DEPARTMENT OF REVENUE

Sales and Use Tax for the Agricultural and Farming Industry

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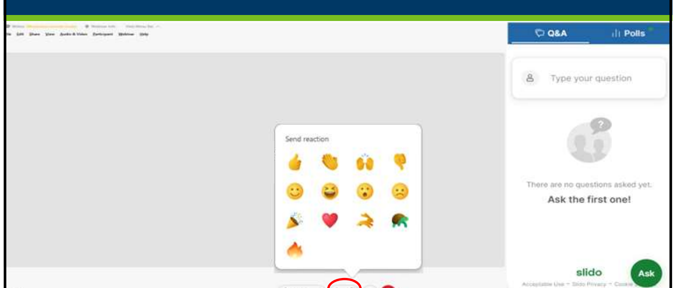
Minnesota Business Tax Education

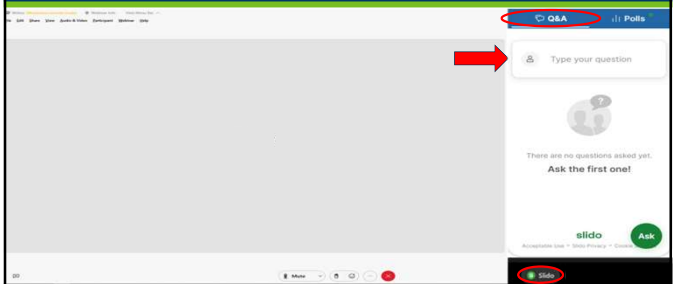
November 2025

About the Webinar

Interactive Panels



Interactive Panels



Interactive Panels

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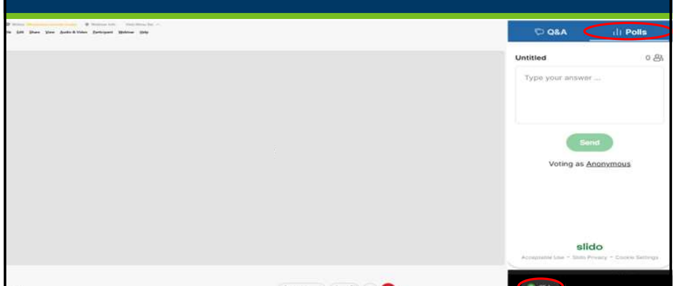


Disclaimer

This presentation is for educational purposes only and does not provide tax advice. 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.

Course Description

This course covers how Minnesota Sales and Use Tax laws apply to the agricultural and farming industry in Minnesota.

The taxability of items and services depends on their exact use in each situation.

- What items are exempt?
- What items are taxable?

Course Objectives

After completing this course, you will be able to:

- Apply the basic sales and use tax concepts for Minnesota and its local taxing jurisdictions to your business
- Identify how to use and when to accept an exemption certificate
- Distinguish how sales and use tax law applies to the agricultural and farming industry
- Use e-Services to access your account
- Locate several resources that answer your sales and use tax questions

What is agricultural production?

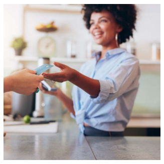
A series of activities that result in a product that will ultimately be sold at retail. The process

- **Begins** when you purchase or breed a qualifying animal, or you prepare the soil for planting crops
- **Ends** when you place the livestock or crops into finished goods inventory

Who qualifies for the agricultural production exemption?

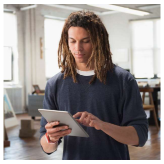
- Animal farms and ranches
- Breeding operations
- Crop farms
- Fish farms
- Greenhouses and nurseries
- Sod farms
- Tree farms

General Sourcing Rules



1. Seller's Address

2. Delivery Address



3. Billing Address

MN Stat. 297A.668, Subd. 2

Sourcing to Seller’s Address

Sourcing to Delivery Address

Sourcing to Billing Address

Sourcing Rules for Leases or Rentals of TPP

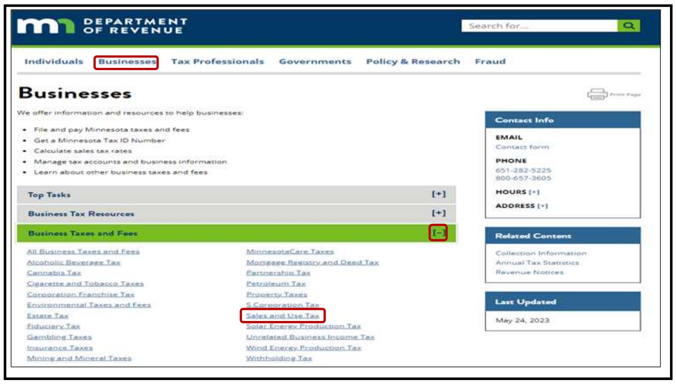
1st Payment	General Sourcing Rules	Where transfer of property occurs
Subsequent Payments	Primary Property Location	address provided to lessor by lessee

What is the tax rate?

