



DNR Sales and Use Tax Resource

This information will help you determine if you need to collect use tax from an individual registering a snowmobile, all-terrain vehicle (ATV), or watercraft. We will refer to these as DNR vehicles or vehicles in this document. When an individual paid the applicable Minnesota Sales or Use Taxes, you do not need to collect tax from them.

Sales Tax

Sales tax applies to sales of tangible personal property, taxable services, and digital products in Minnesota. Businesses collect the sales tax due and remit the sales tax collected when they file their Sales and Use Tax return.

Freight

Transportation, shipping charges, and postage fees billed by the seller are part of the sales price of the taxable item. This includes both incoming and outgoing freight or delivery charges and fuel surcharges.

Local Taxes

State and local sales tax are due on taxable sales of DNR vehicles. Some cities and counties have local sales and use taxes. If the DNR vehicle will be located in an area with a local tax, you must collect local sales and use tax. For more information, see [Local Sales and Use Taxes](#).

To determine the sales tax rate, use the location where the DNR vehicle is used by the customer. You can use our [Sales Tax Rate Map or Sales Tax Rate Calculator](#) to help you determine the sales tax rate.

Local use tax applies when you buy items or services in a local area without paying local sales tax to the seller. Local use tax is based on where the item is used.

Use Tax

When a business or individual buys taxable goods or services and the seller does not charge Minnesota sales tax, they owe use tax on the cost of the item. When an individual registers a snowmobile, ATV, or watercraft and did not pay sales tax at the time of the purchase, they owe use tax when they register the vehicle.

Below are some common situations and how tax applies. If an individual does not provide documentation to show they paid tax and the vehicle is taxable, you must collect use tax from them to register the vehicle. (Minnesota Statute 297A.825, subd. 1)

Private Party Sales

Was the vehicle purchased from a private party (an individual)?

- **Yes.** The purchase is not taxable.
- **No.** The DNR vehicle was purchased from a business. The purchase may be taxable.
 - If the vehicle was purchased from a dealer or a company in the business of selling DNR vehicles, the purchase is taxable.
 - If the vehicle was purchased from a company that is not in the business of selling DNR vehicles, it may be taxable. See the Vehicle Purchased From a Business (Non-Dealer) section.
- **Note:** The Minnesota Department of Public Safety's rules cover street legal Off Highway Motorcycles (OHMs and Off-Road Vehicles (ORVs). On initial registration of OHMs and ORVs, the DNR does not have a statute requiring proof of sales tax payment.

Legal References

- Minnesota Statute 297A.67, subd. 23
 - Minnesota Rule 8130.5800
 - Isolated and Occasional Sales Fact Sheet
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Vehicle Purchased From a Business (Non-Dealer)

Is the vehicle used primarily by the seller in their normal course of business?

- **No.** The purchase is not taxable.
- **Yes.** The purchase is taxable unless any of the following apply:
 - The vehicle was a sale of most or all of the seller's business assets
 - The seller's sales of business property during the month of the sale, plus the preceding 11 months, did not exceed \$1,000
 - The sale qualified and was reported as a transaction under one of the following Internal Revenue Code sections: 118, 331, 332, 336, 337, 338, 351, 355, 368, 721, 731, 1031, 1033, or 1563(a). The customer should know their purchase is covered by one of these sections and provide the necessary documentation.

Legal References

- Minnesota Statute 297A.68, subd. 25
 - Minnesota Statute 297A.67, subd. 23
 - Minnesota Rule 8130.5800
 - Isolated and Occasional Sales Fact Sheet
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Tribal Governments

Are DNR vehicles purchased by tribal governments and their members taxable?

- When an individual tribal member purchases a DNR vehicle off the reservation, the purchase is taxable.
- Purchases of DNR vehicles by an individual tribal member or non-member on one of the following nine reservations are taxable:
 - Bois Forte Chippewa Reservation, Nett Lake
 - Fond du Lac Chippewa Reservation, Cloquet
 - Grand Portage Chippewa Reservation, Grand Portage
 - Leech Lake Chippewa Reservation, Cass Lake
 - Lower Sioux Reservation, Morton
 - Mille Lacs Chippewa Reservation, Vineland
 - Shakopee Mdewakanton Sioux Reservation, Prior Lake
 - Upper Sioux Reservation, Granite Falls
 - White Earth Chippewa Reservation, White Earth

