

Minnesota Department of Revenue

Revenue Notice # 16-08: Sales and Use Tax – Parking Services – Revocation and Replacement of Revenue Notices # 00-02 and # 03-13

Introduction

This Revenue Notice revokes and replaces Revenue Notice # 00-02, which was amended by Revenue Notice # 02-20, and Revenue Notice # 03-13.

Minnesota Statutes, section 297A.61, subdivision 3(g)(3), provides that furnishing of nonresidential parking services for a consideration, whether on a contractual, hourly, or other periodic basis, except for parking at a meter, is subject to Minnesota sales and use tax.

Department Position

Taxable Parking Services

1. Nonresidential Parking Services

Nonresidential parking services are taxable.

- “Parking services” means parking motor vehicles in parking lots, parking ramps, buildings, or other places where motor vehicle parking is offered.
- “Motor vehicle” means any self-propelled vehicle required to be licensed for road use and any vehicle propelled or drawn by a self-propelled vehicle required to be licensed for road use. It includes vehicles such as cars, vans, pickups, trucks, trailers, motor homes and motorcycles. It does not include snowmobiles or manufactured homes.

2. Parking with Shuttle Services

When parking and transportation services are sold together for one fee, the entire sale is taxable even though transportation by itself is a nontaxable service. When sold together, the transportation service is taxable because it is necessary to complete the sale of the parking service.

For a transportation service coupled with parking to be nontaxable, the vendor must give customers the option of not taking the transportation service and separately state the charges on the invoice.

3. Parking Contracts

Parking services sold to a business that provides free parking to employees or customers are taxable. If the business charges customers or employees for the parking

services, the business may purchase parking services exempt from sales tax by providing the parking service provider with a resale exemption certificate. If purchased exempt for resale, subsequent charges to customers or employees for parking services are taxable.

4. Validated Parking

When a business provides customers with validated parking under which the business pays for all or part of the total charge for the customer's parking, the total amount paid for parking services is subject to tax. This means that the parking service provider must collect and remit sales tax on the amount paid by the customer, if any, as well as the amount paid by the business.

Nontaxable Parking Services

1. Parking Meters

Parking at a meter is not taxable. "Parking meter" means a device that accepts money, tokens, credit cards, or any other form of payment and records the amount of time purchased for parking a motor vehicle in a specific parking spot. A parking meter is a device by which a customer prepays at the time the customer parks.

2. Residential Parking Services

Residential parking services are not taxable. Residential parking services are parking services provided to the occupants of a residence who park on the same premises that constitutes their primary residence.

- "Same premises" means an area within the residence, an area adjacent to the residence, or any other area owned or leased by the landlord, condominium association, or cooperative for the purpose of providing parking for its residents.
- "Residence" means a single family home, duplex, condominium unit, cooperative unit, townhouse unit, school dormitory, apartment, or a mobile home used by a person or persons as a place of primary residence or abode.
- "Primary residence" does not include a hotel, motel, summer camp, resort lodge, or other dwelling when lodging is of a temporary or transient nature that would be subject to the sales tax under *Minnesota Statutes*, chapter 297A.

Parking services provided in a lease or in a separate document between a landlord and a tenant, between a condominium association and the owner of the unit, or between a cooperative and one of its members are nontaxable residential parking.

Parking services provided by a homeowners' association or a management company are not subject to sales tax, provided:

- the parking facility is owned or leased and operated by the association or management company;

- parking is available solely to owners or residents of the dwelling units; and
- the parking charges are paid by the members to the association or management company.

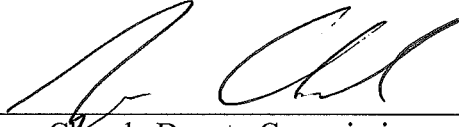
For a parking facility that provides both residential and nonresidential parking services, the parking facility must keep a record of the sale to substantiate that it is for nontaxable residential parking purposes. The record must include the name of the resident, the residential address of the resident, and the amount of the sale.

3. Storage Services for Vehicles

Storage services for motor vehicles are not taxable. "Storage services for motor vehicles" means:

- storage is contracted for an extended period of time such as several months or seasonally; and
- the customer has infrequent access to the motor vehicles.

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Ryan Church, Deputy Commissioner