Parking services
Charges for parking motor vehicles are taxable. Motor vehicle means any self-propelled vehicle required to be licensed for road use and any vehicle propelled or drawn by a self-propelled vehicle required to be licensed for road use. It includes vehicles such as cars, vans, pickups, trucks, trailers, motor homes and motorcycles. It does not include snowmobiles or manufactured homes.

Invoices, signs, or contracts for parking services should separately state the amount of sales tax or should contain the words “tax included”.

Examples of taxable parking services:
- Employee or customer parking fees
- Customer shuttle service to and from the airport when sold with parking
- Fees paid by businesses or individuals for parking lots or ramps, whether paid for on a contract or a per-use basis, including valet parking
- Parking services at a facility that is privately owned and operated
- Parking services at a municipal, county, or state government parking facility
- Fees paid to businesses or private parties for parking space provided on lawns, driveways, or other surfaces
- Parking services provided to car rental companies for parking their rental vehicles
- Parking lots or ramps using the “honor box” system where customers insert money into a box rather than paying an attendant
- Parking services provided to businesses that have a direct pay number. Direct pay status cannot be used to buy parking services exempt from tax.
- Parking permits for students at high schools and universities
- Parking services purchased by a business to provide free parking to customers or employees are taxable

Examples of nontaxable parking services:
- Residential parking services
- Fees charged to replace lost cards to access a parking lot
- Parking meters are devices where a customer pre-pays at the time the customer parks. Parking meters accept money, tokens, credit cards, or other forms of payment and records the amount of time purchased for a specific parking spot.
- Fees for storage units (commonly known as mini-storage) used to store household goods, business goods, motor vehicles
- Parking spaces included as part of a lump-sum contract for office space rental. However, separately stated charges for parking are taxable.
- Fees charged for parking bicycles
- Charges for storing vehicles at impound lots
- Parking fees sold to qualifying nonprofit organizations who give you a completed Form ST3, Certificate of Exemption

Residential and nonresidential parking
When parking facilities provide both residential and nonresidential parking services, the operator or parking vendor must keep detailed records for the residential parking sales. This includes the name and address of the resident and the amount of the sale.

For more information, see Revenue Notice 16-08, Parking Services.

Validated parking
Businesses sometimes validate parking, allowing customers to park free or for a reduced rate. The parking service provider must charge sales tax on any parking fee charged to the customer. The provider must also
collect sales tax on any additional amount charged to the business for these parking services.

**Outdoor storage rental for motor vehicles**

Charges for storage of motor vehicles which are secured by a fence or wall, and are contracted for a longer period of time (winter storage) or for several months, are not taxable. Storage implies a greater degree of protection of the property than does parking.

Charges for storing vehicles on an open lot or area where the owner has access to the vehicle(s) at any time, or there is no contract for a specified period of storage, are taxable parking charges.

**Car wash services**

Charges for vehicle washing, waxing, and cleaning services are taxable. For more information, see the Motor Vehicle Industry Guide.

**Resale**

Parking services may be purchased exempt from sales tax if the parking is resold. To claim exemption, give the seller a completed Form ST3, Certificate of Exemption. Specify the Resale exemption.

**Taxable purchases**

Following are examples of items that a parking service provider may purchase for use in providing parking services. The parking service provider must pay sales or use tax on these items:

- parking tickets and tags
- access cards
- cash registers and computers
- cleaning and maintenance supplies
- furniture and fixtures
- lawn care services
- security cameras and services
- ramp cleaning and maintenance services (Note: sweeping and maintenance of outdoor lots, and snow removal services are not taxable).
- utilities

**Use tax**

Use tax applies when you buy taxable items or services without paying the correct Minnesota or local sales tax to the vendor. Use tax rates are identical to sales tax rates. Report state and local use tax electronically at the same time you report your sales tax. For more information, see Fact Sheet 146, Use Tax for Businesses.

You must pay use tax when you:

- buy taxable equipment or supplies directly or by mail, internet, or phone order from a retailer outside Minnesota for use in Minnesota when sales tax is not charged by the seller.
- buy taxable equipment or supplies from a Minnesota seller who does not collect the sales tax, and you put the items to a taxable use.
- buy items for use in an area with a local tax but only pay Minnesota state tax.
- have taxable services performed in Minnesota but are not charged sales tax.

**Equipment sales**

If you sell or lease equipment or other items that were used in your business, the sale or lease may be subject to sales tax. For more information, see Fact Sheet 132, Isolated and Occasional Sales.

**Local sales and use taxes**

If you are located in an area with a local tax, local sales or use tax may also be due. Local taxes are listed and explained in detail in Fact Sheet 164, Local Sales and Use Taxes.

**Legal References**

- Minnesota Statutes 297A.61
  - subd. 3, Sale and purchase
  - subd. 7, Sales price

**Revenue Notices**

- 16-08, Parking Services

**Other Fact Sheets**

- 112, Building Cleaning and Maintenance
- 114, Detective and Security Services
- 121A, Lawn and Garden Maintenance, Tree and Shrub Services
- 132, Isolated and Occasional Sales
- 142, Sales to Government
- 146, Use Tax for Businesses
- 164, Local Sales and Use Taxes

**Industry Guides**

- Motor Vehicle