



**DEPARTMENT
OF REVENUE**

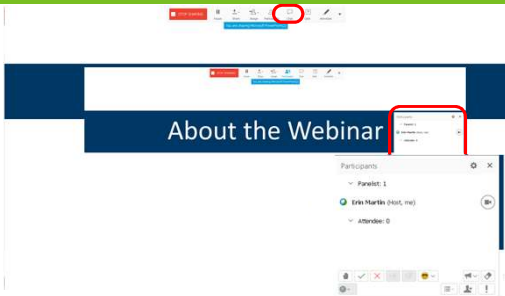
Wayfair Impacts for Minnesota Sellers Webinar

Minnesota Business Tax Education
December 2019

About the Webinar

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Interactive Panels



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Interactive Panels

About the Webinar

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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:

- Explain the changes based on the U.S. Supreme Court ruling in South Dakota v. Wayfair
- Recall taxable products and services in Minnesota
- Recognize how to handle sales shipped to local jurisdictions
- Identify resources and tools on the department's website

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Part 1: Introduction

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Introduction

South Dakota v. Wayfair

Supreme Court decision held that physical presence is not required for a seller to be responsible for sales tax collection.

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Introduction

This ruling impacts Minnesota sellers in three main ways:

1. Sourcing local sales tax
2. Selling through marketplace providers
3. Selling to locations outside of Minnesota

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Part 2: Sales and Use Tax Basics

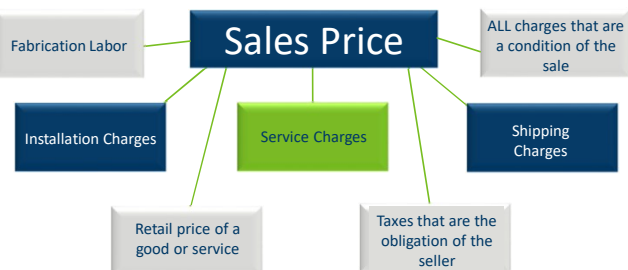
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Sales and Use Tax Basics



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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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Sales and Use Tax Basics

Sourcing determines where the sale takes place and which taxes apply to the sale.

1. Seller's Address
(if that's where title to or possession of item takes place or where the service is performed)

2. Delivery Address
(if item is shipped or delivered to customer or where service is performed)

3. Billing Address
(based on the address that the seller has in their records for the customer)

Minnesota Statutes 297A.668 and 297A.669



Part 3: Who Needs to Register?

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Who needs to register?

You must register if you:

- Make taxable sales into Minnesota
 - All businesses with a physical presence in Minnesota
 - Remote sellers who exceed the Small Seller Exception
 - 200 or more retail sales shipped to Minnesota
 - Retail sales shipped to Minnesota that total more than \$100,000
- Make purchases subject to use tax

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Who needs to register?

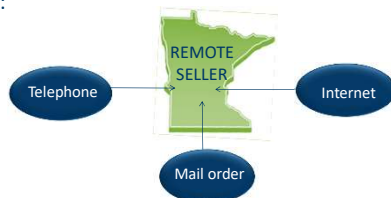
Businesses with a physical presence must register.



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Who needs to register?

Remote sellers must register even if they only make sales into Minnesota by:



Note: For additional information, see our [FAQs for Remote Sellers](#).

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Who needs to register?

A Minnesota seller who sells through a Marketplace provider

- Must be registered to collect sales and use taxes in Minnesota
- Can enter into an agreement with the Marketplace provider

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Who needs to register?

You may apply for a Minnesota Tax ID Number through the:

- Minnesota Department of Revenue [Business Center](#)
 - Register online
 - Register by phone
 - Mail a completed paper registration form
- Streamlined Sales Tax Registration System ([SSTRS](#))

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Part 4: Local Taxes

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Local Taxes

Local taxes are added to the state general sales tax rate to compute the total tax rate.

