



Introduction to Sales and Use Tax Webinar

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Minnesota Business Tax Education

July 2025

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

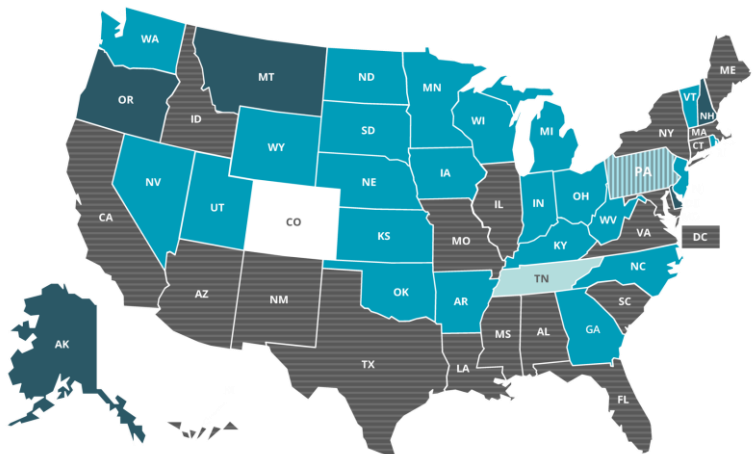
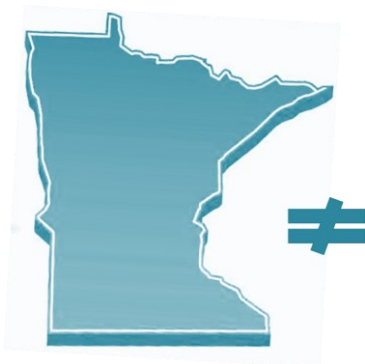
Providing education opportunities about Minnesota tax laws

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
- Recognize the exceptions to the general rule and the exemptions available
- Identify how to use and when to accept an exemption certificate
- Identify the documentation necessary for sales and use tax records and returns
- List several resources that answer your sales and use tax questions

Sales Tax Laws Are Not The Same In Every State



[Streamlined Sales Tax Governing Board](#)

Categories of Sales – Real Property



Categories of Sales – Intangible Property



Categories of Sales - Services

Taxable if specifically
stated in the statutes

[Taxable Services in Minnesota M.S. 297A.61 subd. 3](#)

Categories of Sales – Digital Products

Taxable if specifically
stated in the statutes

[Digital Products Publication M.S. 297A.61 subd. 3 and 50-56](#)

Categories of Sales – Tangible Personal Property (TPP)



Taxable unless an exemption applies

Sales Tax vs Use Tax

Sales Tax

- Applies to retail **sales** in Minnesota unless an exemption exists
- Collected and remitted by the seller

Use Tax

- Applies to taxable **purchases** when all applicable taxes were not charged
- Self-assessed
- Paid directly to the state

Trust Tax



Transaction Tax

Look at each transaction to determine its taxability



Transaction Tax Example

ABC Grocery Store
600 N. Robert St.
St. Paul, MN 55146-6000

Invoice #: 98765
Date: 03/12/2025

Item Description	Price	
Gallon 2% Milk	5.00	N
24-pk Soda pop	15.00	T
T-shirt	20.00	N
Subtotal	\$40.00	
Sales Tax	1.48	
	TOTAL: \$41.48	

6.875% MN State, 0.5% Ramsey County Transit Tax, 1.5% St. Paul,
0.75% Metro Area Transportation, and 0.25% Metro Area Housing taxes

What is a Sale?

For sales and use tax purposes, a sale includes these types of transactions:

- Retail sale
- Lease
- Rental
- Providing a service
- Sale from wholesaler to retailer
- Bartering

General Sourcing Rules



1. Seller's Address



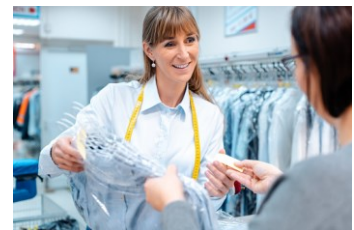
2. Delivery Address



3. Billing Address

[M.S. 297A.668 subd. 2](#)

