

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 00-08

Sales and Use Tax - Ready-mixed Concrete and Trucks; Revocation of Revenue Notice # 98-12

Statutory Authority

Minnesota Statutes, section 297B.03, clause (9), provides that ready-mixed concrete trucks (trucks that process ready-mixed concrete) are exempt from sales tax on motor vehicles. Minnesota Statutes, sections 297A.01, subdivision 16, and 297A.25, subdivision 42, provide that ready-mixed concrete trucks are exempt from sales and use tax as capital equipment. Minnesota Statutes, section 297A.01, subdivision 8, provides that sales and use tax applies to transportation, delivery, or other service charges relating to sales of ready-mixed concrete sold from a ready-mixed concrete truck. Minnesota Statutes, section 297A.25, subdivision 9, provides that petroleum and special fuels used for propelling ready-mixed concrete trucks on the public highways are taxable. These provisions are effective for sales and purchases made after June 30, 1998.

Sales Tax on Motor Vehicles

The registration of a ready-mixed concrete truck and the attached mixing unit with the Minnesota Department of Public Safety is not subject to sales tax on motor vehicles. Unlike other purchases of capital equipment, it is not necessary to pay the sales tax and apply for a refund. This up-front exemption does not apply to leases of ready-mixed concrete trucks or purchases of repair or replacement parts for the truck.

Capital Equipment Exemption

Sales or use tax must be paid on the lease of a ready-mixed concrete truck and purchases of repair or replacement parts for the truck. The purchaser or lessee may then make an application for refund of the sales or use tax paid according to the procedures found in Minnesota Statutes, section 297A.15, subdivision 5.

Sales Tax on Transportation, Delivery, and Other Service Charges

When determining the "sales price" of ready-mixed concrete, all transportation, delivery, and other service charges shall be included. Consequently, these charges are also subject to sales tax, regardless of whether the charges are stated separately from the concrete charge. "Other charges" include, but are not limited to, any charges for small loads, overtime unloading, early and late loads, Saturday delivery, government required testing, winter service and other service charges related to the sale and delivery of the concrete to the work site. Charges for pumping the finished ready-mixed concrete product from the ready-mixed concrete truck to the location of use at the job site are exempt from sales or use tax provided they are listed as a separate bid item and separately invoiced from any taxable charges.

Petroleum Products and Special Fuels

Fuels used to propel ready-mixed concrete trucks over the road are not exempt from the petroleum tax. However, fuels and lubricants used to operate power take-off units that run the mixer attached to the ready-mixed concrete truck qualify for a refund of Minnesota's state petroleum tax and are exempt from sales and use tax.

Revenue Notice # 98-12, "Sales and Use Tax – Transitional Period for Sales of Ready-Mix," is revoked because it is obsolete.

Jennifer L. Engh

Assistant Commissioner for Tax Policy

Publication Date: July 31, 2000