



Wayfair Impacts for Remote Sellers Webinar

Minnesota Business Tax Education

October 2019

About the Webinar

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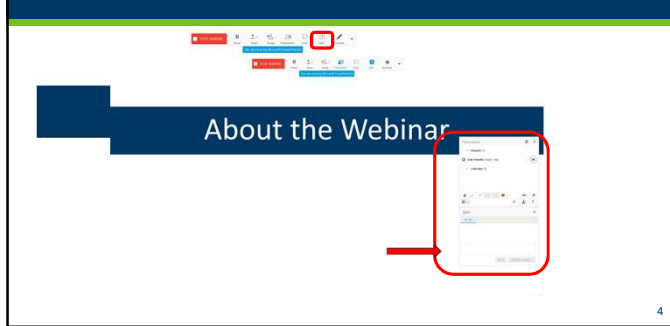
Interactive Panels

About the Webinar



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Interactive Panels



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Disclaimer

This presentation is for educational purposes only. It is meant to accompany an oral presentation and not to be used as a standalone document.

This presentation is based on the facts and circumstances being discussed, and on the laws in effect when it is presented. It does not supersede or alter any provisions of Minnesota laws, administrative rules, court cases, or revenue notices.

If you have any questions, contact us at salesuse.edu@state.mn.us, 651-296-6181, or 1-800-657-3777 (toll-free).



Minnesota Business Tax Education Program

Providing education opportunities about Minnesota tax laws.

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Course Objectives

After completing the course you will be able to:

- Define remote seller and the Small Seller Exception
- Recognize rules for sales made through a marketplace provider
- Summarize benefits of using a Certified Service Provider (CSP) with Streamlined Sales Tax
- Distinguish what products and services are taxable in Minnesota
- Learn how to register for a Minnesota Tax ID number
- Apply the filing requirements for Minnesota and its taxing jurisdictions
- List several resources that answer your remote seller questions

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Part 1: Remote Sellers

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Remote Sellers

Who is a Remote Seller?

Any business that sells products in a state without having a physical presence in that state.

Examples:

- Internet Sellers
- Mail order/catalog companies
- Sales over the telephone

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Remote Sellers

Who is NOT a Remote Seller?

Any business that has a physical presence in Minnesota, including but not limited to:

- Offices
- Employees
- Property

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Remote Sellers

Remote Sellers

Register and begin collecting sales tax no later than 60 days after you exceed the Small Seller Exception.

- **Multiple States**
 - Streamlined Sales Tax Registration System: www.sstregister.org
- **Minnesota Only**
 - Online: www.revenue.state.mn.us and search Business Registration in the top right corner
 - Phone: 1-800-657-3605 (toll-free)
 - Mail a completed paper registration form

Note: If you know that you will be making sales into Minnesota, you may volunteer to collect and remit Minnesota sales tax at any time.

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Remote Sellers

What is a Retail Sale?

- Defined in Minnesota Statute 297A.61, subdivision 4
 - Any sale of tangible personal property, except items for resale
 - Any sale of taxable services, except for resale
- When calculating the Small Seller Exception, do not include sales for resale in the total sales figure
- Your customer should present a Certificate of Exemption (Form ST3) to claim purchases for resale

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Remote Sellers

Small Seller Exception Thresholds

The Small Seller Exception applies to remote sellers who do NOT meet either of the following thresholds in the previous 12 months:

- 200 or more retail sales shipped into Minnesota
- Retail sales shipped into Minnesota that total more than \$100,000

Note: The purchaser is always liable for any use tax due on taxable transactions

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Remote Sellers

Small Seller Exception Example 1:

A Wisconsin remote seller ships 4 retail sales into Minnesota that total \$7 million. This remote seller does not meet the threshold, therefore would be required to collect Minnesota Sales Tax.

Note: The purchaser is always liable for any use tax due on taxable transactions

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Remote Sellers

Small Seller Exception Example 2:

An Iowa remote seller ships 150 retail sales into Minnesota totaling \$99,000. This remote seller does NOT meet the threshold and would NOT be required to collect Minnesota Sales Tax.

Note: The purchaser is always liable for any use tax due on taxable transactions

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Remote Sellers

Small Seller Exception, additional information:

If you are no longer required to collect, contact us to update your account

- Accounts that are not updated may receive unnecessary mailings or penalties
- Call 1-800-657-3605 (toll-free)
 - If you later make enough sales to be required to collect, you will need to contact us again to update your account so you can file

Note: You may volunteer to collect and remit sales tax regardless of the quantity of sales you have into Minnesota.

