

Financial Institutions

*Sales Tax Fact Sheet 138***What's New in 2018**

We clarified when sellers are required to collect local taxes. See Local Sales and Use Taxes on page 3.

Taxable sales

Financial institutions that sell or lease taxable items in Minnesota must charge sales tax. They are liable for the sales tax whether or not they collect it from their customers. This includes sales made by:

- federal credit unions
- federally chartered banks and savings and loans
- state chartered credit unions, banks, and savings and loans

Examples of taxable sales:

- Collector coins, coin set, etc.
- Consignment sales for others (cookbooks, books, decorations, etc.)
- Photocopies
- Premiums or incentives (toasters, blankets, etc.)
- Repossessed items (except vehicles) sold at retail or at auction. Examples include:
 - Boats
 - Business equipment
 - Business inventory
 - Household goods
 - Snowmobiles
- Vending machine sales of prepared food, soft drinks, candy, and dietary supplements (see Fact Sheet 158)
- Surplus business equipment (see Fact Sheet 132)

Resale

You may buy items exempt from sales tax for resale. Give your supplier a completed Form ST3, *Certificate of Exemption*. Specify the Resale exemption.

Vehicles

Do not collect or report sales tax on repossessed vehicles when you sell them. The sales tax on motor vehicles is reported to the Department of Public Safety, Driver and Vehicle Services Division, when vehicles are registered by the purchase.

Check orders

Generally, the check printing company bills the bank customer's account directly, including the sales tax. If the check printing company does not bill the customer directly, the financial institution must collect and remit sales tax on the checks.

Lease administration

Financial institutions often enter into agreements with clients to purchase lease contracts and to administer them. The financial institution must collect and remit sales tax on the lease contract.

If a buy-out option is exercised on a lease, the entire buy-out payment is taxable.

Leasing repossessed items prior to reselling or disposing of them is taxable.

Nontaxable Sales

Safe deposit box rental

The rental of a safe deposit box is a rental of real property and not subject to Minnesota sales or use tax.

The bank or other financial institutions must pay sales tax on all purchases to maintain the system.

Sales of bullion

Starting July 1, 2017, sales of precious metal bullion are exempt from sales tax.

Precious metal bullion is bars or rounds that are at least 99.9% by weight of the following metals.

- gold
- silver

- platinum
- palladium

The bars or rounds must be marked with weight, purity, and content to qualify for the exemption.

Note: This exemption does not apply to sales of coins, jewelry, works of art, and scrap metal.

Purchases by financial institutions

Federal exemption

Purchases made by federally chartered credit unions and federal agencies are exempt from sales and use tax. Below are examples of federal agencies:

- Agricultural Credit Association
- Banks for Cooperatives
- Commodity Credit Corporation
- Export-Import Bank
- Farm Credit Bank
- Farm Security Administration
- Farmers Home Administration
- Farmers Home Corporation
- Federal Credit Union
- Federal Deposit Insurance Corporation
- Federal Farm Mortgage Corporation

- Federal Home Loan Bank
- Federal Land Bank Association
- Federal Land Credit Association
- Federal National Mortgage Association
- Federal Reserve Bank
- Federal Savings and Loan Insurance Corporation
- Government National Mortgage Association
- National Bank for Cooperatives
- Production Credit Association
- Reconstruction Finance Corporation

Purchases made by federal agencies and federally chartered credit unions are exempt. However, employee purchases are taxable even if reimbursed by the federal government.

Taxable purchases and leases

Purchases made by federally chartered banks and savings and loans and state chartered credit unions, banks and savings and loans are subject to sales and use tax.

Examples of taxable items and services:

- Books, directories, guides
- Building cleaning and maintenance services (see Fact Sheet 112)
- Canned or packaged computer software, purchased, leased, or license to use (see Fact Sheet 134)
- Computer hardware
- Computer supplies
- Copy machine supplies
- Detective and security services (see Fact Sheet 114)
- Furniture
- Laundry and dry cleaning services (see Fact Sheet 120)

- Lawn and garden care (see Fact Sheet 121A)
- Maintenance agreements for canned computer software (see Fact Sheet 134)
- Name plates
- Office equipment
- Office supplies
- Premiums and incentives given as gifts, donations, or giveaways
- Taxable advertising materials (see Fact Sheet 133)
- Training materials and supplies

Use tax

Use tax applies when you buy, lease, or rent taxable items or services used in your business without paying sales tax to the seller. Use tax is based on your cost of the taxable item. For more information, see Fact Sheet 146, *Use Tax for Businesses*.

Local Sales and Use Taxes

If you are located in or make sales into an area with a local tax, you may owe local sales or use tax. For more information, see Fact Sheet 164, *Local Sales and Use Taxes*.

How to pay sales or use tax

You can report state, local sales, and use taxes electronically at www.revenue.state.mn.us. If you do not have internet access, you can file by phone at 1-800-570-3329 (toll-free).

For more information on how to file:

1. Go to our website, www.revenue.state.mn.us
2. Click “Sales and Use Tax
3. Under “I need to file Sales and Use Tax...” click “**Electronically**” or “**Phone**”

Legal References

Minnesota Statutes 297A.61, subd. 14. Leasing; lease

Minnesota Statutes 297A.67, subd. 34, Precious metal bullion

Minnesota Statutes 297A.70, Exemptions for governments and nonprofit groups

Revenue Notices

97-14, Leases of Tangible Personal Property

Other Fact Sheets

112, *Building Cleaning and Maintenance*

142, *Sales to Governments*

146, *Use Tax for Businesses*

164, *Local Sales and Use Taxes*