Sourced to Seller's Address



Sourced to Delivery Address

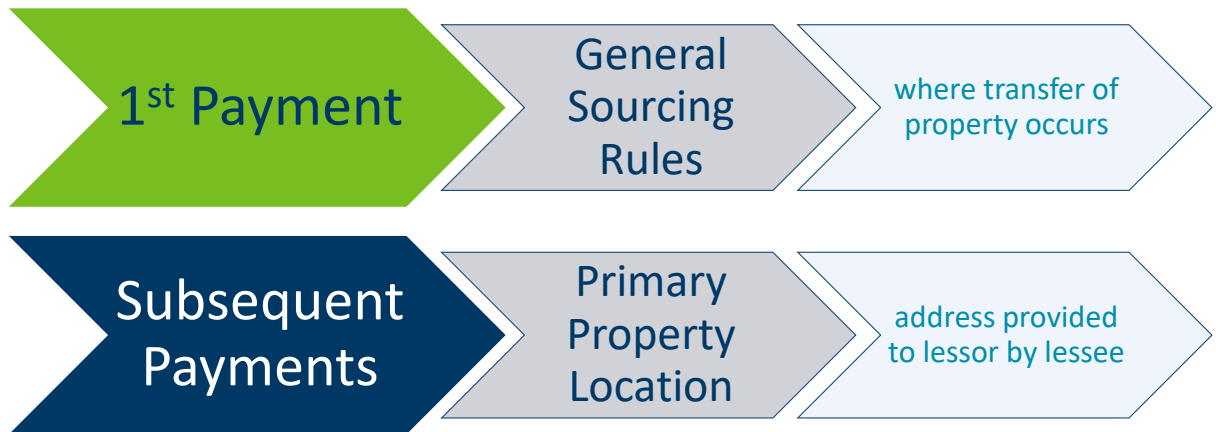


Sourced to Billing Address



[M.S. 297A.668](#) [297A.669](#)

Sourcing Rules for Leases or Rentals of TPP



Sales Price Includes

All items required as a condition of the sale:

- Delivery or handling charges
- Fabrication labor
- Installation labor
- Service charges
- Taxes and fees that are the obligation of the seller

Sales Price Does Not Include

- Cash discounts and term discounts
- Coupons unless reimbursed by a 3rd party
- Credit allowed for like-kind TPP taken in trade
- Finance charges from an extension of credit
- Interest charges
- Taxes and fees legally imposed on a consumer

Taxes Added to the Bill

- Taxes that are the obligation of the seller are subject to sales tax.
- Taxes that are the obligation of the purchaser are not subject to sales tax.

Example:

Phone Service	\$140.00 T
Fees-Seller	+ 12.88 T
Fees-Purchaser	<u>+ 5.74 N</u>
Subtotal	158.62
Tax (6.875% on 152.88)	<u>10.51</u>
Total due	\$169.13

Retailer's Coupons

Subtract the coupon from the price of the item, then apply sales tax.

Example:

Computer	\$400.00
Less coupon	<u>- 50.00</u>
Subtotal	350.00
Tax (6.875%)	<u>24.06</u>
Total due	\$374.06

Manufacturer's Coupons

Apply sales tax to the price of the item, then subtract the coupon.

Example:

Computer	\$400.00
Tax (6.875%)	<u>27.50</u>
Subtotal	427.50
Less coupon	<u>- 50.00</u>
Total due	\$377.50

When is Labor Taxed?

Types of Labor	Examples	Is it taxable?
Repair labor	<ul style="list-style-type: none"> • Car repair • Equipment repair • Calibrating equipment • Sharpening tools 	No (if separately stated)
Construction labor	<ul style="list-style-type: none"> • Build an office building • Kitchen remodel 	No
Fabrication labor	<ul style="list-style-type: none"> • Custom sawing • Bending sheet metal 	Yes
Installation labor	<ul style="list-style-type: none"> • Computer equipment • Modular furniture 	Yes

[Labor Installation, Fabrication, Construction, and Repair Publication](#)

When are Repair and Maintenance Contracts Taxed?