- City tax
- County tax
- Special local tax(es)

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Local Taxes

The screenshot shows the Minnesota Department of Revenue website. The 'Businesses' tab is selected in the top navigation bar. On the left, the 'Business Center' is expanded, and 'Business Taxes and Fees' is selected. In the 'Business Taxes and Fees' list, 'Sales and Use Tax' is highlighted with a red box. On the right, the 'Contact Info' section shows the 'EMAIL' field with the text 'Contact form'.

1. Select the **Businesses** tab.

2. Expand the list of **Business Taxes and Fees** section.

3. Select **Sales and Use Tax**.

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Local Taxes

Sales and Use Tax

Sales Tax applies to most retail sales of goods and some services in Minnesota. You may owe Use Tax on taxable goods and services used in Minnesota when no sales tax was paid at the time of purchase. We also administer a number of local sales taxes.

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

Select **Local Sales Tax Information**.

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Local Taxes

Local Sales Tax Information

The Minnesota Department of Revenue administers many local sales taxes. Local sales taxes apply to the same items and services as the general state sales tax.

Tools to Find Tax Rates

- Sales Tax Rate Calculator
- Sales Tax Rate Map
- Sales Tax Rate Map FAQs
- Sales Tax Rate Spreadsheet
- Rates and Boundaries Data
- Local Sales Tax Rate Guide
- Twin Cities Area Local Tax Rate Guide
- Twin Cities Area Local Tax Rate Map

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Local Taxes

Minnesota Department of Revenue

Working together to fund Minnesota's future

Top Tasks

- Where's My Refund?
- Make a Payment
- Log in to e-Services
- Calculate a Sales Tax Rate**
- Find a Store

Select Calculate a Sales Tax Rate from the Top Tasks menu.

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Local Taxes

Sales Tax Rate Calculator

Use this calculator to find the general state and local sales tax rate for any location in Minnesota.

The results do not include special local taxes—such as admissions, entertainment, liquor, lodging, and restaurant taxes—that may also apply. For more information, see [Local Tax Information](#).

Find a Sales and Use Tax Rate

You can search by address, 9-digit ZIP code, or by searching on an interactive map. [Look up a ZIP code](#) or [verify an address](#) on the U.S. Postal Service website.

Address [-]

Zip+4 [-]

Map [-]

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Local Taxes

Sales Tax Rate Calculator

Use this calculator to find the general state and local sales tax rate for any location in Minnesota. The results do not include special local taxes—such as admissions, entertainment, liquor, lodging, and restaurant taxes—that may also apply. For more information, see [Local Tax Information](#).

ZIP + 4 Option

Find a Sales and Use Tax Rate

You can search by address, 9-digit ZIP code, or by searching on an interactive map. [Look up a ZIP code or verify an address](#) on the U.S. Postal Service website.

Address [-]

Zip+4 [-]

Enter a nine-digit ZIP code.

ZIP CODE*

55101 - 2228

EFFECTIVE PERIOD

Apr-Jun 2019

DOLLAR AMOUNT

1000

Submit Reset

Results: The Sales Tax rate for 55101-2228 is **7.875%** (Apr-Jun 2019).
 MN State = 6.875%; Ramsey County Transit = 0.500%; St. Paul = 0.500%.
 The tax on 1000 is **\$78.75**.

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Local Taxes

Find a Sales and Use Tax Rate

You can search by address, 9-digit ZIP code, or by searching on an interactive map. [Look up a ZIP code or verify an address](#) on the U.S. Postal Service website.

Address Option

Address [-]

Enter an address.

ADDRESS*

500 N ROBERT ST

ADDRESS 2

Appt/Suite/Other

CITY*

ST PAUL

STATE: MN

EFFECTIVE PERIOD

Apr-Jun 2019

DOLLAR AMOUNT

Submit Reset

Results: The Sales Tax rate for 500 N ROBERT ST, ST PAUL, 55101-2228 is **7.875%** (Apr-Jun 2019).
 MN State = 6.875%; Ramsey County Transit = 0.500%; St. Paul = 0.500%.

