

Cloquet 0.5% Sales and Use Tax

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Beginning April 1, 2013, the city of Cloquet will have a one half of one percent sales and use tax that will be administered by the Minnesota Department of Revenue. The tax will be used to pay for the following projects:

(1) construction and completion of park improvement projects including St. Louis River riverfront improvements; Veteran's Park construction and improvements; improvements to the Hilltop Park soccer complex and Braun Park baseball complex; capital equipment and building grounds improvements at the Pine Valley/Pine Valley Hockey Arena/Cloquet Area Recreation Center; and development of pedestrian trails within the city;

(2) extension of utilities and the construction of all improvements associated with the development of property adjacent to Highway 33 and Interstate Highway 35, including payment of all debt service on bonds issued for these; and

(3) engineering and construction of infrastructure improvements, including, but not limited to, storm sewer, sanitary sewer, and water in areas identified as part of the city's comprehensive land use plan.

The sales tax applies to retail sales made within the city limits of Cloquet. The use tax applies to taxable items used in Cloquet if the local sales tax was not paid. The tax applies to the same items that are taxable under the Minnesota sales and use tax law.

Vehicle sales

The Cloquet sales and use tax does not apply to sales of motor vehicles registered for road use.

Fact Sheet 164, Local Sales and Use Taxes, contains more information about local taxes and is available on our website.

Who Must Register

All retailers who are registered to collect Minnesota sales tax and are doing business in Cloquet must be registered to collect the Cloquet city tax. This includes sellers outside Cloquet who:

- have an office, distribution, sales, sample or warehouse locations, or other place of business in Cloquet either directly or by a subsidiary;
- have a representative, agent, salesperson, canvasser, or solicitor in Cloquet, either on a permanent or temporary basis, who operates under the authority of the retailer or its subsidiary

for any purpose, such as repairing, selling, installing, or soliciting orders for the retailer's taxable goods or services, or leasing tangible personal property in Cloquet;

- ship or deliver tangible personal property into Cloquet; or
- perform taxable services in Cloquet.

Registering for the tax

- Access your e-Services Sales and Use tax account. Click the "Account Information" tab. To edit locations, click "Sales Locations." In the "Existing Locations" list, click the "Location Code" number for the location you wish to edit. Click "Click Here to Edit Local Information." Click the check box for Cloquet and select April 1, 2013 using the calendar date selector feature. Click "OK." Click "Submit."
- If you file over the internet, you may register Cloquet when you file your April 2013 sales and use tax return (before you enter the figure). Once you are at the "Enter Taxable Sales and Purchases" table (single location filer) or screen (multiple location filer), click in the last row in the Tax Type column. A drop-down menu will become active. Use the tax type drop-down box and select Cloquet Sales. If you are a single location filer, it will assume that you want to add this for location "001." If you have multiple locations, type in the appropriate location number. Enter an amount in the local tax line you added. During processing, the department will add Cloquet Sales and Cloquet Purchases to your registration for this location and it should appear on future returns.
- If you file by phone, you must register for the Cloquet tax before you file your sales and use tax return. Call 651-282-5225 or email us at salesuse.tax@state.mn.us to register. Be sure to include your MN tax ID number if you send an email.

Cloquet sales and use tax is reported at the same time you report your Minnesota sales and use tax, but the figures are reported on separate lines.

Use Tax

Cloquet use tax applies when you are located in Cloquet and you buy items or services without paying Cloquet sales tax to the vendor. Use tax is similar to the sales tax and the

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rates are identical. It is based on your cost of taxable purchases. Common examples of when you owe use tax are:

- You buy items on the internet, by phone, or from any business and the seller doesn't charge Cloquet sales tax and you use the item for business or personal use in Cloquet.
- You buy items for resale at your business, and then remove some of the items from inventory for business or personal use in Cloquet.

Calculating the tax

To calculate the tax, combine the state sales tax rate (currently 6.875 percent) with the Cloquet tax rate (0.5 percent) and apply the combined rate (7.375 percent) to the sales price and round to the nearest full cent. A 7.375 percent rate chart is available on our website. Paper rate charts are available upon request.

Charge Cloquet sales tax to customers from in or outside Cloquet who buy taxable items or services in Cloquet for business or personal use, even if these items are taken out of Cloquet.

Exemption Certificates

If your customer gives you a fully completed exemption certificate for state sales tax, also use that certificate as proof of exemption from the Cloquet sales tax.

Local Governments

Local governments are not required to pay local general sales taxes. Local governments include cities, towns, counties, instrumentalities, political subdivisions, commissions, special districts and government boards. No exemption certificate is necessary. However, state sales tax generally applies.

Handling Transitional Sales

Cloquet sales tax does apply to sales made on or after April 1, 2013, and shall be in addition to all other taxes in effect. The Cloquet sales and use tax shall not apply to the following:

- The gross receipts from the purchase or lease of tangible personal property made under an enforceable contract entered into before April 1, 2013, provided that delivery or possession of items is taken on or before June 1, 2013.
- The gross receipts from the purchase of taxable services, including utility services, if the billing period includes charges for services furnished

before and after April 1, 2013. However, the sales and use tax shall apply to all purchases of taxable services, including utility services, if the billing period begins with services furnished on or after April 1, 2013.

- The gross receipts from the purchase of construction materials used to complete a lump sum or fixed price construction contract that was signed and enforceable before April 1, 2013, and that does not provide for an allocation of future taxes, provided that the construction materials are used exclusively in performing the contract and the materials are delivered before September 1, 2013.

Information and Assistance

Call: (651) 296-6181 or toll free 1-800-657-3777

Fax: (651) 556-3102

Email: salesuse.tax@state.mn.us

Write: Minnesota Revenue
Sales and Use Tax Division
Mail Station 6330
St. Paul, MN 55146-6330

Or visit our website at www.revenue.state.mn.us