

Technical corrections were made to this notice on December 2, 2002 by Revenue Notice # 02-20. Please see Revenue Notice # 02-20 for the corrected language.

Minnesota revenue notice number 98-23

Sales and Use Tax - Application of Tax to Copies; Revocation of Revenue Notice # 92-05 and Revenue Notice # 92-19

General Rule

Sales of copies are generally taxable under Minnesota sales and use tax law. (Minnesota Statutes, § 297A.01, subdivision 3). This includes sales of copies that are made for customers and receipts from coin operated copy machines.

Examples of Taxable Sales of Copies

Following are some examples of copy sales where the seller must charge sales tax:

- medical records sold by hospitals or clinics to patients, insurance companies, etc.
- accident or fire reports sold by police or fire departments
- motor vehicle records sold to insurance companies
- architectural plans sold to contractors for use when bidding construction contracts
- copies of newspaper or magazine articles sold by libraries or schools

Additional Areas of Concern

1. Sales of Copies by Governmental Units

General Rule: Sales of copies by governmental units are taxable under Minnesota sales and use tax law. (Minnesota Statutes, § 297A.25, subdivision 31).

Exception: If a law or ordinance requires a governmental agency to furnish copies of documents held in its files, the furnishing of these copies is a governmental act or service and not a taxable retail sale. (Minnesota Rules, part 8130.9300, subp. 2).

Question: Are copies of documents that are furnished under the Freedom of Information Act or the Minnesota Government Data Practices Act considered copies that are required to be furnished by law?

Department Position: Yes. The department has determined that copies of documents that are furnished under the Freedom of Information Act or the Minnesota Government Data Practices Act are copies that are required to be furnished by law. Therefore, they are exempt from sales and use tax.

2. Copies of Credit Reports Provided By Credit Bureaus

Situation 1

Facts: A credit bureau compiles and maintains credit information on individuals in a database. When credit reports on an individual are requested, the credit bureau will extract the necessary information from their database and make a hard copy to send to the requestor.

Question: Does the credit bureau have to charge sales tax on this credit report?

Department Position: : No. This is considered a service. The copy provided by the credit bureau is considered incidental to the furnishing of this service and is not subject to sales or use tax. The credit bureau must, however, pay sales or use tax on all materials and supplies used in providing this service.

Situation 2

Facts: Same facts as situation 1, but the credit bureau makes three extra copies from the original hard copy, and charges the requestor for these additional copies.

Question 2: Are these additional copies taxable?

Department Position: : Yes. The providing of the original copy is still considered a service and is not subject to sales and use tax. The sale of the additional copies is a sale of tangible personal property. Sales tax must be charged on the sales price of these additional copies.

3. Exemption For Sales of Legal Transcripts and Copies of Transcripts

The sale, use, storage, or consumption of legal transcripts or copies of transcripts is exempt from sales and use tax when the transcripts or copies are sold to a party to the proceeding. (Minnesota Statutes, § 297A.25, subdivision 64).

For purposes of this exemption, transcripts, or copies of transcripts, may be in any form, including paper documents, audio or video recordings, diskettes, or any other mode. The sale of the transcripts or copies must be to an individual or entity who is a party to the legal proceeding to which the transcript relates, or a representative of the party. The transcription service may be provided by a court reporter or any other transcriber of legal proceedings.

This Revenue Notice revokes [Revenue Notice # 92-05](#) and [Revenue Notice # 92-19](#).

Dated: 14 December 1998

Terese Koenig, Director
Appeals, Legal Services and Criminal
Investigation Division