Zip+4 [-]

Map [-]

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Local Taxes

Find a Sales and Use Tax Rate

You can search by address, 9-digit ZIP code, or by searching on an interactive map. [Look up a ZIP code or verify an address](#) on the U.S. Postal Service website.

Map Option

Address [+]

Zip+4 [+]

Map [-]

Select the sales tax location on [the Sales Tax Rate Map](#).

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Local Taxes

Sales Tax Rate Map

Find the Rate

Address Search: Robert St, Saint Paul, MN, 55107, USA X

Effective Period: April 2019

Sales Tax Results

Address Returned: None

Local General Sales & Use Tax Rates

State Tax:	6.875%
County Tax:	0.0%
City Tax:	0.0%
Other Tax:	None
Total Sales Tax Rate:	6.875%

Calculate the Rate

Optional Dollar Amount: \$5,000.00

The tax on \$5,000.00 is \$339.38

Special Local Taxes

Find the Rate

Address Search: Robert St, Saint Paul, MN, 55107, USA X

Effective Period: April 2019

Sales Tax Results

Address Returned: None

Local General Sales & Use Tax Rates

State Tax:	6.875%
County Tax:	0.0%
City Tax:	0.0%
Other Tax:	None
Total Sales Tax Rate:	6.875%

Calculate the Rate

Optional Dollar Amount: \$5,000.00

The tax on \$5,000.00 is \$339.38

Local Taxes

Sales Tax Rate Spreadsheet

Look Up a Minnesota Tax Rate

Use this spreadsheet to determine the tax rate for sales and purchases made in Minnesota.

ZIP Code	Applicable Local Taxes	Rate 9/1/2018
55005-0001	State, Anoka Transit	7.125%

How to Use This Spreadsheet

We update this spreadsheet quarterly. Be sure to use the right version for the date of the sale or purchase to find the correct sales tax rate.

1. Enter a nine-digit ZIP code in the left column (above). Do not enter any dashes. You must use a valid, nine-digit ZIP code. Find a ZIP code based on mailing address (U.S. Postal Service website).
2. Press the Return key.
3. The tool will list the local taxes that apply and resulting tax rate.

Note: You may also need to add special local taxes to this rate; see below for details.

mn DEPARTMENT OF REVENUE

Part 5: Sourcing Local Taxes

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Sourcing Local Taxes

What the change means to Minnesota Sellers:

- Before the Wayfair decision Minnesota Sellers were only required to collect sales taxes in locations where they had a physical presence
- Now all Minnesota Sellers must collect all local taxes according to sourcing rules

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Sourcing Local Taxes

Example 1 – Seller's Address

- Furniture store located in St. Paul.
- Customer from Rochester goes to the St. Paul store and purchases a chair and takes it home.
- Sale is sourced to St. Paul.

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Sourcing Local Taxes

Example 2 – Delivery Address

- Furniture store located in St. Paul.
- Customer from Rochester buys a chair online and has it shipped to their home in Rochester.
- Sale is sourced to Rochester.

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Sourcing Local Taxes

Example 3 – Billing Address

- Cellphone carrier located in Minneapolis.
- Customer billing address is Mankato.
- Customer downloads a new app their phone.

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Part 6: Sales Outside Minnesota

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Sales Outside Minnesota

You may be a Remote Seller in other states

- Streamlined Sales Tax
- Certified Service Provider (CSP)

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Sales Outside Minnesota

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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Sales Outside Minnesota

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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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.

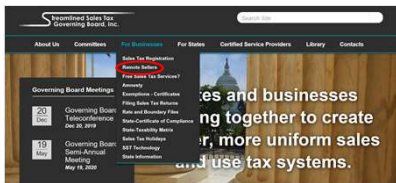
Streamlined Registration for Sellers	[+]
Rates and Boundaries for Sellers	[+]
Purchaser's Exemption Form	[+]
Membership Documents	[+]

Resources

• Visit the Streamlined Sales Tax Governing Board website

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Sales Outside Minnesota



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Sales Outside Minnesota

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 tax functions.