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Part 2: Sales Through Marketplace Providers

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Sales Through Marketplace Providers

Marketplace Provider

A Marketplace Provider is any person, other than the seller, who facilitates a retail sale by both:

- Listing or advertising the seller's products.
- Processing the payments from the customer, either directly or indirectly through a third party – regardless of whether the Marketplace Provider receives compensation or other consideration in exchange for its services.

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Sales Through Marketplace Providers

Marketplace Provider

A Marketplace Provider located in Minnesota is **required** to collect on your behalf unless:

- You elect to register and collect Minnesota sales tax directly and prove to the Marketplace Provider that you intend to collect and remit Minnesota sales tax on your own.

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Sales Through Marketplace Providers

Marketplace Provider

Effective October 1, 2019 an out-of-state Marketplace Provider is required to collect and remit sales into Minnesota unless:

- The out-of-state marketplace does not meet the Small Seller Exception, or
- The seller gives the marketplace provider a copy of its Minnesota sales tax registration, and there is an agreement that the seller will collect and remit sales tax

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Sales Through Marketplace Providers

Marketplace Provider

Sales made through multiple venues:

- Marketplace
- Your Website
- Other sources

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Part 3: Streamlined Sales Tax

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Streamlined Sales Tax

Streamlined Sales Tax

What it is:

- Cooperative effort among states
- Uniform definitions of sales tax laws
- Attempt to level the playing field for all sellers

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Streamlined Sales Tax

Streamlined Sales Tax

How it works:

- Uniform administration of sales and use tax collections
- Uniform definitions of major tax bases
- Simplified tax returns

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Part 4: Certified Service Providers

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Certified Service Providers (CSP)

Certified Service Providers (CSP)

A CSP is an agent certified under the Streamlined Sales and Use Tax Agreement to perform all the seller's sales and use tax functions.

Note: The seller is still responsible to remit use tax on its own purchases.

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Certified Service Providers (CSP)

Benefits of Certified Service Providers (CSP)

The CSP software interfaces with the seller's software to:

- Determine taxability of goods and services
- Apply the appropriate tax rate
- Maintain a record of the transaction

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Certified Service Providers (CSP)

Benefits (continued)

- Resolve any notices or audits by Streamlined Sales Tax member states
- Provide free monthly return processing in states where you are a remote seller. A small fee may apply to file returns in states where you have a physical presence.
- Streamlined Sales Tax members certify the accuracy of the CSP software and provide liability relief for incorrect tax calculation based on that certification.

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Certified Service Providers (CSP)

Who are the CSPs?

- Avalara
- Sovos
- Exactor
- Tax Cloud
- Accurate Tax

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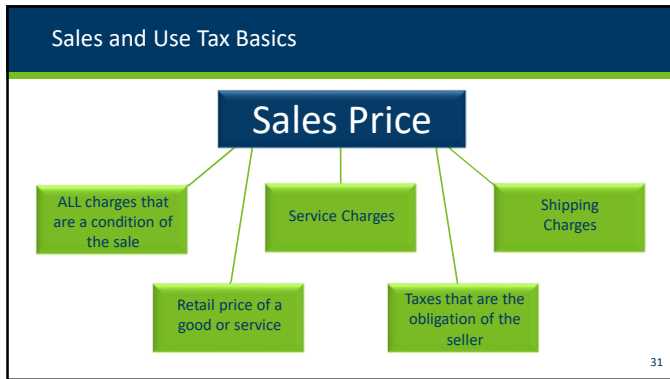
Part 5: Sales and Use Tax Basics

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Sales and Use Tax Basics



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Sales and Use Tax Basics

Sales price does not include:

- Credit allowed for trade-in
- Term discounts
- Cash discounts
- Coupons (unless reimbursed by a 3rd party)
- Taxes legally imposed on consumer
- Interest charges
- Finance charges from extension of credit

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DEPARTMENT OF REVENUE

Part 6: Filing and Payment Instructions

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Filing and Payment Instructions



You must do two things to avoid late filing and/or late payment penalties:

1. **File** your return electronically by the due date.
(either online – or by telephone)

2. **Pay** your sales and use tax liability electronically or by check on or before the due date.