Local Taxes

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

- City tax
- County or County Transit tax
- Special local tax
- Motor vehicle $20 excise tax



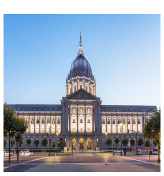
Tools to Find Tax Rates

We offer a variety of tools including:

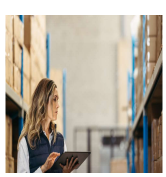
- Sales Tax Rate Calculator
- Sales Tax Rate Map
- Sales Tax API (Application Program Interface)
- Sales Tax Rate Spreadsheet
- Local Sales Tax Rates
- Twin Cities Area Local Tax Rates

Exempt Transactions

Product-Based

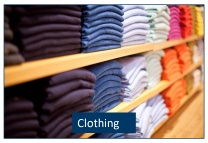


Entity-Based



Use-Based

Product-Based Exemptions



Entity-Based Exemptions

- Federal government agencies Federal Government
- Tribal governments Tribal Governments and Members
- Local governments Local Government
- Nonprofit organizations Nonprofit Organizations
- Minnesota government agencies State Agencies

Use-Based Exemptions

- Advertising materials shipped out of state Advertising
- Inventory purchased for resale Retailers and Wholesalers
- Items consumed in performing a taxable service
- Items used or consumed in agricultural production Agricultural and Farming
- Materials used or consumed in the manufacturing process Industrial Production

Authorization Letters and Permits

- Direct Pay
- Direct Selling
- Exempt Status (nonprofit exemption)
- Motor Carrier Direct Pay
- Resource Recovery Facility

Authorized Exemption Certificates

- Certificate of Exemption, Form ST3
- Certificate of Exemption, Form F0003
- Uniform Sales and Use Tax Certificate
- Other state’s exemption certificates
- Self-prepared exemption certificate

Exemption Certificate Requirements

Name of Purchaser: Smith Farms, LLC
Business Address: 98765 Tractor Trail | City: Farmington | State: MN | ZIP code: 55024
Purchaser's Tax ID Number: 1234567 | State of Issue: Minnesota
If no tax ID number, Enter one of the following: FEIN | Driver's license number/State issued ID number: State of Issue, Number
Name of seller from whom you are purchasing, leasing, or renting: Jones Agricultural Supply
Seller's Address: 123 Main Street | City: Farmington | State: MN | ZIP code: 55024

Type of Business

- ☐ 01 Accommodation and food services
- ☒ 02 Agricultural, forestry, fishing, hunting
- ☐ 03 Construction
- ☐ 04 Finance and insurance
- ☐ 05 Information, publishing and communications
- ☐ 06 Manufacturing
- ☐ 07 Mining
- ☐ 08 Real estate
- ☐ 09 Rental and leasing
- ☐ 10 Retail trade
- ☐ 11 Transportation and warehousing
- ☐ 12 Utilities
- ☐ 13 Wholesale trade
- ☐ 14 Business services
- ☐ 15 Professional services
- ☐ 16 Education and health-care services
- ☐ 17 Nonprofit organization
- ☐ 18 Government
- ☐ 19 Not a business (explain) ______
- ☐ 20 Other (explain) ______

Reason for Exemption (See Instructions)

- ☐ A Federal government (department) ______
- ☐ B Specific government exemption ______
- ☐ C Tribal government (name) ______
- ☐ D Foreign diplomat # ______
- ☐ E Charitable organization # ______
- ☐ F Educational organization # ______
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- ☒ J Agricultural production
- ☐ K Industrial production/manufacturing
- ☐ L Direct pay authorization
- ☐ M Multiple points of use (services, digital goods, or computer software delivered electronically)
- ☐ N Direct mail
- ☐ O Other (enter number from instructions) ______
- ☐ P Percentage exemption
  - ☐ Advertising (enter percentage) ______%
  - ☐ Utilities (enter percentage) ______%
  - ☐ Electricity (enter percentage) ______%

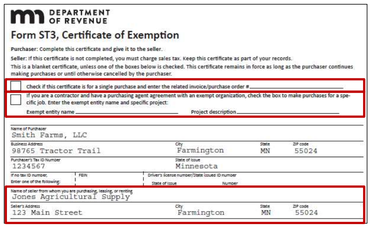
I declare that the information on this certificate is correct and complete to the best of my knowledge and belief. (PENALTY: If you try to evade paying sales tax by using an exemption certificate for items or services that will be used for purposes other than those being claimed, you may be fined $100 under Minnesota law for each transaction for which the certificate is used.)

