


DEPARTMENT OF REVENUE

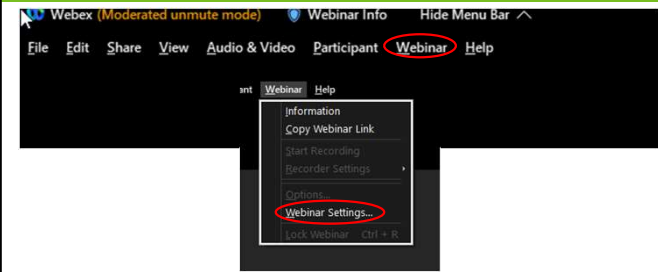
Sales and Use Tax for Schools

Minnesota Business Tax Education April 2023

About the Webinar



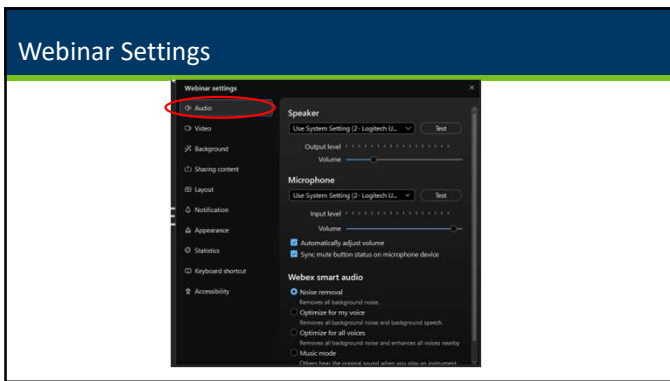
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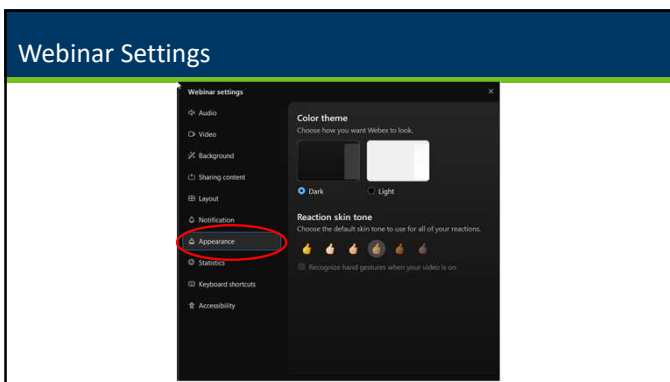