Types of contract	Is the contract taxable?
Optional maintenance contracts (bundled – one non-itemized price)	Yes
Optional maintenance contracts (unbundled – separate itemized prices)	No – customer pays sales tax on parts when maintenance is performed
Extended warranty contracts	No – service provider pays sales or use tax on the cost of parts when the maintenance is performed

[Revenue Notice 16 03](#)

Maintenance Agreements for Prewritten Software

Details of agreement	Taxability of agreement
Required by vendor	The entire charge is taxable
Optional and includes only upgrades and enhancements	The entire charge is taxable
Optional and includes support services only	Not taxable
Optional and includes upgrades, enhancements, and support services	20% of the charge is taxable

Retail Delivery Fee

Starting July 1, 2024, for **certain** transactions involving **retail delivery** in Minnesota that equal or exceeds \$100

Retailer Exclusions:

- Minnesota retail sales less than **\$1,000,000** in previous calendar year
- Marketplace provider facilitates Minnesota retail sales less than \$100,000 in previous calendar year

[Retail Delivery Fee](#)

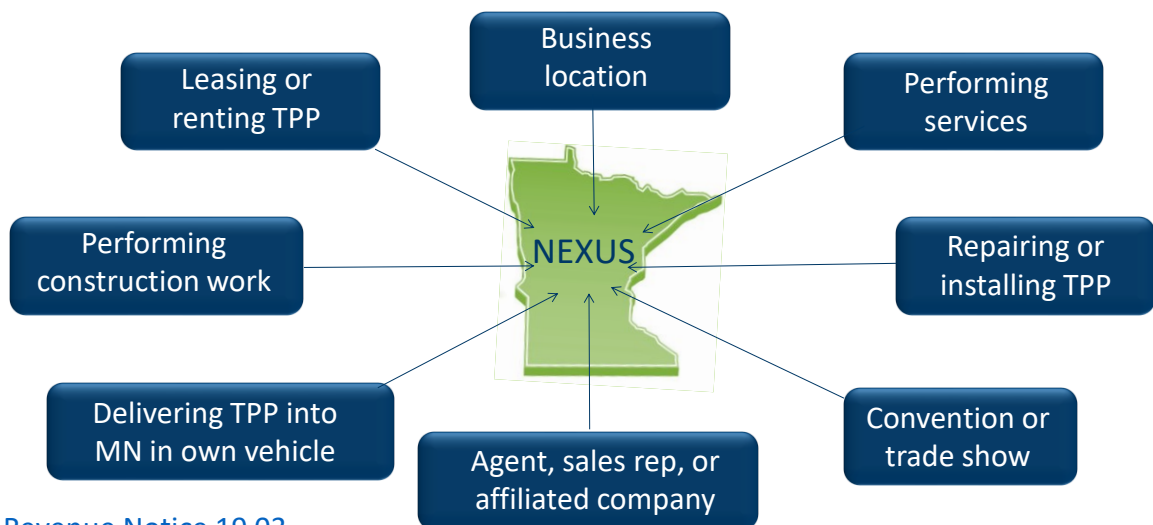
Who Needs to Register?

You must register if you:

- Have a physical presence or economic nexus in Minnesota
- Are a remote seller who exceeds the Small Seller Exception
- Make purchases subject to use tax



Physical Presence or Economic Nexus?



[Revenue Notice 19 03](#)

Remote Sellers

A **remote seller** is any business that sells products in Minnesota without having a physical presence in Minnesota

Examples:

- Internet Sellers
- Mail order and catalog companies
- Sales over the telephone

Small Seller Exception

The **Small Seller Exception** applies to remote sellers who do NOT meet either of the following thresholds in the previous 12 months:

- 200 or more retail sales shipped into Minnesota
- Retail sales shipped into Minnesota that total more than \$100,000

Who is a Marketplace Provider?

A **Marketplace Provider** is any person, other than the seller, who facilitates a retail sale by:

- Listing or advertising the seller's products; and
- Processing the payments from the customer, either directly or indirectly through a third party

[Marketplace Providers](#)

Sales Through Marketplace Providers

You only sell through a Marketplace

- If the Marketplace collects on your behalf, you do not need to register.
- If the Marketplace does not collect sales tax on your behalf, you must register and collect the tax unless you meet the Small Seller Exception.

Sales Through Marketplace Providers

You sell through a Marketplace, your own website, and through other sources

- If all retail sales into Minnesota combined exceed the Small Seller Exception, you must collect and remit tax for all sales not reported by the Marketplace.