Signature of Authorized Purchaser: Alex Smith | Print Name Here: Alex Smith | Title: Owner | Date: 07/22/2021

Rev. 7/19

- Purchaser's name and address
- Purchaser's Minnesota tax ID number
- Purchaser’s type of business
- Reason for exemption
- Purchaser's signature (unless data is entered into an online order form or shopping cart)

Other Fields on the Exemption Certificate



DEPARTMENT OF REVENUE

Form ST3, Certificate of Exemption

Purchaser: Complete this certificate and give it to the seller.

Seller: If this certificate is not completed, you must charge sales tax. Keep this certificate as part of your records.

This is a blanket certificate, unless one of the boxes below is checked. This certificate remains in force as long as the purchaser continues making purchases or until otherwise cancelled by the purchaser.

☐ Check if this certificate is for a single purchase and enter the related invoice/purchase order # ______

☐ If you are a contractor and have a purchasing agent agreement with an exempt organization, check the box to make purchases for a specific job. Enter the exempt entity name and specific project:
Exempt entity name ______ Project description ______

Name of Purchaser: Smith Farms, LLC

Business Address: 98765 Tractor Trail | City: Farmington | State: MN | ZIP code: 55024

Purchaser's Tax ID Number: 1234567 | State of Issue: Minnesota

If no tax ID number, Enter one of the following: | FEIN | Driver's license number/State issued ID number: State of Issue, Number

Name of seller from whom you are purchasing, leasing, or renting: Jones Agricultural Supply

Seller's Address: 123 Main Street | City: Farmington | State: MN | ZIP code: 55024

- One-time exemption on a purchase
- Purchasing agent buying materials for an exempt job
- Seller's name and address

Purchaser's Responsibilities

- Know if you qualify to claim an exemption
- Complete an exemption certificate
- Give it to the seller at the time of purchase
- Pay any use tax, penalty, and interest if used incorrectly

Seller's Responsibilities

- Review all exemption certificates
- Keep exemption certificates as part of your business records
- Do not unlawfully solicit exemption certificates

Sales

Examples of Taxable Sales

- Animals sold as farm-working stock
- Animals sold as pets or to breed pets
- Hay bales to a contractor for erosion control
- Manure for purchasers to use on their lawns or gardens (flower, vegetable)
- Plants and seeds sold to purchasers for home vegetable gardens, lawns, or flower beds
- Plants, trees, and sod sold to person installing into real property
- Prepared food

Examples of Nontaxable Sales

- Feed for agricultural animals, including pets raised for sale, farm-working stock, and breeding stock
- Grain sold as feed to other agricultural producers
- Produce such as eggs, honey, fruits, and vegetables

Overview of Equipment Sales

Type of Equipment	Qualify for Exemption?
Qualifying "Farm Machinery"	Yes
Fencing	No
Grain Bins	No
Hand Tools	No
Snow blowers	No

Farm Auctions

Farm auctions are exempt from tax.

- Public auction
- Conducted by a licensed auctioneer
- Consist substantially of property used in the business of farming

Isolated and Occasional Sales Publication

Rentals and Leases of Farm Machinery

If you rent or lease **farm machinery** for use in agricultural production

- Lease amount is not taxable
- Lessee must provide a completed exemption certificate

Animals

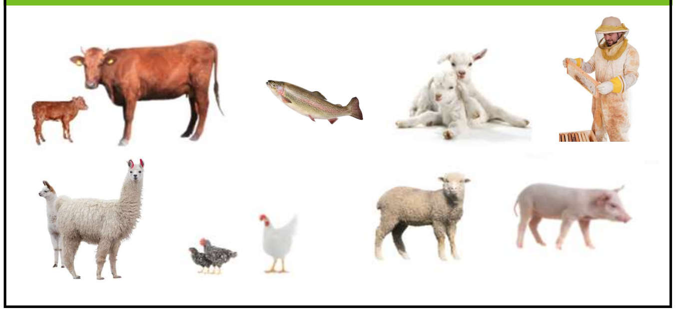
Taxable Animals

- Breeding animals (unless the offspring will be exempt)
- Farm dogs used for security purposes
- Farm working stock (mules, oxen, herd dogs)
- Pets
- Show animals

Nontaxable Animals

- Agricultural animals
- Cervidae *
- Ratitae *
- Fur-bearing animals *
- Breeding stock *
- Horses
- Research animals

Agricultural Animals



Cervidae

Ratitae

Fur-Bearing Animals

Breeding Stock

Horses

Claiming the Horse Materials Exemption

Reason for Exemption (See Instructions)