- When a tribal government (listed above) or businesses owned by the tribal government purchase or lease DNR vehicles on or off a reservation, the purchase is exempt. Including the following tribal governments and any businesses they own:
 - Red Lake Band of Chippewa Indians. This agreement specifies that no sales tax is collected on sales occurring on the reservation or delivered by the seller to the Red Lake Reservation.
 - Prairie Island Sioux Reservation in Welch. Sales occurring on this reservation, or delivered by the seller onto this reservation, to Prairie Island members who live on the reservation are not subject to Minnesota Sales Tax.
- Sales to tribal governments
 - To make purchases exempt, the tribal government must provide a purchase order, payment voucher, or work order showing that the tribal government is the purchaser. They may also provide an exemption letter issued to the tribal government by the Minnesota Department of Revenue.

Legal References

- Minnesota Statute 270C.19, subd. 1 and 2
 - Tribal Governments and Members Fact Sheet
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Raffles

Does the registrant or vehicle owner owe tax on a vehicle won through a raffle?

- The person or organization that purchased the vehicle to donate it to the raffle owes sales or use tax on the vehicle.
- The winner of the raffle does not owe sales or use tax, but must provide documentation showing one of the following during registration:
 - The DNR vehicle was won at a raffle
 - The vehicle donor paid sales or use tax on the vehicle

Legal References

- Minnesota Statute 297A.63, subd. 1
 - Minnesota Rule 8130.3800
 - Use Tax for Businesses Fact Sheet
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Gifts

When a person or organization is gifted a DNR vehicle, they do not owe sales or use tax. The person or organization who gifted the vehicle is responsible for paying the sales or use tax on the DNR vehicle.

DNR vehicles that a company takes out of inventory and gives away inside or outside Minnesota are subject to sales or use tax, unless an exemption applies.

Legal References

- Minnesota Statute 297A.63, subd. 1 (a)
- Minnesota Statute 297A.61, subd. 6 (a)

Government Agencies

Government Agency Purchases

- **Federal government** – Purchases by the federal government are not taxable. To be exempt from tax, the federal government must directly bill and pay for the purchase. They must provide Form ST3, Certificate of Exemption or proof of direct billing and payment. Proof examples include purchase orders, payment vouchers, or work orders. Purchases made by employees and reimbursed by the federal government are taxable.
- **Minnesota state agencies** are not exempt from paying sales and use tax. Minnesota state agencies use a Direct Pay Permit to purchase items exempt and pay use tax. To purchase items exempt, state agencies need to provide their vendor one of the following:
 - A completed Form ST3, Certificate of Exemption, specify the Direct Pay authorization exemption
 - A purchase order containing the equivalent information
- **Local governments** do not pay sales and use tax on most purchases. Local governments must provide a completed Form ST3, Certificate of Exemption to purchase items exempt.
- **Tribal Governments.** See Tribal Governments section.

Government Agency Sales

- Goods or services sold by the federal government are taxable unless an exemption applies.
- Local governments and state agencies generally provide nontaxable services to the public. If they sell taxable goods or services, they must charge sales tax unless an exemption applies.

Legal References

- Minnesota Statute 297A.70, subd. 2
- Minnesota Statute 297A.89
- Minnesota Rule 8130.3400
- Government – Federal and Foreign Diplomats Guide
- Government – Local Governments Guide
- Government – State Agencies Guide

Sales by Trusts

Was the DNR vehicle purchased from an estate or a trust?

- The sale of a DNR vehicle from an estate or an individual trust is not taxable.
- The sale of a DNR vehicle from a business trust is taxable when the vehicle was either:
 - a sale of business inventory
 - the sale of a business asset principally used in the course of business.

See the Vehicle Purchased From a Business (Non-Dealer) section.

Legal References

- Minnesota Statute 297A.61, subd. 2(b)
 - Minnesota Statute 297A.67, subd. 23
 - Minnesota Rule 8130.5800
 - Isolated and Occasional Sales Fact Sheet
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Purchased for Lease or Rental

Was the vehicle purchased to lease or rent?

- **Yes.** The purchase is not taxable. The purchaser is responsible for collecting sales tax on the lease or rental of the vehicle. The business must provide their Minnesota Tax ID Number or Form ST3, *Certificate of Exemption* to complete the registration.
- **No.** The purchase is taxable.

Legal References

- • Minnesota Statute 297A.61, subd. 4 (a) (1)
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Nonresidents

Did a non-resident purchase a DNR vehicle while in Minnesota?