Minnesota Tax ID Number

- Minnesota Department of Revenue's Business Center
 - Register online [e-Services](#)
 - Register by phone [651-282-5225](#) or [1-800-657-3605](#)
- Streamlined Sales Tax Registration System (SSTRS) [Streamlined Sales Tax Registration System](#)
- Certified Service Provider (CSP) [Certified Service Providers](#)



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 taxes
- Motor vehicle \$20 excise tax



Local Sales Tax Information

- Local Sales Tax Notices
- Local Sales and Use Taxes
- Local Tax Rate Publications
 - Local Sales Tax Rate
 - Twin Cities Area Local Tax Rate
- Special Local Tax Publications
 - Special Local Taxes
 - Minneapolis Special 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. For more information on what is taxable, see [Taxable Sales](#) in our Sales and Use Tax Business Guide.

Local Sales Tax Notices

We announce when local taxes start, change, or end. You can find recently announced local taxes and older ones on our [Local Sales Tax Notices](#) page.

Resources

We have resources to help you find tax rates and tax type codes. We also have fact sheets to help you learn more about the types of local taxes we administer.

Note: We update the following documents for tax rate changes about 30 days before they begin.

Tax Rate Search Tools	[+]
Tax Rate Tools for Sales Systems	[+]
Tax Type Codes	[+]
Fact Sheets and Guides	[-]

[Local Sales and Use Taxes](#)

[Special Local Taxes](#)

[Minneapolis Special Local Taxes](#)

Tax Rate Search Tools

We offer a variety of tools including:

- Sales Tax Rate Calculators
- Sales Tax Rate Map
- Sales Tax Rate Spreadsheet
- Rates and Boundary files
- Sales Tax API (Application Program Interface)

The screenshot shows the Minnesota Department of Revenue website. The header includes the logo and a search bar. The main navigation menu lists: Individuals, Businesses, Tax Professionals, Governments, Policy & Research, and Fraud. The 'Businesses' section is active, displaying a list of resources. A 'Print Page' icon is visible in the top right. On the right side, there are three boxes: 'Contact Info' with email, phone, hours, and address; 'Related Content' with links to collection information, annual tax statistics, and revenue notices; and 'Last Updated' with the date May 14, 2025. The 'Business Taxes and Fees' section is expanded, showing a grid of links. The link for 'Sales and Use Tax' is highlighted with a red box.

m DEPARTMENT OF REVENUE

Search for...

Individuals Businesses Tax Professionals Governments Policy & Research Fraud

Businesses

We offer information and resources to help businesses:

- File and pay Minnesota taxes and fees
- Get a Minnesota Tax ID Number
- Calculate sales tax rates
- Manage tax accounts and business information
- Learn about other business taxes and fees

Top Tasks [+]

Business Tax Resources [+]

Business Taxes and Fees [-]

All Business Taxes and Fees	MinnesotaCare Taxes
Alcoholic Beverage Tax	Mortgage Registry and Deed Tax
Cannabis Tax	Partnership Tax
Cigarette and Tobacco Taxes	Petroleum Tax
Corporation Franchise Tax	Property Taxes
Environmental Taxes and Fees	S Corporation Tax
Estate Tax	Sales and Use Tax
Fiduciary Tax	Solar Energy Production Tax
Gambling Taxes	Unrelated Business Income Tax
Insurance Taxes	Wind Energy Production Tax
Mining and Mineral Taxes	Withholding Tax

Contact Info

EMAIL
Contact form

PHONE
651-282-5225
800-657-3605

HOURS [+]

ADDRESS [+]

Related Content

Collection Information
Annual Tax Statistics
Revenue Notices

Last Updated

May 14, 2025

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.

Retail Delivery Fee

There is a [Retail Delivery Fee](#) of 50 cents that applies to certain transactions involving retail delivery in Minnesota.

Cannabis Tax



All sellers of taxable cannabis products must register with the Minnesota Department of Revenue to remit the [Cannabis Tax](#).

Contact Info

EMAIL

[Contact form](#)

PHONE [+]

651-296-6181 
800-657-3777 

HOURS [+]

ADDRESS [+]

Last Updated

April 14, 2025

Top Tasks	[+]
File and Pay	[+]
Sales Tax	[+]
Local Sales Tax	[+]
Use Tax	[+]
Exemptions and Refunds	[+]
Remote Sellers	[+]
Education	[+]
Resources	[+]

Funding Minnesota's Future

 <p>Individuals Resources for families and individuals</p>	 <p>Businesses Resources and information for businesses</p>	 <p>Tax Professionals Resources for tax professionals and software providers</p>	 <p>Governments Resources for state agencies and local governments</p>
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I need to...