- [ ] A Federal government (department) ______
- [ ] B Specific government exemption ______
- [ ] C Tribal government (name) ______
- [ ] D Foreign diplomat # ______
- [ ] E Charitable organization # ______
- [ ] F Educational organization # ______
- [ ] G Religious organization # ______
- [ ] H Resale
- [ ] I Qualifying capital equipment (see instructions when equipment claimed is part of a construction project)
- [ ] J Agricultural production
- [ ] K Industrial production/manufacturing
- [ ] L Direct pay authorization
- [ ] M Multiple points of use (services, digital goods, or computer software delivered electronically)
- [ ] N Direct mail
- [x] O Other (enter number from instructions) #13 - Horse materials
- [ ] P Percentage exemption
  - [ ] Advertising (enter percentage) ______%
  - [ ] Utilities (enter percentage) ______%
  - [ ] Electricity (enter percentage) ______%

I declare that the information on this certificate is correct and complete to the best of my knowledge and belief. (PENALTY: If you try to evade paying sales tax by using an exemption certificate for items or services that will be used for purposes other than those being claimed, you may be fined $100 under Minnesota law for each transaction for which the certificate is used.)

Signature of Authorized Purchaser	Print Name Here	Title	Date
Alex Smith	Alex Smith	Owner	July 22, 2021

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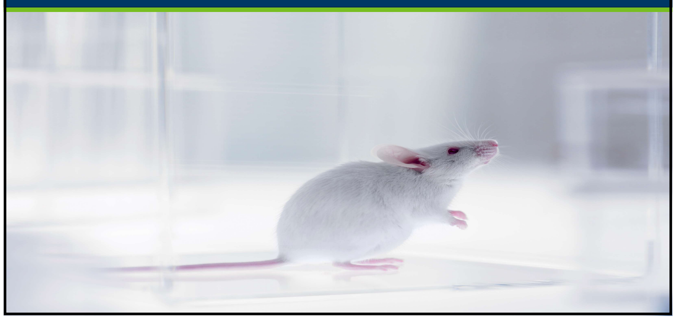
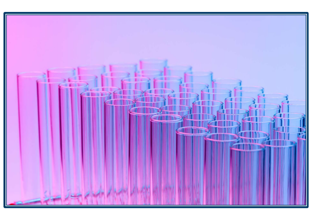
Research Animals





Animal Services and Supplies

Artificial Insemination – Nontaxable Items

- Artificial insemination services
- Items used and consumed in performing artificial insemination
  - Disposable inseminating gloves
  - Disposable catheters
  - Liquid nitrogen used to process agricultural semen
  - Semen

Artificial Insemination – Taxable Items

- Administrative and recordkeeping supplies
  - Charts
  - Office records
- Reusable items used in performing artificial insemination
  - Catheters
  - Insemination gloves

Feed, Feed Additives, and Feed Supplements

What type of animal is the feed for?	Is it taxable?
Agricultural animals raised for retail sale	No
Agricultural animals raised for your own consumption	Yes
Breeding stock	No
Farm working stock	No
Pets raised for sale	No
Pets, not for sale	Yes
Poultry raised for retail	No
Poultry raised for your own consumption	No

Claiming the Poultry Feed Exemption

Reason for Exemption (See Instructions)

- [ ] A Federal government (department) ___
- [ ] B Specific government exemption ___
- [ ] C Tribal government (name) ___
- [ ] D Foreign diplomat # ___
- [ ] E Charitable organization # ___
- [ ] F Educational organization # ___
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- [ ] J Agricultural production
- [ ] K Industrial production/manufacturing
- [ ] L Direct pay authorization
- [ ] M Multiple points of use (services, digital goods, or computer software delivered electronically)
- [ ] N ~~Direct mail~~
- [x] O Other (enter number from instructions) #24 - Poultry feed
- [ ] P Percentage exemption
  - [ ] Advertising (enter percentage) ___%
  - [ ] Utilities (enter percentage) ___%
  - [ ] Electricity (enter percentage) ___%

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Signature of Authorized Purchaser	Print Name Here	Title	Date
Alex Smith	Alex Smith	Owner	July 22, 2021

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Miscellaneous Items

Miscellaneous items may be purchased exempt from tax **IF** they are used in qualifying agricultural production activities. Examples include:

- Bedding
- Hay

Veterinary Medicine and Services

Nontaxable items and services include:

- Veterinary services for agricultural and other tax-exempt animals
- Drugs and medicines for agricultural and other tax-exempt animals
  - Calf boluses
  - Dehorning paste
  - Foot rot spray
  - Mastitis tubes
  - Terramycin powder

Nontaxable Consumable Materials and Supplies

Nontaxable consumable materials and supplies for agricultural animals include:

- Animal markers
- Antiseptics
- Horseshoes
- Insecticides
- Udder cream

Veterinary Practice Publication

Materials Consumed in Agricultural Production

Nontaxable Chemicals

You may buy chemicals exempt if they are used to:

- Fertilize agricultural crops
- Control weeds, disease, and insect infestation in agricultural crops
- Control or eradicate animal diseases for the health of nontaxable animals
- Disinfect nontaxable animals or their environment
- Sanitize or clean food processing machinery or equipment

