



Sales and Use Tax for Taxable Service Providers

Working together to fund the future for all of Minnesota | www.revenue.state.mn.us

Minnesota Business Tax Education

September 2026

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 businesses providing taxable services in Minnesota.

- What services are taxable?
- What items used in providing your service can you buy exempt from tax?
- What items do you use in your business that you need to pay sales or use tax on?

Building Cleaning and Maintenance Services



[Building Cleaning and Maintenance](#)

Detective and Security Services



[Detective and Security Services](#)

Laundry and Dry-Cleaning Services



[Laundry and Cleaning Services](#)

Landscape Maintenance Services



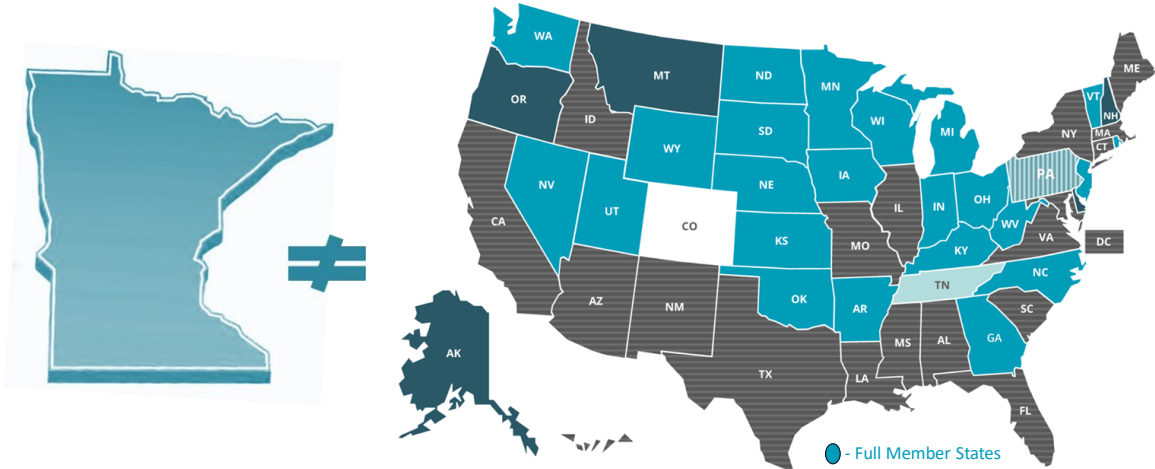
[Landscape Maintenance Services](#)

Course Objectives

After completing this course, you'll be able to:

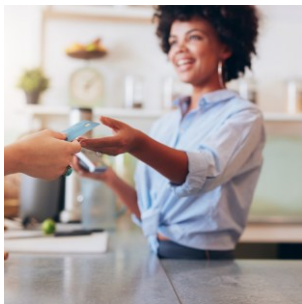
- Apply Minnesota sales and use tax rules, including local taxes, to sales and purchases for various taxable services
- Recognize the exceptions to the general rule and the exemptions available
- Identify how to use and when to accept an exemption certificate
- Find resources that answer your sales and use tax questions

Sales Tax Laws Are Not The Same In Every State



[Streamlined Sales Tax Governing Board](#)

