

Washington County 0.25 Percent Transit Sales And Use Tax and \$20 Vehicle Excise Tax

Starting October 1, 2017, Washington County will have a 0.25 percent transit sales and use tax and a \$20 vehicle excise tax. The Minnesota Department of Revenue will administer these taxes. Revenues will fund the projects identified in the Washington County Sales and Use Tax Transportation Plan (993 Plan) in Resolution 2017-175.

This 0.25 percent transit sales tax applies to retail sales made within Washington County. The transit use tax applies to taxable items used in the County if the local sales tax was not paid.

A \$20 Transit vehicle excise tax applies to sales of motor vehicles registered for road use. This excise tax must be collected by any person in the business of selling new or used motor vehicles at retail when the sale occurs in Washington County.

For more information about local taxes, see Fact Sheet 164, Local Sales and Use Taxes. It is available on our website, www.revenue.state.mn.us.

Who must register

All retailers who are doing business in Washington County and are registered for Minnesota sales tax. This includes sellers outside Washington County if they do any of the following:

- Have an office, distribution, sales, sample or warehouse locations, or other place of business in Washington County, either directly or by a subsidiary.
- Have a representative, agent, salesperson, canvasser, or solicitor in Washington County, either on a permanent or temporary basis.

This includes anyone, who operates under the authority of the retailer or its subsidiary for any purpose. Examples include repairing, selling, installing, or soliciting orders for the retailer's taxable goods or services, or leasing tangible personal property in Washington County.

- Ship or deliver tangible personal property into Washington County.
- Perform taxable services in Washington County.

Registering for the tax

If you file Sales and Use Tax returns online, you can register for this tax either before or when you file your October 2017 return.

To register before you file:

1. Log in to e-Services and access your Sales and Use Tax account.
2. Click the "Account Information" tab.
3. To edit locations, click "Sales Locations" under "Additional Information".
4. In the "Existing Locations" list, click the "Location Code" number for the location you wish to edit.
5. Click "Edit Location" at the bottom of the page. If the General Information and the NAICS code are correct, click the "Next" button to proceed to the next screen.
6. If the address information is correct, click the "Next" button to proceed to the next screen. Click "Next" again to proceed to the list of local sales taxes.
7. Click the check box for "Washington County transit sales" and "Washington County transit use" Click "Next"
8. Review the page to verify that the new local tax is listed under Local sales and Other Taxes – "Washington County transit sales" and "Washington County transit use." Then click "Submit."
9. Review the "Confirmation Summary," Print, and Close.

To register when you file:

You can add a local tax when filing a return:

1. Select the dropdown arrow next to the blank row on the return.
2. Select the local tax that you need to add.
3. Enter the dollar amount for this local tax.

The new tax will be on your return the next time you file.

If you file by phone: You must register for this tax before you file your return. To register, call 651-282-5225 or email us at salesuse.tax@state.mn.us. If you send an email, include your Minnesota tax ID number.

Reporting the tax

Report the Washington County transit sales and use tax when you report your Minnesota Sales and Use tax. Each tax is reported on a separate line of your return. Washington County transit sales tax is line number 452; Washington County transit use tax is line number 453 and the vehicle excise tax is line number 454.

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Use tax

Washington County transit use tax applies when you are located in the County and you buy items or services without paying the Washington County transit sales tax.

Use tax is similar to sales tax and the rates are identical. It is based on your cost of taxable purchases. Common examples of when you owe use tax are when you:

- Buy items on the Internet, by phone, or from any business for use in Washington County and the seller doesn't charge the local tax.
- Buy items for resale at your business in Washington County and then remove some of the items from inventory for business or personal use.

Calculating the tax

To calculate the total tax due on a purchase:

1. Add the 6.875 percent state sales tax rate and the 0.25 percent Washington County transit rate.
2. Apply the combined 7.125 percent rate, plus any other local taxes that apply, to the sales price.

Refer to [Fact Sheet #164S](#), *Special Local Taxes*, for a list of special taxes that might apply.

3. Round the total to the nearest full cent.

You can download a 7.125 percent rate chart from our website or call us to request a paper rate chart.

When to charge the tax

Charge the Washington County transit sales tax when customers buy taxable items or services in the county, unless they give you a valid exemption certificate.

The tax applies to purchases for business or personal use, even if the customer is from elsewhere or takes the items out of Washington County.

Exemption certificates

If a customer gives you a fully completed exemption certificate for state sales tax, also use that certificate as proof of exemption from the Washington County transit sales and use tax.

Local governments

Local governments are not required to pay the Washington County transit sales and use tax (or other local general sales taxes). No exemption certificate is necessary. But state sales tax may apply.

Handling Transitional Sales

Washington County transit sales and use tax applies to sales on or after October 1, 2017, but the tax does not apply to the following:

- Lease payments for tangible personal property and motor vehicles that include periods before October 1, 2017. (The tax does apply to payments for periods that begin on or after that date.)
- The purchase of tangible personal property ordered before October 1, 2017, if the transfer of title or possession is prior to that date.
- The purchase of taxable services, including utility services, if the billing period includes charges for services furnished before and after October 1, 2017, (But the tax does apply if the billing period begins with services furnished on or after that date.)
- The purchase of admission tickets if they are paid for before October 1, 2017, even if the event occurs after that date.
- The purchase of construction materials used to complete a lump sum or fixed price construction contract that was signed and enforceable before October 1, 2017, but only if all the following are true:
 - The contract does not provide for an allocation of future taxes.
 - The materials are used exclusively in performing the contract.
 - The materials are delivered before April 1, 2018.

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