

**This notice was corrected on December 2, 2002 by Revenue Notice # 02-20.
Please see that notice for the corrected language.**

Minnesota revenue notice number 98-06

Sales and Use Tax - Sales of Bar Codes

A taxpayer may claim a refund of sales taxes paid on the retail purchase of capital equipment under Minnesota Statutes, § 297A.15, subdivision 5. Minnesota Statutes, § 297A.01, subdivision 16(a), defines capital equipment as "machinery and equipment purchased or leased for use in this state and used by the purchaser or lessee primarily for manufacturing, fabricating, mining, or refining tangible personal property to be sold ultimately at retail . . ."

The Minnesota Supreme Court in *Zip Sort, Inc., v. Commissioner of Revenue*, 567 N.W.2d 34, has determined that certain character reading equipment is used to manufacture bar codes, and, therefore, qualifies as capital equipment. In addition, the Court ruled that printing of bar codes on individual pieces of mail for a consideration is a sale of tangible personal property. Therefore, retail sales of bar codes, whether sold as labels or printed on other tangible personal property, are subject to sales or use tax.

Dated: 6 April 1998

Jennifer L. Engh
Assistant Commissioner for Tax Policy