

MINNESOTA DEPARTMENT OF REVENUE

Revenue Notice #04-09: Sales and Use Tax – Advertising Materials Exemption

This Revenue Notice clarifies the term “advertising materials” under *Minnesota Statutes*, section 297A.68, subdivision 11 which provides an exemption from the sales and use tax for gross receipts received from the sale or use of advertising materials if these materials are mailed or transferred to a person outside the state for use solely outside the state.

The statute provides that the exemption applies not only to “advertising materials” which means materials designed to advertise and promote the sale of merchandise or services but also extends to “mailing and reply envelopes and cards.” The department’s position is that the terms “mailing and reply envelopes and cards” include the following shipping materials or mailing devices when they are used exclusively to mail or ship advertising materials:

- Boxes,
- Labels (part of an envelope),
- Styrofoam container; or
- Banding to hold a Styrofoam container together.

The department also takes the position that items that have a primary purpose other than advertising are not materials designed to advertise and promote the sale of merchandise or services even if those items also incorporate advertising content. Examples of items that are not exempt from the sales and use tax because they have a primary purpose other than advertising include:

- Items sent to fulfill a legal obligation. (Examples include: purchased or ordered goods, and rebate checks.)
- Items sent to transmit non-advertising information. (Examples include billing statements or invoices.)

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