Note: The seller is still responsible to track and pay use tax on its own purchases.

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Sales Outside Minnesota

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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Sales Outside Minnesota

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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Sales Outside Minnesota

Who are the CSPs?

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

Note: There are other service providers who are not certified by Streamlined Sales Tax. You may opt to contract with one of them if you choose.

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Part 7: 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 on or by the due date (electronically or by check).

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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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Filing and Payment Instructions

Filing and Payment Instructions

Filing and Payment Instructions

Account Type	Account ID	Name	Filing Frequency	Balance
Corporation Tax	6401123	BUTTE COMPANY	Periodic	\$0.00
Sales & Use Tax	6401123	BUTTE COMPANY	Annual	\$100.00
Withholding Tax	6401123	BUTTE COMPANY	Quarterly	\$0.00

Filing and Payment Instructions

Location	Date	Tax Type	Amount	Rate	Tax Due
100	1/1/2019	General Sales Tax	1.00	6.00%	0.06
100	1/1/2019	Use Tax	1.00	6.00%	0.06
100	1/1/2019	Variable Rate Purchase	1.00	6.00%	0.06
100	1/1/2019	Minnesota County Tax	1.00	6.00%	0.06
100	1/1/2019	Minnesota County Tax	1.00	6.00%	0.06
100	1/1/2019	Minnesota County Tax	1.00	6.00%	0.06
100	1/1/2019	Minnesota County Tax	1.00	6.00%	0.06
100	1/1/2019	Minnesota County Tax	1.00	6.00%	0.06
100	1/1/2019	Minnesota County Tax	1.00	6.00%	0.06



Part 8: Resources

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Resources

Businesses

Top Tasks [+]

Business Center [+]

Business Taxes and Fees [+]

Alcoholic Beverages Tax
Cigarette and Tobacco Taxes
Corporation Franchise Tax
Energy Production Taxes
Environmental Taxes and Fees
Estate Tax
Fiduciary Tax

MinnesotaCare Taxes
Marriage Penalty and Divorced Tax
Partnership Tax
Petroleum Tax
Property Taxes
S Corporation Tax
Sales and Use Tax

Contact Info

EMAIL
Contact Us

PHONE
651-281-3225

HOURS [v]

ADDRESS [v]

Related Content

Collection Information
Annual Tax Statistics
Revenue Notices

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Resources

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

Sales and Use Tax

Sales Tax applies to most sales of goods and some services in Minnesota. You may owe the Tax on taxable goods and services sold in Minnesota when the sales tax was paid at the time of purchase. We also administer a number of local sales taxes. You can calculate the sales taxes due using the Sales Tax Rate Calculator.

For information on various Sales and Use Tax topics, see [Fast 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 [+]
Remote Seller Information [+]

Contact Info
EMAIL
 Contact form
PHONE [+]
 612-296-6181
 800-557-3777
HOURS [+]
ADDRESS [+]

Last Updated
 August 08, 2019

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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

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

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

Businesses

Top Tasks [+]
Business Center [-]
[Starting a Business](#)
[Self-Employed](#)
[Business Taxes and Fees](#)
[Classifying a Worker](#)
[Closing an Account on Business](#)
[Minnesota Tax ID Requirements](#)
[Tax Delinquency Links](#)
[Update Your Business Information](#)
[Education and Outreach](#)
Business Taxes and Fees [+]
Online Services and Resources [+]

Contact Info
EMAIL
 Contact form
PHONE
 612-292-5225
HOURS [+]
ADDRESS [+]

Related Content
[Collection Information](#)
[Annual Tax Statistics](#)
[Revenue Notices](#)

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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 changes based on the U.S. Supreme Court ruling in South Dakota v. Wayfair
- Taxable products and services in Minnesota
- How to handle sales shipped to local jurisdictions, and
- Resources and tools available on the department website

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Thank you!

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Minnesota Business Tax Education