[Check My Refund](#)

[Log in to e-Services](#)

[Calculate Sales Tax](#)

[Make a Payment](#)

[Register for a Tax ID](#)

[Find a Form](#)

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 Sales Tax Information](#).

Note: Changes to the sales and use tax rates are published about 30 days before they begin.

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

[+]

Contact Info

EMAIL

Contact form

PHONE [+]

651-296-6181 ↕

800-657-3777 ↕

HOURS [+]

ADDRESS [+]

Related Content

[Sales and Use Tax Information](#)

Last Updated

July 25, 2023

Zip+4

[-]

Enter a nine-digit ZIP code.

ZIP CODE*

55146

6000

EFFECTIVE PERIOD

Apr-Jun 2025

DOLLAR AMOUNT

2500

Submit

Reset

Results: The Sales Tax rate for 55146-6000 is **9.875%** (Apr-Jun 2025).

MN State = 6.875% ; Ramsey County Transit = 0.500% ; St. Paul = 1.500% ; Metro Area Transportation = 0.750% ; Metro Area Tax for Housing = 0.250%.

The tax on 2500 is **\$246.88**.

Address



Enter an address.

ADDRESS*

600 Robert St N

ADDRESS 2

Apt/Suite/Other

CITY*

St. Paul

STATE: MN

EFFECTIVE PERIOD

Apr-Jun 2025

DOLLAR AMOUNT

2500

Submit

Reset

Results: The Sales Tax rate for 600 N Robert St, St Paul 55146-6000 is **9.875%** (Apr-Jun 2025).

MN State = 6.875% ; Ramsey County Transit = 0.500% ; St. Paul = 1.500% ; Metro Area Transportation = 0.750% ; Metro Area Tax for Housing = 0.250%.

The tax on 2500 is **\$246.88**.

Find the Rate

Address Search: 600 Robert St N, Saint Paul, MN, 55146, USA

Effective Period: Apr-Jun 2025

Calculate the Rate

Dollar Amount: 0.00

x

Rate: Rate (select location)

Reset Calculator Calculate

Special Local Taxes

This result does not include [special local taxes](#) (lodging, entertainment, liquor, admissions, and restaurant taxes). If special local taxes apply, add them to the rate provided above.

Sales Tax Results

Address Returned: 600 Robert St N, Saint Paul, Minnesota, 55146

Local General Sales & Use Tax Rates	
Total Sales Tax Rate:	9.875%
State Tax:	6.875%
County Tax:	0.5%, Ramsey County Transit
City Tax:	1.5%, St. Paul City
Other Tax:	None
Other Local Tax 1:	None
Other Local Tax 2:	None
Other Local Tax 3:	0.75%, Metro Area Transportation
Other Local Tax 4:	0.25%, Metro Area Tax for Housing

Reset Address Download Results

Sales Tax Rate Spreadsheet

ZIP Code	Applicable Local Taxes	Rate 01/01/25
551012228	State, Ramsey Transit, St. Paul, Metro Area Tax for Housing, Metro Area Transportation	9.875%

Look Up a Minnesota Tax Rate
Use this spreadsheet to determine the tax rate for sales and purchases made in Minnesota.

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.

Special Local Taxes
This spreadsheet does not include any special local taxes (lodging, entertainment, liquor, admissions, or restaurant taxes). If any special local taxes apply, you must also add them to the rate. For details, see:

- [Local Sales and Use Tax Guide](#)
- [Special Local Taxes](#)

Tax Rates Tools for Sales Systems

- Rates and Boundaries files
- Sales Tax API (Application Program Interface)

Sales Tax API (Application Program Interface)

[Subscribe to Sales Tax API email updates.](#)

The Minnesota Department of Revenue offers a Sales Tax Application Program Interface (Sales Tax API) that connects an online retailer's sales site and Minnesota's sales tax rate information, using a nine-digit ZIP code.

Why use the Sales Tax API?

The Sales Tax API is an efficient service that will automatically find the general state and local sales tax rate for any location in Minnesota for each of your sales transactions. You no longer need to do quarterly updates for rates and boundaries information when using the Sales Tax API.

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 Sales Tax Information](#).