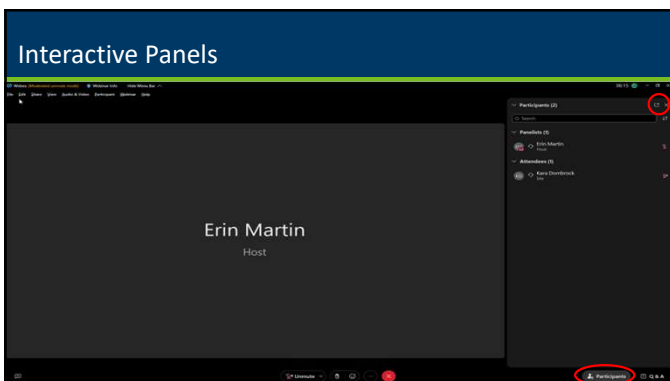
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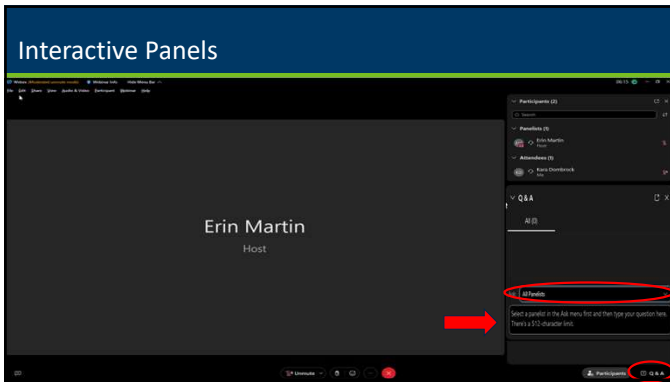
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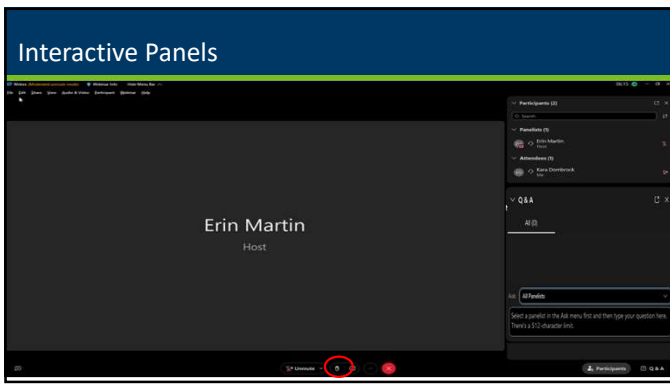
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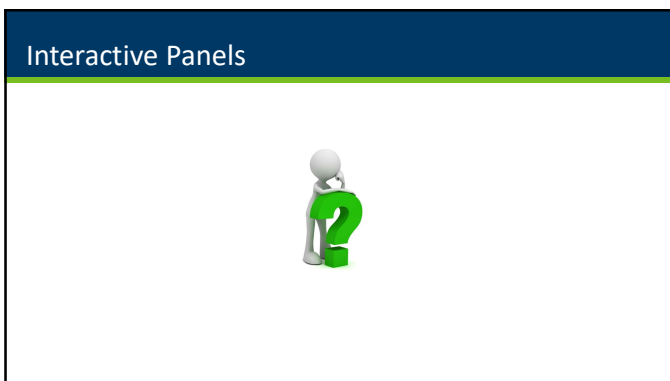




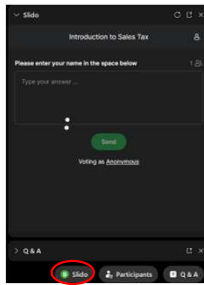








Interactive Panels



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).



Minnesota Business Tax Education Program
Providing education opportunities about Minnesota tax laws.

Overview

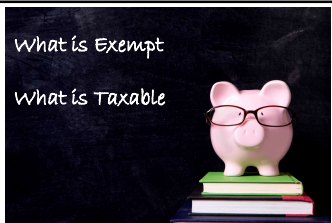
This presentation explains how sales and use tax applies to sales made by:

- School districts
- Public schools
- Student organizations
- Parent organizations



Course Objectives

- As a result of the training, learners will be able to identify:
- How sales and use tax applies to purchases made by public schools and school districts
 - When fundraising sales are taxable and when they are not taxable
 - When ticket sales and admissions to school games, events, and activities are taxable
 - Which sales made to students are taxable
 - What resources are available to help answer future questions and keep you informed



Purchases by Schools

Purchases by Schools

Most goods, services, and equipment **used by** public schools may be purchased exempt by the school.

- Chairs and desks
- Computers and software
- Lab equipment and supplies
- Library books and textbooks
- Office supplies and equipment
- Security services



Exceptions to the Nonprofit Exemption

The exceptions to the general exemption include:

- Candy and soft drinks
- Lodging
- Prepared food served off school premises
- Employee purchases
- Sales tax on most motor vehicles
- 9.2% car rental tax and 5% car rental fee
- Solid waste management taxes

Improvements to Real Property

- Construction contracts are not subject to sales and use tax.
- Contractors must pay sales or use tax on the materials
- Purchasing agent agreements only allowed for materials only contracts.