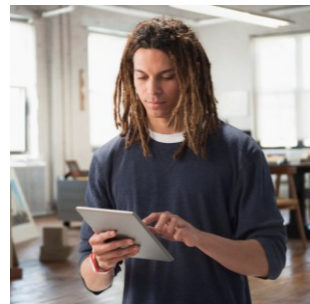
General Sourcing Rules



**Seller's
Address**



**Delivery
Address**



**Billing
Address**

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

Sourcing to Seller's Address



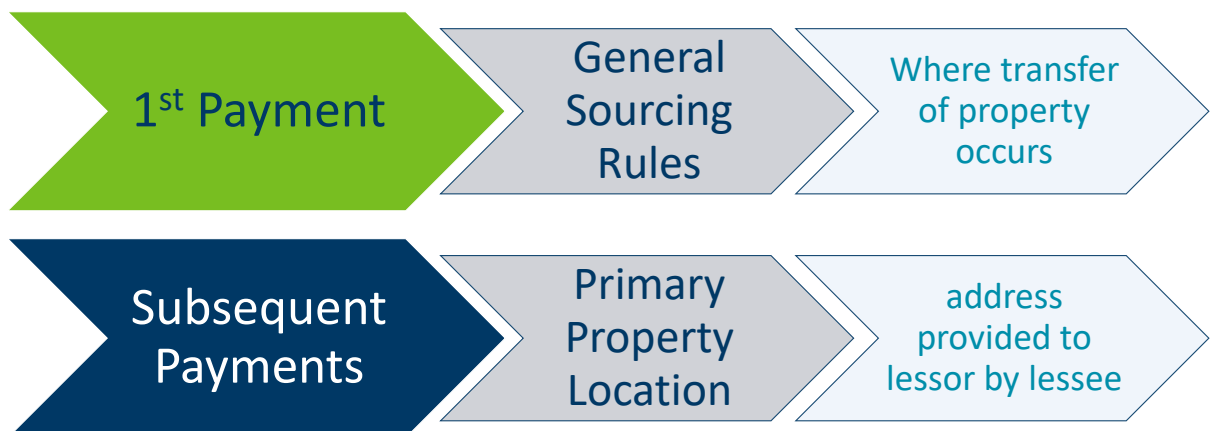
Sourcing to Delivery Address



Sourcing to Billing Address



Sourcing Rules for Leases or Rentals of TPP



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 taxes
- 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 Rate Publication
- Twin Cities Area Local Tax Rate Publication

The screenshot displays the Minnesota Department of Revenue website. The header includes the department's logo and a search bar. A navigation menu lists categories: Individuals, Businesses, Tax Professionals, Governments, Policy & Research, and Fraud. The main content area is titled 'Businesses' and provides information and resources for businesses. A list of links for 'Business Taxes and Fees' is shown, with 'Sales and Use Tax' highlighted by a red box. Other links include Minnesota Care Taxes, Mortgage Registry and Deed Tax, Partnership Tax, Petroleum Tax, Property Taxes, S Corporation Tax, Solar Energy Production Tax, Unrelated Business Income Tax, Wind Energy Production Tax, and Withholding Tax. A sidebar on the right contains contact information, a 'How Are We Doing?' section with a 'Rate Our Website' link, related content links, and a 'Last Updated' date of February 05, 2026.

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

Open All [+]

Top Tasks [+]

Business Tax Resources [+]

Business Taxes and Fees [-]

[All Business Taxes and Fees](#)

[Alcoholic Beverage Tax](#)

[Cannabis Tax](#)

[Cigarette and Tobacco Taxes](#)

[Corporation Franchise Tax](#)

[Environmental Taxes and Fees](#)

[Estate Tax](#)

[Fiduciary Tax](#)

[Gambling Taxes](#)

[Insurance Taxes](#)

[Mining and Mineral Taxes](#)

[Minnesota Care Taxes](#)

[Mortgage Registry and Deed Tax](#)

[Partnership Tax](#)

[Petroleum Tax](#)

[Property Taxes](#)

[S Corporation Tax](#)

[Sales and Use Tax](#)

[Solar Energy Production Tax](#)

[Unrelated Business Income Tax](#)

[Wind Energy Production Tax](#)

[Withholding Tax](#)

Contact Info

EMAIL
Go to Contact Form

PHONE
651-282-5225
800-657-3605

HOURS [+]

ADDRESS [+]

How Are We Doing?

[Rate Our Website](#)

Related Content

[Collection Information](#)

[Annual Tax Statistics](#)

[Revenue Notices](#)

Last Updated

February 05, 2026

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.

2025 Individual Cannabis Use Tax

We are updating [Form MTL Individual Use Tax Return](#) to include the Individual Cannabis Use Tax. Please wait for the new form if you need to file cannabis use tax for 2025 or earlier.