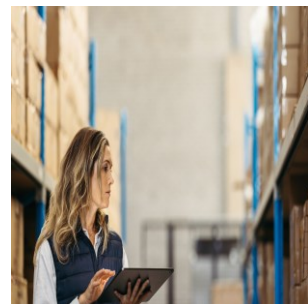
Exempt Transactions



Product-based



Entity-Based



Use-Based

Product-Based Exemptions

- Food for human consumption [Food and Food Ingredients](#)
- Clothing for general use [Clothing](#)
- Prescription and over-the-counter drugs [Drugs](#)
- Publications sold by subscription – at least 4 issues per year [Printing Industry](#)

Entity-Based Exemptions

- Federal government agencies [Federal Government](#)
- Tribal governments [Tribal Governments and Members](#)
- Local governments [Local Governments](#)
- Exempt organizations [Nonprofit Organizations](#)
- Minnesota government agencies [State Government 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 [Taxable Services](#)
- Items used in agricultural production [Agricultural and Farming](#)
- Materials used in the manufacturing process [Industrial Production](#)

Authorization Letters and Permits

- Direct Pay
- 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

Required Elements for Exemption Certificates

Name of purchaser Bluth Company			
Business Address 123 First Avenue		City Minneapolis	State ZIP code MN 55404
Minnesota tax ID number 6480123		Date of issue Minnesota	
First tax ID number	FEM	Driver's license number/State issued ID number	
Enter one of the following:		State of issue	Number
Name of seller (whom you are purchasing, leasing, or renting) ABC Wholesale			
Seller's Address 987 University Avenue		City St. Paul	State ZIP code MN 55101
Type of business			
<input type="checkbox"/> 01 Accommodation and food services	<input type="checkbox"/> 11 Transportation and warehousing		
<input type="checkbox"/> 02 Agricultural, forestry, fishing, hunting	<input type="checkbox"/> 12 Utilities		
<input type="checkbox"/> 03 Construction	<input type="checkbox"/> 13 Wholesale trade		
<input type="checkbox"/> 04 Finance and insurance	<input type="checkbox"/> 14 Business services		
<input type="checkbox"/> 05 Information, publishing and communications	<input type="checkbox"/> 15 Professional services		
<input type="checkbox"/> 06 Manufacturing	<input type="checkbox"/> 16 Education and health-care services		
<input type="checkbox"/> 07 Mining	<input type="checkbox"/> 17 Nonprofit organization		
<input type="checkbox"/> 08 Real estate	<input type="checkbox"/> 18 Government		
<input type="checkbox"/> 09 Rental and leasing	<input type="checkbox"/> 19 Not a business (explain) _____		
<input checked="" type="checkbox"/> 10 Retail trade	<input type="checkbox"/> 20 Other (explain) _____		
Reason for Exemption (See Instructions)			
<input type="checkbox"/> A Federal government (department) _____		<input type="checkbox"/> J Agricultural production	
<input type="checkbox"/> B Specific government exemption _____		<input type="checkbox"/> K Industrial production/manufacturing	
<input type="checkbox"/> C Tribal government (name) _____		<input type="checkbox"/> L Direct pay authorization	
<input type="checkbox"/> D Foreign diplomat # _____		<input type="checkbox"/> M Multiple points of use (services, digital goods, or computer software delivered electronically)	
<input type="checkbox"/> E Charitable organization # _____		<input type="checkbox"/> N Direct mail	
<input type="checkbox"/> F Educational organization # _____		<input type="checkbox"/> O Other (enter number from instructions) _____	
<input type="checkbox"/> G Religious organization # _____		<input type="checkbox"/> P Percentage exemption	
<input checked="" type="checkbox"/> H Resale		<input type="checkbox"/> Advertising (enter percentage) _____%	
<input type="checkbox"/> I Qualifying capital equipment (see instructions when equipment claimed is part of a construction project)		<input type="checkbox"/> UTILITIES (enter percentage) _____%	
		<input type="checkbox"/> 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 \$400 under Minnesota law for each transaction for which the certificate is used.)			
Signature of authorized purchaser <i>John Jones</i>		Print name here John Jones	Title Date Purch. Agent 06/15/2020
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 online order form or shopping cart)

Other Fields on the Exemption Certificate

mn 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
Bluth Company

Business Address
123 First Avenue
City Minneapolis State MN ZIP code 55404

Purchaser's Tax ID Number
6480123
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
ABC Wholesale

Seller's Address
987 University Avenue
City St. Paul State MN ZIP code 55101

- 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

Use Tax

Use tax is based on your purchase price of taxable items or services. This is true whether you buy 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
- Give them away as promotional gifts

What Should I Look For?

