 3.2 beer. (This rate includes the 6.875 percent state general rate sales tax, 0.5 percent Ramsey County Transit Sales Tax, and 2.5 percent Liquor Gross Receipts Tax.)
- **3.2 percent malt liquor license:** The total rate is 7.375 percent on all sales of alcoholic beverages. (This rate includes the 6.875 percent state general rate sales tax and 0.5 percent Ramsey County Transit Sales Tax.)

Note: All sales of alcoholic beverages must be taxed at the rate that corresponds with the license you have.

Nonalcoholic beer is always taxed at 7.375 percent, no matter what type of liquor license the bar or restaurant holds.

Reporting the tax

Retailers report their sales on the 6.875 percent general rate tax line and the 0.5 percent Ramsey County Transit Sales tax line on their sales and use tax return.

Liquor sales are reported on the 6.875 percent general rate tax line, the 2.5 percent liquor gross receipts tax line and the 0.5 percent Ramsey County Transit Sales tax line on their sales and use tax return.

You must be registered to report liquor tax prior to filing your return. If you file your sales tax return through our online e-Services system, you can "Add a sales tax type." If you file by phone, contact us at 651-282-5225.

Subtracting sales tax from your receipts

If you include tax in the sales price, you must deduct the tax from your taxable receipts to determine your taxable sales on your return.

If your receipts include the 7.375 percent tax rate:

- Divide your receipts by 1.07375; or
- Multiply your receipts by 0.93132

If your receipts include the 9.875 percent tax rate:

- Divide your receipts by 1.09875; or
- Multiply your receipts by 0.91013

Example: The total receipts from taxable sales at the end of the fair are \$10,000. Your prices include Minnesota Sales Tax (6.875 percent) and Ramsey County Transit Sales Tax (0.5 percent) for a total rate of 7.375 percent.

To calculate taxable sales, divide \$10,000 by 1.07375 (or multiply by .93132). In this example, the result is \$9,313. Report this amount on the "General rate sales tax" and the "Transit Improvement sales tax" lines of your return.

Use tax

Use tax applies to taxable items or services you use that you purchased without paying sales tax. Use tax is similar to the sales tax and the rates are identical. Use tax is based on your cost of taxable purchases.

Example: You buy a cash register for your business from an out-of-state vendor who does not charge Minnesota sales tax. You owe use tax on the cost of the cash register.

For more information, see Fact Sheet 146, *Use Tax for Businesses*.

Individual income tax

You are required to file a Minnesota Individual Income Tax return if:

- you are a nonresident or part-year resident of Minnesota and your Minnesota gross income before subtractions is equal to or more than the federal income tax filing requirement for a single person; or
- you are a Minnesota resident and you are required to file a federal income tax return.

Corporate Franchise Tax

If your business is a C corporation, you must file Form M4, *Minnesota Corporation Franchise Tax Return*.

Partnerships and S Corporations

If your business is a partnership, you must file Form M3, *Minnesota Partnership Return*.

If your business is an S corporation, you must file Form M8, *Minnesota S Corporation Return*.

If your business is recognized by the IRS as an LLC or LLP, you are required to file the corresponding state return with Minnesota.

Withholding and Nonresident

Entertainer Tax

If you pay anyone – even your, immediate family or other relatives, friends, or students – to work at the State Fair, they are your employees. You must withhold Minnesota income tax from their wages and pay that tax to the Department of Revenue.

If you're a promoter who pays nonresident entertainers to perform at the State Fair, you must withhold 2 percent of your gross payment to the entertainer and pay that tax to the Department of Revenue. Report the tax on Form ETD, *Promoter's Deposit Form*.

Questions?

If you need more information about Minnesota taxes, visit our website www.revenue.state.mn.us or call us.

Sales and Use Tax
651-296-6181
800-657-3777

Individual Income Tax
651-296-3781
800-652-9094

Corporate Franchise Tax
651-297-7000

Partnerships and S Corporations
651-296-3475

Withholding and Nonresident Entertainment Tax
651-282-9999
800-657-3594.

Registration
651-282-5225
800-657-3605

Legal References

Minnesota Statutes 297A.77, Collection of sales and use taxes

Minnesota Statutes 297A.87, Flea markets, shows, and other selling events

Minnesota Rules 8130.0900, Entertainment

Minnesota Rules 8130.4700, Prepared food, candy, and soft drinks

Minnesota Rules 8130.4705, Food sold with eating utensils

Revenue Notices

95-04, Penalty for Operators of Flea Markets and Similar Events

99-05, Responsibility for Collection and Remittance of Sales Tax on Tickets Sold at Selling Events

00-10, Nexus Standards

Other Fact Sheets

102A, *Food and Food Ingredients*

102B, *Candy*

102C, *Prepared Food*

102C, *Soft Drinks and Other Beverages*

102E, *Dietary Supplements*

146, *Use Tax for Businesses*

154, *Arts and Crafts*

164, *Local Sales and Use Taxes*