You may use the current form to file Individual Use Tax for **only** the general sales tax rate or liquor gross receipts tax.

Phone and In-Person Sales Tax Appointments Now Available

If you need help with sales tax forms or documents, you can meet with us by phone or in person. In most cases, it's faster and easier to contact us in other ways. For details, see [Get Sales Tax Help](#).

 Print Page

Contact Information

EMAIL

[Go to Contact Form](#)

PHONE [+]

651-296-6181 
800-657-3777 

HOURS [+]

[ADDRESS \[+\]](#)

How Are We Doing?

[Rate Our Website](#)

Last Updated

December 23, 2025

Open All [-]

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

Funding Minnesota's Future



Individuals

Resources for families and individuals



Businesses

Resources and information for businesses



Tax Professionals

Resources for tax professionals and software providers



Governments

Resources for state agencies and local governments

I need to...

[Check My Refund](#)

[Make a Payment](#)

[Log in to e-Services](#)

[Register for a Tax ID](#)

[Calculate Sales Tax](#)

[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 that may also apply — such as admissions, entertainment, liquor, lodging, and restaurant taxes. 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.

The Sales Tax Rate Calculator may not provide an accurate sales tax rate when a 9-digit zip code crosses city or county boundaries. If you notice an inaccurate rate or error message, use the [Sales Tax Rate Map](#).

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

[+]

Open All [+]

Map

[+]

Contact Info

EMAIL

[Go to Contact Form](#)

PHONE [+]

651-296-6181 ☎
800-657-3777 ☎

HOURS [+]

ADDRESS [+]

How Are We Doing?

[Rate Our Website](#)

Related Content

[Sales and Use Tax Information](#)

Last Updated

September 10, 2025

Zip+4

[−]

Enter a nine-digit ZIP code.

ZIP CODE*

55146

- 6000

EFFECTIVE PERIOD

Jan-Mar 2026



DOLLAR AMOUNT

2500

Submit

Reset

Results: The Sales Tax rate for 55146-6000 is **9.875%** (Jan-Mar 2026).

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

Jan-Mar 2026

DOLLAR AMOUNT

2500

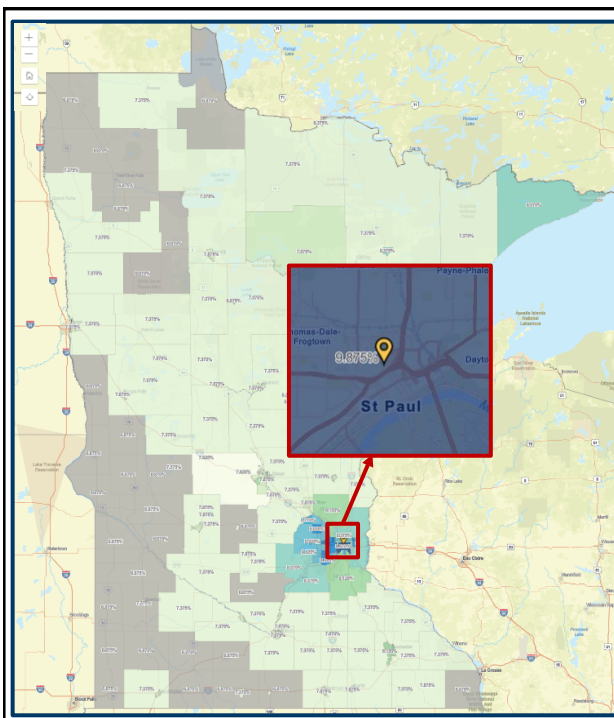
Submit

Reset

Results: The Sales Tax rate for 600 Robert St N, St Paul 55146-6000 is **9.875%** (Jan-Mar 2026).