- Review every invoice
- Determine if items on the invoice are taxable
- Look for taxable items purchased with an exemption certificate
- Look for vendor changes
- Watch for local taxes



Recording 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	<u>(5.500%)</u>
Variable rate tax due to Minnesota	1.375%

Recordkeeping Basics

Use a recordkeeping system that:

- Incorporates Generally Accepted Accounting Principles (GAAP)
- Tracks the data you need
- Easy to maintain
- Works for your business

Recordkeeping Basics

Make sure that you:

- Record each transaction the same
- Do not mix personal and business transactions
- Do not mix business records, if you have more than one business
- Use the appropriate accounting method (cash or accrual)

Accounting Methods

Cash Basis

- Record income when you receive payment
- Report sales tax when you receive payment
- Report use tax when you pay the invoice

Accrual Basis

- Record income when you make the sale
- Report sales tax when you make the sale
- Report use tax based on the invoice date

Sales Documentation

You should retain documents that detail the following:

- Date of the transaction
- Description of the items
- Sales price
- Where the item was sourced
- Sales tax collected
- Exemption certificate received

Purchase Documentation

Record this information:

- Date of purchase
- Invoice number
- Vendor's name
- Description of items
- Taxable amount
- Amount of state and local sales and use tax paid



Resources

Are you looking for additional resources?



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

Filing a Sales and Use Tax Return: [Filing Information](#)

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

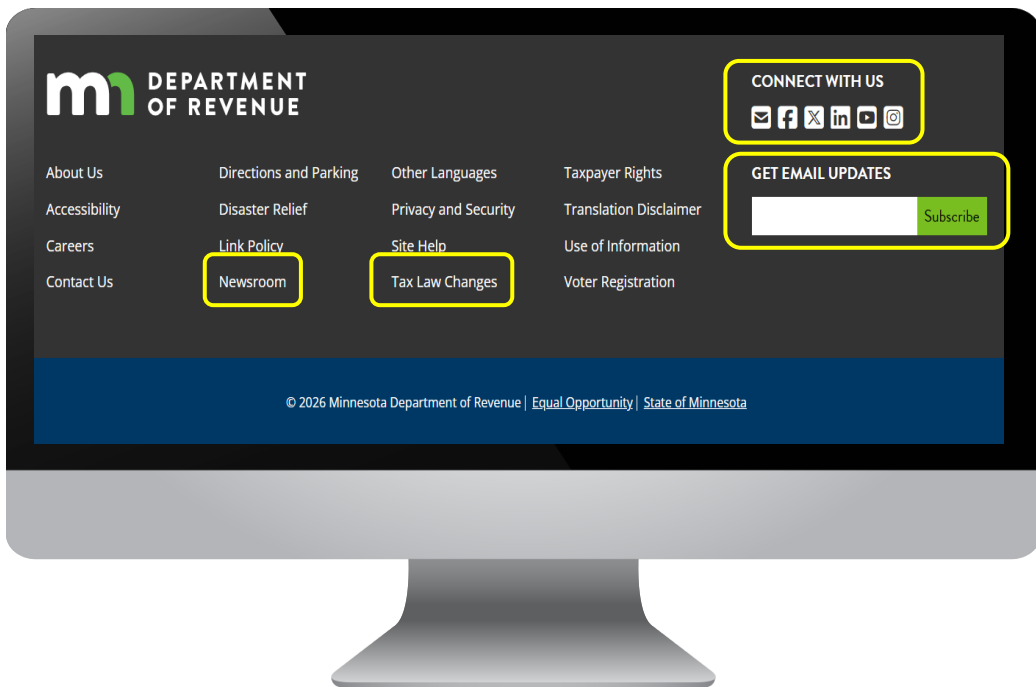
Phone: 651-296-6181 or 1-800-657-3777 (toll free)

[Get Sales Tax Help](#)



Other Division Contact Information

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



Email Updates with GovDelivery

SUBSCRIBE TO EMAIL UPDATES



Get the latest tax updates

- 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

During this class, we discussed ...

- The basic sales and use tax concepts for Minnesota and its local taxing jurisdictions
- The difference between taxable goods and services and those that are nontaxable or exempt
- How to use and when to accept an exemption certificate
- The documentation necessary for sales and use tax records and returns
- Where to find information to help you answer your questions

Thank you!

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