How to Make Exempt Purchases

Public schools must give their suppliers at least one of these types of documentation when purchasing exempt:

- A completed Form ST3, Certificate of Exemption
- A purchase order *
- Payment voucher *

Note: If using a purchase order or payment voucher, it must clearly show that the school is a government entity.

Required Elements for Exemption Certificates

The screenshot shows a Minnesota Exemption Certificate form. Red boxes highlight the following sections:

- Purchaser Name and Address:** 123 Main Street, St. Paul, MN 55101
- Minnesota Tax ID Number:** 123456789
- Business Type:** Educational services
- Reason for Exemption:** Exemption for educational services
- Purchaser's Signature:** John Doe, dated 02/01/2022

- Purchaser's name and address
- Purchaser's Minnesota tax ID number
- Purchaser's type of business
- Reason for exemption
- Purchaser's signature (if a paper certificate is used)

Other Fields on the Exemption Certificate

The screenshot shows Form ST3, Certificate of Exemption. Red boxes highlight the following sections:

- Check if this certificate is for a single purchase and enter the related invoice/purchase order #**
- Check if you are a contractor and have a purchasing agent agreement with an exempt organization**
- Purchaser Name and Address:** 123 Main Street, St. Paul, MN 55101

- One-time exemption on a purchase
- Seller's name and address

Special School Exemption - Meals at Schools

Criteria for the exemption for meals at schools:


- Prepared food, drinks and catering services
- Furnished, served or delivered on school premises
- Pre-K through grade 12



Special School Exemption - Textbooks

Criteria for the exemption for textbooks:


- Required for use in a course of study at a school
- Sold to regularly enrolled students
- Complete an exemption certificate




Special School Exemption - Motor Vehicles

Criteria for the exemption for motor vehicles:

- Purchased or used by a private nonprofit or public school
- Used as an instructional aid in a vehicle body and mechanical repair course





Sales by Schools

Minnesota Tax Identification Number

Any entity that makes taxable sales must

- Have a Minnesota Tax ID number
- Register for Sales and Use Tax
- Collect sales tax on all taxable sales
- Remit sales tax to the Minnesota Department of Revenue

Fundraising Event

“Fundraising event” means an activity that:

- is of limited duration;
- is not regularly carried out in the normal course of business; and
- attracts people for community, social, or entertainment purposes



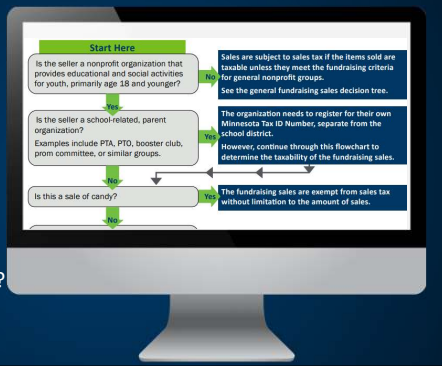
Fundraising Sales by Schools and School Districts

Recent law changes affecting fundraising sales

- 2019 - Minnesota Statute §123B.49, subd. 4
- 2021 - Minnesota Statute §297A.70, subd. 13(b)(3)

Fundraising Sales by Youth Organizations

- Nonprofit organization for youth?
- School-related parent organization?
- Sale of candy?



Fundraising Sales by Youth Organizations

- 2021 Law Change
- Recorded with the school district?



Fundraising Sales by Youth Organizations

- Receipts total more than \$20,000?



General Fundraising Sales Flowchart

- Receipts total more than \$20,000?
- 24 or fewer selling days?



Sales of Personal Computers and Related Software

Personal computers and related software sold by a school are not taxable if these three criteria are met:

1. The school sells or leases the item to enrolled students
2. It is required for a course of study
3. It is a condition of enrollment



Sales of School Tickets or Admissions - Minnesota State High School League Members

Admission to all school sponsored events are exempt from sales tax.