Taxable Chemicals

You must pay tax on chemicals if they are used to:

- Clean animal dwellings
- Control odor
- Control weeds and disease for home garden and lawn
- Control insect infestation for home garden and lawn
- Fertilize home garden and lawn

Nontaxable Utilities Used in Production

Fuel, electricity, gas, and steam are nontaxable to:

- Heat and cool housing for agricultural animals
- Light housing for agricultural animals
- Ventilate facilities where agricultural animals are housed
- Dry grains

Claiming the Utilities Exemption

Reason for Exemption (See Instructions)

- ☐ A Federal government (department) ____
- ☐ B Specific government exemption ____
- ☐ C Tribal government (name) ____
- ☐ D Foreign diplomat # ____
- ☐ E Charitable organization # ____
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- ☐ N Direct mail
- ☐ O Other (enter number from instructions) ____
- ☒ P Percentage exemption
  - ☐ Advertising (enter percentage) ____%
  - ☐ Utilities (enter percentage) ____%
  - ☒ Electricity (enter percentage) 97% ____%

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Signature of Authorized Purchaser	Print Name Here	Title	Date
Alex Smith	Alex Smith	Owner	July 31, 2021

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Utilities Used in Production Publication

Taxable Utilities

Electricity, fuels, and gas are taxable if used for:

- Aerating grain to prevent spoilage, control insects, or to reduce dust and sweating
- General space heating and lighting for farm buildings that do not house agricultural animals
- Illuminating a yard light

Petroleum Products

Fuels, lubricants, and antifreeze are not taxable if used to:

- Produce agricultural products
- Dry grain
- Construct, maintain, or repair
  - Drainage ditches
  - Erosion control structures
  - Grass waterways
  - Tile drainage systems

Packaging Materials

- Nonreturnable packaging materials are not taxable
- Returnable containers used to package food products are not taxable
- Returnable containers used to package non-food items are taxable

Nontaxable Plants and Seeds

Plants and seeds used in agricultural production are not taxable.

- Plants to grow items sold at a farmer's market
- Seed to grow cash crops
- Seed to grow feed for agricultural animals
- Annuals and perennials grown in greenhouses
- Shrubs grown in nurseries

Taxable Plants and Seeds

Plants and seed used for personal use are taxable.

- Flower beds
- Lawns
- Vegetable gardens

Federal and State Programs

- If purchased as part of a farm or conservation program, these items are not taxable:
  - Feed
  - Seeds
  - Trees
  - Fertilizers
  - Herbicides
- Equipment used in these programs do **not** qualify for the Farm Machinery Exemption

Waste Treatment

When treating waste generated as a result of the agricultural production process, there is an exemption for:

- Chemicals
- Materials
- Supplies

Machinery and Equipment

Farm Machinery Exemption

To qualify for the Farm Machinery Exemption, the item must be:

- New or used machinery, equipment, implements, accessories, or contrivances
- Used directly in agricultural production
- Used 50% or more of its operating time in agricultural production of tangible personal property intended to be sold ultimately at retail

What does farm machinery include?

Farm machinery includes:

- Machinery for the preparation, seeding, or cultivation of soil for growing agricultural crops
- Barn cleaners, milking systems, grain dryers, feeding systems, and similar installations
- Irrigation equipment sold exclusively for agricultural use

Repair and Replacement Parts

Repair and replacement parts for farm machinery are exempt from tax, including:

- Genuine manufacturer's parts (OEM parts)
- Generic or aftermarket parts

Exception: Replacement tires for qualifying farm machinery are taxable.

Accessory Tools and Equipment

To be exempt, accessory tools and equipment must:

- Be separate detachable units,
- Produce a direct effect on the agricultural product, **and**
- Have a useful life of less than 12 months

Generators

Generators are exempt if they are used to generate electricity to:

- Operate farm machinery
- Provide light that is essential to agricultural production
- Provide space heating that is essential to agricultural production

Manure Handling Systems – Exempt Components

Exempt components of a manure handling system include:

- Agitators
- Hoses
- Pumps
- Spreaders
- Valves

Manure Handling Systems – Building Structure

Taxable components of a manure handling system include:

- Concrete pits
- Slotted flooring
- Other items that are part of a livestock building structure

Exempt Grain Dryer Systems

Grain drying equipment used in agricultural production is exempt, including:

- Dryers
- Drying system components
- Similar types of equipment

Taxable Grain Systems Components

Taxable grain system components include:

- Grain bins
- Grain hoppers
- Grain legs
- Ladders connecting component parts
- Equipment used for storage of grain
- Silos

Aquaculture Production Equipment and Parts

Equipment used in aquaculture production qualifies for the Farm Machinery Exemption.

