

This notice was corrected by Revenue Notice # 02-20, please see that notice for the corrected language.

Minnesota revenue notice number 97-13

Sales and Use Tax - Advertising Signs

Minnesota Statutes, section 297A.25, subdivision 22, provides that “the gross receipts from the sale of and the storage of material designed to advertise and promote the sale of merchandise or services” are exempt from sales and use tax if the material is to be shipped out of Minnesota for use solely outside the state. This exemption is limited to materials used to advertise and promote the sale of merchandise or services. The exemption may apply to the purchase of taxable advertising or to the purchase of tangible personal property that is used in creating or producing nontaxable advertising.

The Department of Revenue interprets “advertising” to include signs such as “SALE” or “20% OFF” as advertising. Purchases of such signs or materials consumed in producing such signs for use outside the state are exempt from Minnesota sales or use tax. However, directional or identifying signs such as “WOMEN’S APPAREL” and “JUNIORS” are not advertising. Purchases of such signs or materials to produce such signs in Minnesota for use outside the state do not qualify for the exemption.

Dated: 8 December 1997

Jennifer L. Engh
Assistant Commissioner for Tax Policy