- Regular season games
- Tournament games
- Post-season games
- School sponsored events and activities



**Sales of School Tickets or Admissions
- Not a Member of the MSHSL**

What are the rules for non-member school districts?

Type of School Game, Activity, or Event	Taxable?
Regular season	No
Tournament	Yes
Post-season	Yes
Other non-regular season	Yes



Taxable Admissions to Athletic Facilities

- Athletic fields
- Gymnasiums
- Handball courts
- Ice skating rinks
- Swimming pools
- Tennis courts
- Weight rooms

Taxable Items Sold by Schools

- Class rings
- Graduation announcements
- Pictures
- Yearbooks

Taxable Items Sold by Schools

- Art supplies
- Books other than textbooks
- Musical instruments
- School supplies
- Shop supplies

Other Taxable Items Sold by Schools

- Parking fees
- Rental of recreation areas and athletic facilities
- Sports equipment
- Swimming pool admissions and towel fees

Taxable Vending Machine Sales

- Candy bars
- Honey roasted nuts
- Hot coffee or cocoa
- Sandwiches
- Soda pop and other soft drinks
- Sports drinks



Nontaxable Vending Machine Sales

- Bottled water
- Carton of milk
- Cookies and muffins
- Fruits and fruit juices
- Licorice
- Potato chips

Nontaxable Items Sold by Schools

- Graduation cap and gown rentals
- Tuition
- Memberships or club dues to school organizations



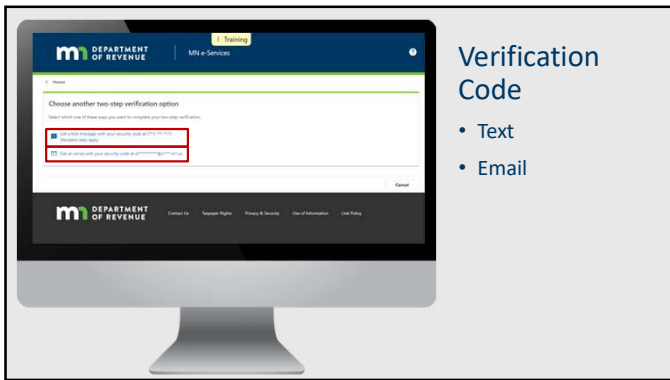


Filing and Payment Information



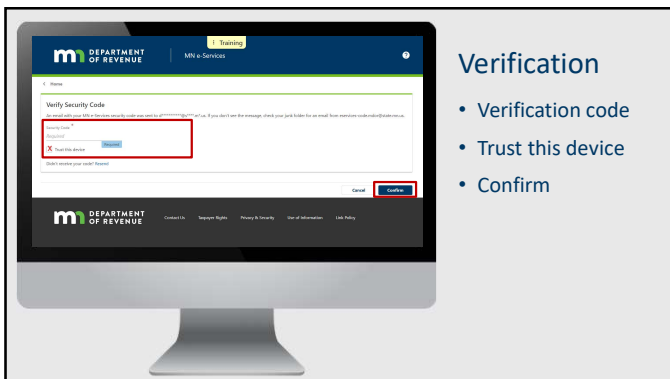
MN e-Services Filing and Payment Instructions

- Log In
- Registration



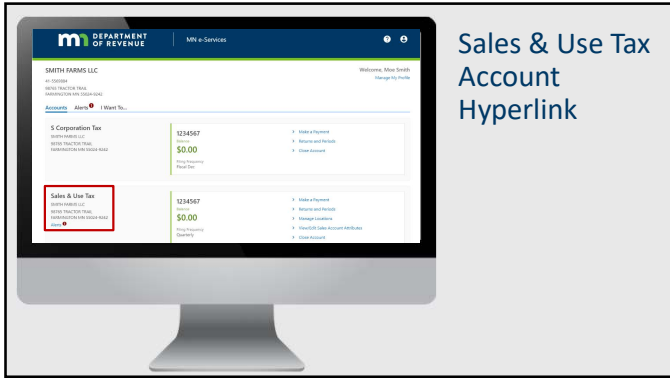
Verification Code

- Text
- Email



Verification

- Verification code
- Trust this device
- Confirm




Sales & Use Tax Account Hyperlink

Amending Returns

Common reasons to amend a return:


- Reported too much or not enough tax on your return
- Reported the tax on the wrong tax line
- Charged tax incorrectly to a customer and refunded the tax to the customer
- Received a completed exemption certificate from a customer for tax you paid and now refunded back to the customer



Filing Due Dates


Filing Frequency	Average Tax Liability	Due Date
Annual	Less than \$100 per month (less than \$1,200 per year)	February 5 of the following year
Quarterly	Less than \$500 per month (less than \$6,000 per year)	20th day of the month following the end of the quarter
Monthly	More than \$500 per month (more than \$6,000 per year)	20th day of the following month

Late Filing and Late Payment Penalties		
Days Late	Late Filing Penalty	Late Payment Penalty
1-30 days	5 percent	5 percent
31-60 days	5 percent	10 percent
60+ days	5 percent	15 percent



Resources to Answer Your Questions

Are you looking for additional resources?



Visit our website at revenue.state.mn.us

Course Resources

- Schools – Sales and Purchases, Sales Tax Fact Sheet 111
- Nonprofit Organizations Industry Guide
- Youth Organization Fundraising Sales Flowchart
- General Fundraising Sales Flowchart

Additional Resources and References

- Admissions and Amusement Devices Industry Guide
- Contractors and Other Property Installers Industry Guide
- Food and Bar Establishments Industry Guide
- Hotels and Other Lodging Establishments Industry Guide
- Motor Vehicle Industry Guide
- Vending Machines and Other Coin-Operated Devices Industry Guide
- Food and Food Ingredients Fact Sheet (#102A)
- Candy Fact Sheet (#102B)
- Soft Drinks and Other Beverages Fact Sheet (#102C)
- Prepared Food Fact Sheet (#102D)
- Parking Services Fact Sheet (#166)

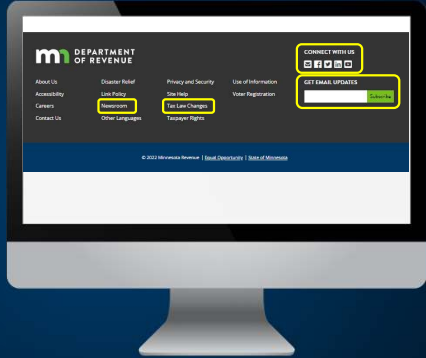
Sales and Use Tax Contact Information

- 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)




Stay Informed

- Newsroom
- Tax Law Changes
- Social Networks
- Email Updates




The screenshot shows the Minnesota Department of Revenue website. The navigation menu includes: Home | About Us | Director Relief | Privacy and Security | User Information | Accessibility | Link Policy | Tax Help | Voter Registration | Careers | Newsroom | Tax Law Changes | Other Languages | Taxpayer Rights | Contact Us. There are also buttons for 'CONNECT WITH US' and 'GET EMAIL UPDATES'.

Email Updates with GovDelivery



- Choose the updates you want, by tax and publication type
- Choose notification frequency
- Sign in directly or use your social media account – Facebook, Yahoo! or Google



Minnesota Revenue Social Media Accounts

Keep up with the latest news from the Minnesota Department of Revenue on:

 twitter.com/MNRevenue

 facebook.com/MNRevenue

 linkedin.com/company/MNRevenue

Review of Course Objectives

During this class, we explained ...

- How sales and use tax applies to purchases made by public schools and school districts
- When fundraising sales are taxable and when they are not
- When ticket sales and admissions to school games, events, and activities are taxable
- Which sales made to students are taxable
- What resources are available to help answer future questions and keep you informed



Questions?



Thank you!

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