Claiming The Farm Machinery Exemption

Reason for Exemption (See Instructions)

- ☐ A Federal government (department) ____
- ☐ B Specific government exemption ____
- ☐ C Tribal government (name) ____
- ☐ D Foreign diplomat # ____
- ☐ E Charitable organization # ____
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- ☐ L Direct pay authorization
- ☐ M Multiple points of use (services, digital goods, or computer software delivered electronically)
- ☐ ~~N Direct mail~~
- ☒ O Other (enter number from instructions) #9 - Farm machinery
- ☐ P Percentage exemption
  - ☐ Advertising (enter percentage) ____%
  - ☐ Utilities (enter percentage) ____%
  - ☐ Electricity (enter percentage) ____%

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Alex Smith	Alex Smith	Owner	July 22, 2021

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Aircraft

Custom Farm Work

- Custom farm work performed for others is a nontaxable service. Examples include:
  - Custom combining
  - Harvesting
  - Planting
  - Spraying
- Machinery and equipment used to perform these nontaxable services qualify for the Farm Machinery Exemption.

Exempt Farm Machinery

Animal Equipment

Examples of exempt items include:

- Automatic feeding systems
- Calf hutches
- Power feed wagons
- Squeeze gates
- Waterers

Aquaculture Production Equipment

Examples of exempt items include:

- Air compressors
- Fertilizer spreaders
- Holding tanks
- Portable scales
- Pound nets

Crop Handling

Examples of exempt items include:

- Augers and auger cleaners
- Grain bin cleaners
- Grain dryers
- Grain moisture testers
- Stack movers

Dairy Equipment

Examples of exempt items include:

- Bulk tank washer attachments
- Milking machines
- Milk coolers
- Milk meters
- Milking systems

Field Equipment – Planting, Cultivating, Harvesting

Examples of exempt items include:

- Balers
- GPS systems
- Planters
- Silage cutters, feeders, loaders, unloaders
- Tractors

Manure Handling

Examples of exempt items include:

- Barn cleaners
- Gutter cleaners
- Liquid manure spreaders
- Manure pumps
- Manure spreader

Miscellaneous

Examples of exempt items include:

- Bee keeping equipment
- Loaders
- Portable generators
- Portable scales used directly in agricultural production
- Tractor tracks

Nursery and Greenhouse

Examples of exempt items include:

- Capillary water mats
- Cultivators
- Flat and pot fillers
- Soil mixers
- Water wands

Poultry Equipment

Examples of exempt items include:

- Automatic egg graders
- Blood spot detectors
- Egg orientators
- Egg packers

Livestock Confinement Systems

Livestock Confinement Buildings

- The basic structure is treated as real property
  - Foundation
  - Walls
  - Roof
  - Electrical wiring that serves the general building
- Materials to build the basic structure are taxable
- Payments for leasing the building are not taxable

Exempt Livestock Confinement Equipment

Exempt items include:

- Certain livestock handling equipment
- Components for feeding and watering systems
- Ventilation systems that directly affect the health or productivity of the livestock
- Purchases of materials to build qualifying equipment

Taxable Livestock Confinement Equipment

- Taxable items are generally tangible personal property.
  - Free stall partitions
  - Gates
  - Interior pens
  - Poultry cages
  - Stalls
  - Slotted flooring
- Sales, leases, or rentals of these items are taxable.

Leases of Livestock Confinement Systems

- A lease must separate the components of the system into the three categories and properly apply sales tax.
  - Building
  - Exempt equipment
  - Taxable equipment
- If the charges are not separately stated, sales tax applies to the entire lease charge.

Livestock Confinement Fencing

- Most fencing materials are taxable.
- An exemption applies to 8-foot fencing for farmed cervidae.

Installation Into Real Property

Farm Machinery Installed Into Real Property

- Farm Machinery installed into real property qualifies for an exemption.
  - Feeding systems
  - Grain dryers
  - Irrigation equipment
- Repair and replacement parts for exempt equipment qualify for an exemption.
- Provide supplier with a completed exemption certificate.

Agricultural Services

Taxable Services Used in Agricultural Production

- Services used in agricultural production may be purchased exempt by the farmer.
  - Disinfecting services used to control disease for the health of agricultural animals
  - Electronic surveillance to ensure that turkeys are in good condition
  - Exterminating services used to control pests for the health and protection of agricultural animals
  - Spraying services for an apple orchard
- Provide supplier with a completed exemption certificate.

