

Chanhassen 0.5% Sales and Use Tax

Starting April 1, 2025, Chanhassen will have a 0.5% sales and use tax. The Minnesota Department of Revenue will administer this tax. Revenues will fund the projects identified in Ordinance No. 737 adopted December 9, 2024.

The 0.5% sales tax applies to retail sales made into Chanhassen. The use tax applies to taxable items used in Chanhassen if the local sales tax was not paid.

For more information, see *Local Sales and Use Tax Guide*.

Who Must Register and Collect the Tax

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

- Have an office, distribution, sales, sample or warehouse location, or other place of business in Chanhassen, either directly or by a subsidiary.
- Perform taxable services in Chanhassen.
- Ship taxable items into Chanhassen, 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 Chanhassen.

If you are already registered for this tax, you do not need to register again. For more information about taxable presence, see Form ABR, Minnesota Application for Business Registration.

Registering for the Tax

To register for this tax within e-Services:

To Register Before You File

1. Log in to e-Services and access your Sales and Use Tax account.
2. In the Sales & Use Tax section, select **Manage Locations**.
3. In the Existing Sales Locations list, select the **Location Code number** for the location you want to edit.
4. In the Available Actions section, select the **Edit Location** link.
5. If the General Information and the NAICS code are correct, select **Next**.
6. If you need to end a tax enter a date and select **Next**, if you do not need to end a tax, select **Next**.
7. Add any special local taxes, and select **Next**, if you do not need to add a special local tax, select **Next**.
8. Select the check box for **Chanhassen Sales and Use**. Select the **Next** button.
9. Review the section titled Local Sales and Other Taxes – verify the Chanhassen Sales and Use Tax is listed. If the new tax is listed, select the **Submit** button.
10. Review the Confirmation Summary. You can then select **Close**.

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To Register When You File in e-Services

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.

Reporting the Tax

Report the Chanhassen Sales or Use Tax when you report your Minnesota Sales and Use Tax. Each tax is reported on a separate line of your return. Chanhassen Sales Tax is line number 416; Chanhassen Use Tax is line number 417.

Calculating the Tax

To calculate the tax:

1. Add the Minnesota General State sales and use tax rate to the 0.5% tax.
2. Add any other local taxes that apply.
3. Apply the combined rate to the sales prices. For more information see *Local Sales and Use Tax Guide*.
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 Chanhassen Sales or Use Tax.

Local Governments

Local governments do not pay the Chanhassen Sales or Use Tax (or other local general sales taxes). No exemption certificate is necessary. State sales tax may apply.

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

Transitional Sales

Chanhassen Sales and Use Tax applies to sales on or after April 1, 2025, but the tax does not apply to the following:

- Lease payments for tangible personal property and motor vehicles that include periods before April 1, 2025. (The tax does apply to payments for periods that begin on or after that date).

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- The purchase of tangible personal property ordered before April 1, 2025, 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, 2025, (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, 2025, 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, 2025, 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, 2025.

Information and Assistance

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