- **Yes.** The vehicle purchase is taxable.

Did a non-resident purchase a DNR vehicle outside of Minnesota?

- When a non-resident purchases a vehicle outside of Minnesota and registers the vehicle in another state, it is not taxable in Minnesota. The non-resident should have a copy of registration or proof of residency in another state.
- If the non-resident purchased and registered the vehicle in another state and the vehicle was purchased for use in another state, tax is not due when the nonresident later registers the vehicle in Minnesota.

Legal References

- Minnesota Statute 297A.62, subd. 1
 - Minnesota Statute 297A.665 (a)
 - Minnesota Rule 8130.4300, subp. 1
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Sales to Minnesota Residents by Out-of-State Dealers

Sales of DNR vehicles to Minnesota residents are subject to Minnesota's general rate sales tax plus any applicable local taxes, regardless of where it was purchased (in-state or out of state).

- Look at the top of the manufacturer's statement of origin (MSO) for an out-of-state address. These may not have Minnesota sales tax included.
 - The taxable purchase price is the entire cost of the package (boat, motor, fish finder, etc.) minus the cost of the trailer.
 - Minnesota allows credit for sales tax paid in another state, up to the total state and local tax due in Minnesota.
 - When the sales tax paid in another state is less than the tax due in Minnesota, the difference is due as Minnesota use tax.

Legal References

- Minnesota Statute, Section 297A.80
 - Minnesota Rule, Part 8130.4400
 - Use Tax for Individuals Fact Sheet
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Auction Sales

The type of auction will determine if the sale is taxable.

- If the auction was for a private party, the sale is not taxable.
- If the auction was by a dealer, banker, or insurance company, the sale is taxable. Ask for the itemized purchase agreement from the auction.

Legal References

- Minnesota Statute 297A.67, subd. 23
 - Minnesota Rule 8130.5800
 - Isolated and Occasional Sales Fact Sheet
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Brokered Sales

Does the title and the money pass directly between the buyer and seller in the brokered sale?

- **Yes.** The brokered sale is not taxable unless the seller is selling business inventory or assets principally used in the business.
- **No.** The brokered sale is taxable (see the Financial Institutions and Insurance Companies section for further details).

For this exemption to apply, both of the following conditions must be true:

- the money (except brokerage fee) cannot pass through the broker's accounts
- the broker must not appear in the documentation of ownership

Legal References

- Isolated and Occasional Sales Fact Sheet
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Financial Institutions and Insurance Companies (or their auction services)

- Sales of DNR vehicles by these organizations are taxable.
- Items held for resale by these organizations are considered exempt for resale and are not taxable.

Legal References

- Minnesota Statute 297A.61, subd. 4 (1)
 - Isolated and Occasional Sales Fact Sheet
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Internet or Mail Order Purchases of DNR Vehicles

- The purchase is taxable, unless documentation is provided to show the sale was between individuals. See Private party sales section.

Legal References

- Minnesota Statute 297A.61, subd. 4 (a) (1)
 - Minnesota Statute 297A.67, subd. 23
 - Minnesota Rule 8130.5800
 - Use Tax for Individuals Fact Sheet
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Public or Non-Profit Private Schools

- Purchases of DNR vehicles by a public or nonprofit private school is not taxable.

Legal References

- Minnesota Statute 297A.70, subd. 2 (a) (2)
 - Minnesota Rule 8130.6200, subp. 1
 - Schools – Sales and Purchases Fact Sheet
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All-Terrain Vehicles (ATVs) for Agricultural Production

- When an ATV is purchased for use in agricultural production, the purchase is not taxable.
- The DNR may issue a Private/Agricultural and/or Public Use registration at any time if the customer meets the exemption requirements.

Legal References

- Minnesota Statute 297A.69, subd. 4 (1)
 - Agricultural and Farming Guide
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Police and Fire Departments not Operated by a Local Government

Purchases of DNR vehicles by police and fire departments are taxable unless they are operated by a local government. For more information, see the Government Agencies – Local Governments section.

Legal References

- Emergency Services Guide
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Homemade DNR Vehicles

- A homemade DNR vehicle that was purchased as a kit is taxable unless sales tax was paid to the vendor.
- A homemade DNR vehicle purchased as parts is taxable unless the purchaser paid sales tax on all the individual parts.

Legal References

- Minnesota Statute 297A.61, subd. 4 (a) (1)