Purchases by Agricultural Services Businesses

Consumable materials used in providing these services can be purchased exempt:

- Disinfecting chemicals used to control disease for the health of agricultural animals
- Tapes for electronic surveillance to ensure turkeys are in good condition
- Exterminating chemicals used to control pests for the health and protection of agricultural animals
- Fertilizers, pesticides, insecticides, and weed killers used in spraying an apple orchard

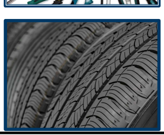
Taxable Purchases

General Items

- Computer hardware and software
- Furniture and fixtures
- Office equipment and supplies
- Tree seedlings for windbreaks

Machinery and Equipment

- Lawnmowers (unless used to produce sod)
- Snow blowers
- Snowmobiles
- Tires
- Tools and shop equipment



Taxable Services

- Building cleaning and maintenance
- Detective and security services
- Lawn and garden care

Taxable Services

Miscellaneous Taxable Items

- All-terrain vehicles (ATVs)
- Drain tile
- Motor vehicles Motor Vehicle
- Component parts for grain hopper tanks and bins that will be installed into real property

Taxable Items Used in Agricultural Production

Building Materials and Supplies Used in Construction of Farm Buildings

Examples of taxable items include:

- Barns and pole barns
- Farrowing houses
- Machine Sheds
- Milk houses
- Silos

Communications Equipment

Examples of taxable items include:

- Cell phones
- Radio equipment
- Telephone equipment

Equipment Not Used Directly and Principally in Production

Examples of taxable items include:

- Backhoes
- Bird cannons
- Electric pest controllers
- Loading chutes
- Portable brooder houses
- Service tank pumps
- Storage tanks
- Water well heaters

Fencing Materials

Examples of taxable items include:

- Chicken cages
- Corral panels
- Fence posts
- Fencing materials
- Gate closers
- Pens
- Portable corrals
- Portable pens and stalls

Miscellaneous Equipment

Examples of taxable items include:

- Conveyors, carts, and trailers used in retail areas
- Drain tile
- Garden tillers and tractors
- Portable grain bins
- Tarps (canvas, plastic, etc.)
- Watering cans

Safety Equipment

Examples of taxable items include:

- Gas masks
- Goggles
- Respirators

Shop Equipment

Examples of taxable items include:

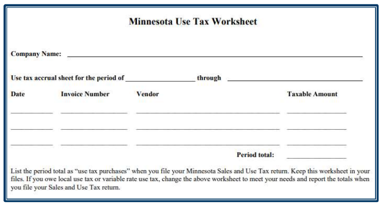
- Fuel storage tanks
- Hoists
- Welding equipment

Tools

Examples of taxable items include:

- Dehorners
- Hand tools
- Hive tools
- Pitch forks
- Shovels and spades

Capital Equipment and Industrial Production Exemptions


Minnesota Use Tax Worksheet

Company Name: ____________________

Use tax accrual sheet for the period of ____________ through ____________

Date	Invoice Number	Vendor	Taxable Amount
		Period total:	

List the period total as "use tax purchases" when you file your Minnesota Sales and Use Tax return. Keep this worksheet in your files. If you owe local use tax or variable rate use tax, change the above worksheet to meet your needs and report the totals when you file your Sales and Use Tax return.

Use Tax

What is Use Tax?

- Applies to taxable **purchases** when sales tax was not charged
- Complement to sales tax
- Self-assessed
- Paid directly to the state

Do I Owe Use Tax?

Use tax is based on your purchase price of taxable items or services. This is true whether you buy taxable items:

- for your own business use without paying sales tax
- take them out of inventory and use them in a taxable manner
- donate them to a charitable organization

Accruing Use Tax

- Always self-assess the tax and remit it directly to the Department of Revenue
- Never add use tax to a vendor payment
- Record the amount of use tax accrued

Variable Rate Credit

What is a variable rate credit?

- Minnesota allows a credit for sales tax paid to another state
- Must be legally due to the other state to receive credit

Calculating Variable Rate

1. Calculate the applicable amount of tax due (variable rate X sales price).
2. Enter the amount as variable rate use tax on your sales and use tax return.

Minnesota sales tax rate	6.875%
Wisconsin state and local sales tax	(5.500%)
Variable rate tax due to Minnesota	1.375%

Use Tax Documentation

- Record this information for each transaction:
  - Date of purchase
  - Invoice number
  - Vendor's name
  - Description of item
  - Taxable amount
  - Amount of state and local sales and use tax paid
- Keep a copy of the backup documentation.

Recordkeeping Basics

Recordkeeping

Your records should include:

- Bills, receipts, invoices, cash-register tapes, and any other documents that support the entries in your books
- Exemption certificates
- Shipping documents
- Worksheets used to prepare your tax returns