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Filing and Payment Instructions

Filing Frequency	Average Tax Liability	Due Date
Monthly filers	More than \$500 per month (more than \$6,000 per year)	20th day of the following month
Quarterly filers	Less than \$500 per month (less than \$6,000 per year)	20th day of the month following the end of the quarter (April 20, July 20, October 20, and January 20)
Annual filers	Less than \$100 per month (less than \$1,200 per year)	February 5 of the following year

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Part 7: Resources

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Resources

m DEPARTMENT OF REVENUE Search

Individuals **Businesses** Tax Professionals Governments Policy & Research Fraud

Businesses

Top Tasks [+]

Business Center [+]

Business Taxes and Fees [-]

Alcoholic Beverage Tax
Cigarette and Tobacco Taxes
Corporate Income Tax
Energy Production Taxes
Environmental Taxes and Fees
Estate Tax
Relating Tax

Minnesota Car Tax
Mortgage Property and Deed Tax
Partnership Tax
Personal Tax
Property Taxes
Sales and Use Tax
Vehicle and Title Tax

Contact Info

EMAIL
Contact Form

PHONE
651-282-5225

HOURS [-]

ADDRESS [-]

Related Content

Collection Information
Amount Tax Statistics
Return of Refunds

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Resources

Sales and Use Tax

Sales tax applies to most retail sales of goods and some services in Minnesota. You may use the Tax on taxable goods and services paid in Minnesota when no sales tax was paid at the time of purchase. We also administer a number of other programs. You can calculate the sales tax using the Sales Tax Calculator.

For information on various Sales and Use Tax topics, see [Fact Sheets and Industry Guides](#).

For a summary of law changes from the 2019 legislative session, see [2019 Sales Tax Law Changes](#).

Top Tasks	[+]
File and Pay	[+]
Sales Tax Information	[+]
Use Tax Information	[+]
Exemptions and Refunds	[+]
Local Sales Tax Information	[+]
Revenue Sales Information	[+]
Education	[+]
Revenue	[+]

Contact Info

EMAIL
Contact Form

PHONE [-]
651-282-5225
800-657-3777

HOURS [-]

ADDRESS [-]

Last Updated
August 08, 2019

Resources

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Resources

Remote Seller Information [-]

[Marketplace Providers Update](#)
[Local Sales Tax Requirements for Sellers](#)

[Remote Sellers Update](#)
[Remote Sellers FAQs](#)

Education [+]

Resources [+]

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Resources

File and Pay [+]

Sales Tax Information [-]

[Sales Tax Business Guide](#)
[Transitional Period Sales](#)

[Taxes and Rates](#)
[Streamlined Sales Tax](#)

[Rate Charts](#)
[Sales Tax Refunds](#)

[Taxable Services](#)
[Minnesota Voluntary Disclosure Program](#)

Use Tax Information [+]

Exemptions and Refunds [+]

Local Sales Tax Information [+]

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Resources


Streamlined Sales and Use Tax

MENU

Minnesota is a member of the Streamlined Sales and Use Tax Agreement (SSUTA). This multi-state effort aims to simplify and modernize the administration of sales and use taxes in order to substantially reduce the burden of tax compliance.

Streamlined Registration for Sellers [+]

Rates and Boundaries for Sellers [+]

Purchaser's Exemption Form [+]

Membership Documents [+]

Resources

• Visit the Streamlined Sales Tax Governing Board website

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Resources

Minnesota Department of Revenue Website: revenue.state.mn.us



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Resources

Online webinars

Current courses offered include

- Basic Sales and Use Tax
- Sales and Use Tax for Manufacturers
- Sales and Use Tax e-Services Webinar
- Visit – www.revenue.state.mn.us and search “Education Webinars” in the top right

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Resources

Fact Sheets and Industry Guides

Fact Sheets contain general information about specific topics

- Visit www.revenue.state.mn.us and search for **sales tax fact sheets**

Industry Guides provide information specific to select industries

- Visit www.revenue.state.mn.us and search for **industry guides**

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Resources

Sales and Use Tax General Contact Information

- Minnesota Department of Revenue website: revenue.state.mn.us
- Questions relating to Sales and Use Tax Law?
Email: salesuse.tech@state.mn.us
- Questions relating to your Sales and Use Tax account activity?
Email: salesuse.tax@state.mn.us
- Prefer telephone assistance?
Phone: 651-296-6181 or 1-800-657-3777 (toll free)

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Resources

Email Subscription Service

- Choose the updates you want by tax type and publication type
- Choose the frequency of notifications
- Sign in directly or use your social media account: Facebook, Yahoo!, or Google

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Course Review

During this class, we discussed:

- The definitions of remote sellers and marketplace providers
- The benefits of a Certified Service provider and Streamlined Sales Tax
- What products and services are taxable in Minnesota
- How to register for a Minnesota Tax ID Number
- How to use e-Services to file and pay your sales and use tax returns, and
- Where to find information to help you answer your questions

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Thank you!

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Minnesota Business Tax Education
