

Extending 0.5% Carlton County Transit Sales and Use Tax and \$20 Vehicle Excise Tax

Beginning April 1, 2015 Carlton County imposed a 0.5% Transit Sales and Use Tax and a \$20 vehicle excise tax. Minnesota Department of Revenue administers this tax. The proceeds of these taxes fund the Carlton County Transportation Improvement Projects.

The projects are identified in exhibits attached to Carlton County Resolutions.

- Resolution No. 14-132, Exhibit A dated December 9, 2014,
- Resolution No. 17-030, Exhibit A dated March 14, 2017, and
- Resolution No. 19-082, Exhibit A date July 22, 2019 and Resolution No. 19-104 dated September 23, 2019.

This 0.5% transit sales tax applies to retail sales made into Carlton County. The transit use tax applies to taxable items used in the county if the local sales tax was not paid. The tax applies to purchases for business or personal use, even if the customer is from elsewhere or takes the items out of Carlton County.

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

For more information, see Fact Sheet 164, *Local Sales and Use Taxes*.

Who must register and collect the tax

All retailers who have a taxable presence (nexus) in Carlton County even if an out-of-state retailer or marketplace and are registered for Minnesota sales tax. This includes all sellers outside Carlton County if they have a taxable presence such as:

- Have an office, distribution, sales, sample or warehouse locations, or other place of business in Carlton County, either directly or by a subsidiary.
- Perform taxable services in Carlton County.
- Ship taxable items into Carlton County, including all sales made using the internet, mail order, or telephone.
- An out-of-state retailer that exceeds Minnesota sales tax thresholds and make sales into Carlton County.

For more information about taxable presence, see Form ABR, *Minnesota Application for Business Registration*.

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Registering for the tax

If you file Sales and Use Tax returns online, you can register for this tax in e-Services.

To register before you file

1. Log in to e-Services and access your Sales and Use Tax account.
2. In the I Want To section, select **Manage locations**.
3. In the Existing Sales Locations list select the **Location Code number** for the location you want to edit.
4. Select the **Edit Location** button at the bottom of the page. If the General Information and the NAICS code are correct, select **Next**.
5. If the address information is correct, select **Next**.
6. Select **Next** to bypass End Local Sales and Other taxes.
7. **Note:** If sales and use tax only, select **Next**. If you sell Motor Vehicles select the check box for **Carlton County Vehicle Excise** before selecting next.
8. Select the check box for **Carlton County Transit Sales and Use Tax**. Select **Next**.
9. Review this page to verify the section titled Local Sales and Other Taxes – verify the Carlton County Transit Sales and Use or Vehicle Excise Tax is listed. If the new tax is listed, select the **Submit** button.
10. Review the Confirmation Summary. You can then select **Close**.

To register when you file

You can add a local tax when filing a return:

1. Select the link **Add a Tax Line** at the bottom of the return.
2. From the Tax Type Column, select the dropdown menu to select the local tax you need to add.
3. Enter the taxable dollar amount for the 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 Carlton County Transit Sales and Use Tax or Carlton County Vehicle Excise Tax when you report your Minnesota Sales and Use Tax. Each tax is reported on a separate line of your return. Carlton County Transit Sales is line number 492, Carlton County Transit Use is line number 493, and Carlton County Vehicle Excise Tax is line number 494.

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Use tax

Carlton County transit use tax applies when you are located in the county and you buy items or services without paying the 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:

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

Calculating the tax

To calculate the tax:

1. Add the 6.875% Minnesota General State sales and use tax rate to the 0.5% Carlton County transit sales and use tax.
2. Add all other local taxes that apply.
3. Apply the combined rate to the sales prices. For more information see Fact Sheet 164S, *Special Local Taxes*.
4. Round the total to the nearest full cent.

Exemption certificates

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

Local governments

Local governments do not pay Carlton County sales or use tax (or other local general sales taxes). No exemption certificate is necessary.

Generally local governments do not pay general local taxes in Minnesota, but are required to pay special local taxes.

Local governments include cities, towns, counties, instrumentalities, political subdivisions, commissions, special districts, and government boards.

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Transitional sales

Carlton County transit sales and use tax applies to sales on or after April 1, 2015, but the tax does not apply to the following:

- Lease payments for tangible personal property and motor vehicles that include periods before April 1, 2015. (The tax does apply to payments for periods that begin on or after that date.)
- The purchase of tangible personal property ordered before April 1, 2015, 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 April 1, 2015, (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 April 1, 2015, 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 April 1, 2015, 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 October 1, 2015.

Contact us

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

Fax: 651-556-3102

Email: salesuse.tax@state.mn.us

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

Visit our website at www.revenue.state.mn.us