Filing and Payment Information

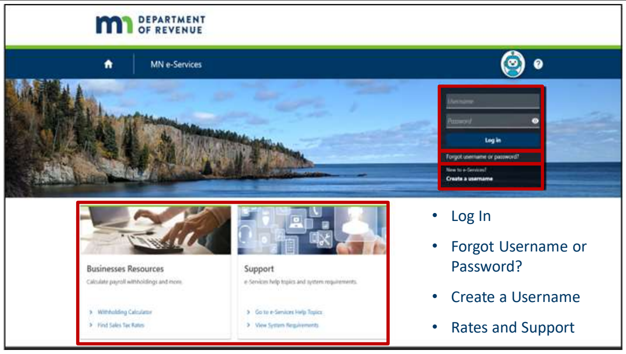
Filing Due Dates

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

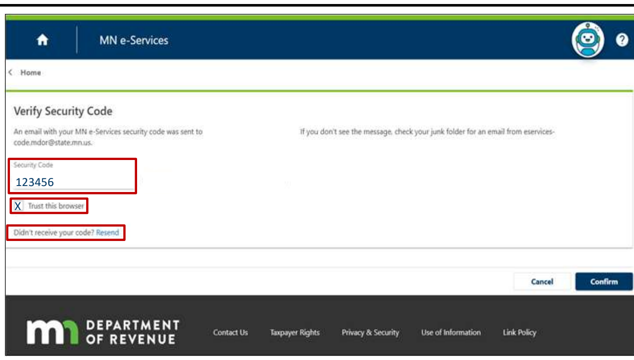
Sales Tax Return Filing Due Dates

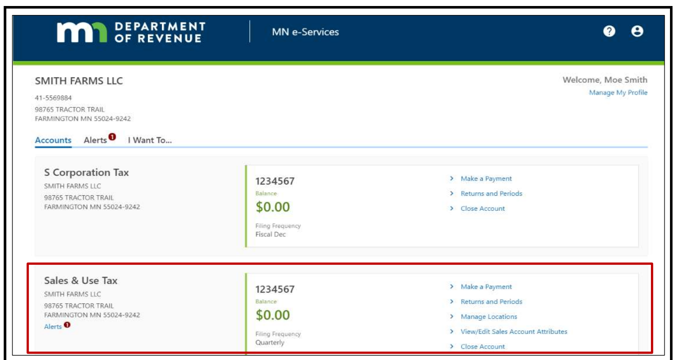
Late Filing and Late Payment Penalties

Days Late	Late Filing Penalty	Late Payment Penalty
1-30 days	5 percent	5 percent
31-60 days	5 percent	10 percent
60+ days	5 percent	15 percent



- Log In
- Forgot Username or Password?
- Create a Username
- Rates and Support





Business Information Updates

- Mailing address
- Business location
- Legal organization
- NAICS code
- Contact information
- Owners and officers

Amending Returns

Common reasons to amend a return:

- Reported too much or not enough tax on your return
- Reported the tax on the wrong tax line
- Charged tax incorrectly to a customer and refunded the tax to the customer
- Received a completed exemption certificate from a customer for tax you paid and now refunded back to the customer

Resources to Answer Your Questions

Are you looking for additional resources?

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

Sales and Use Tax Contact Information

- Sales taxability questions

  Email: salesuse.tech@state.mn.us
- Sales and Use Tax account questions

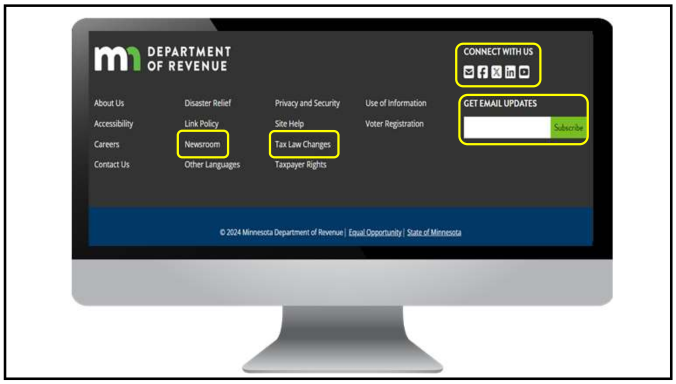
  Email: salesuse.tax@state.mn.us
- Telephone assistance

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

Get Sales Tax Help

Other Division Contact Information

- Business Income Taxes
  - 651-556-3075
  - businessincome.tax@state.mn.us
- Withholding Tax
  - 651-282-9999 or 1-800-657-3594
  - withholding.tax@state.mn.us
- Business Registration
  - 651-282-5225 or 1-800-657-3605
  - business.registration@state.mn.us



Email Updates with GovDelivery

- Choose the updates you want, by tax and publication type
- Choose notification frequency
- Sign in directly or use the Facebook or Google links

Course Review

Course Review

During this class, we discussed how to …

- Apply the basic sales and use tax concepts for Minnesota and its local taxing jurisdictions to your business
- Identify how to use and when to accept an exemption certificate
- Distinguish how Minnesota Sales and Use Tax law applies to the agricultural and farming industry.
- Use e-Services to access your account
- Find several resources that answer your sales and use tax questions

DEPARTMENT OF REVENUE
Minnesota Business Tax Education

Thank you!

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