

This notice was revoked on February 21, 2012 by Revenue Notice # 12-01.

Minnesota revenue notice number #01-04

Special Fur Clothing Tax

Background

Minnesota Statutes, section 295.60 imposes a tax on furriers equal to 6.5% on the gross revenues from retail sales in Minnesota of clothing made from fur. This gross revenues tax is effective for sales and purchases made after December 31, 2001, and is only imposed if the fur clothing is not subject to sales tax under Minnesota Statutes, chapter 297A.

"Clothing made of fur" is defined in the law as articles of clothing made of fur on the hide or pelt, and clothing where fur is the component of main value (that is, the value of the fur is more than three times the value of the next most valuable component).

A "retail sale" is defined in Minnesota Statutes, section 297A.61, subdivision 4 as any sale, lease, or rental for any purpose other than resale sublease, or subrent.

Department's position

Fur - The term "fur" means any animal skin or part of an animal skin with hair, fleece or fur fibers attached to it. It does not include leather, suede or any other animal skins where the hair, fleece, or fur fiber is completely removed.

Clothing - Clothing means all human wearing apparel suitable for general use. The term "fur clothing" or "clothing made of fur" includes, but is not limited to, coats, jackets, capes, vests, hoods, zip out linings, hats, head bands, mittens, ear muffs, scarves, shoes, and slippers.

Repair - Payments for the storage, repair, cleaning, oil treatment, remodeling, and restyling of furs are subject to sales tax; they are not subject to the gross revenues tax.

Trade-Ins - Gross revenues from the retail sale of fur clothing do not include the trade-in allowance for fur clothing taken in trade for resale.

Gross Revenues Tax - The tax is imposed on the total receipts received for the sale of fur clothing, including the amount of the tax. The total receipts received for the sale of fur clothing includes shipping charges, transportation, and finance charges.

Sales in Minnesota - "Sales in Minnesota" means any sale where the transfer of title or possession, or both, of fur clothing occurs in Minnesota.

Dated: 15 October, 2001

Jennifer Engh
Assistant Commissioner for Tax Policy