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, US/ X Q

Effective Period:
Jan-Mar 2026

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

Calculate the Rate

Dollar Amount
0.00

x

Rate
9.875%

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 Rate Spreadsheet

	A	B	C	D	E	F	G	H
1								Updated: 4/21/2026
2			DEPARTMENT OF REVENUE					
3								
4								
5			Look Up a Minnesota Tax Rate					
6			Use this spreadsheet to determine the tax rate for sales and purchases made in Minnesota.					
7								
8								
9								
10								
11								
12								
13								
14								
15								
16								
17								
18								
19								
20								
21								
22								
23								

ZIP Code	Applicable Local Taxes	Rate 04/01/26
551466000	State, Ramsey Transit, St. Paul, Metro Area Tax for Housing, Metro Area Transportation	9.875%

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](#)

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

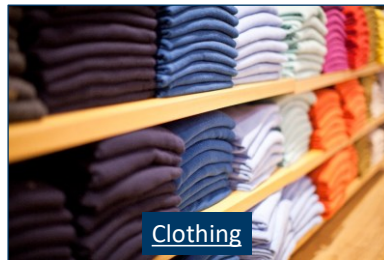


Use-Based

Product-Based Exemptions



Food and Food Ingredients



Clothing



Drugs



Printing

Entity-Based Exemptions

- Federal government agencies [Federal Government](#)
- Tribal governments [Tribal Governments and Members](#)
- Local governments (exceptions apply) [Local Governments](#)
- Nonprofit organizations (exceptions apply) [Nonprofit Organizations](#)

Use-Based Exemptions



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

Exemption Certificate Requirements

Name of Purchaser Citri Clean			
Business Address 409 4th Ave SW	City New Prague	State MN	ZIP code 56071-1307
Purchaser's Tax ID Number 3300001		State of Issue Minnesota	
If no tax ID number: Enter one of the following:	FEIN	Driver's license number/State issued ID number	
Name of seller from whom you are purchasing, leasing, or renting ABC Wholesale			
Seller's Address 123 First Avenue		City Minneapolis	State MN ZIP code 55404
Type of Business			
☐ 01 Accommodation and food services	☐ 11 Transportation and warehousing		
☐ 02 Agricultural, forestry, fishing, hunting	☐ 12 Utilities		
☐ 03 Construction	☐ 13 Wholesale trade		
☐ 04 Finance and insurance	☒ 14 Business services		
☐ 05 Information, publishing and communications	☐ 15 Professional services		
☐ 06 Manufacturing	☐ 16 Education and health-care services		
☐ 07 Mining	☐ 17 Nonprofit organization		
☐ 08 Real estate	☐ 18 Government		
☐ 09 Rental and leasing	☐ 19 Not a business (explain)		
☐ 10 Retail trade	☐ 20 Other (explain)		
Reason for Exemption (See Instructions)			
☐ A Federal government (department)		☐ J Agricultural production	
☐ B Specific government exemption		☐ K Industrial production/manufacturing	
☐ C Tribal government (name)		☐ L Direct pay authorization	
☐ D Foreign diplomat #		☐ M Multiple points of use (services, digital goods, or computer software delivered electronically)	
☐ E Charitable organization #		☐ N Direct work	
☐ F Educational organization #		☒ O Other (enter number from instructions) #18	
☐ G Religious organization #		☐ P Percentage exemption	
☐ H Resale		☐ Q Advertising (enter percentage) %	
☐ I Qualifying capital equipment (see instructions when equipment claimed is part of a construction project)		☐ R Utilities (enter percentage) %	
		☐ S 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 John Jones	Print Name Here John Jones	Title Purch. Agent	Date April 2, 2021

- 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 Citri Clean			
Business Address 409 4th Ave SW	City New Prague	State MN	ZIP code 56071-1307
Purchaser's Tax ID Number 3300001		State of Issue Minnesota	
If no tax ID number: Enter one of the following:	FEIN	Driver's license number/State issued ID number	
Name of seller from whom you are purchasing, leasing, or renting ABC Wholesale			
Seller's Address 123 First Avenue		City Minneapolis	State MN ZIP code 55404

- 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

Taxability for Taxable Service Providers

Description	Taxable?
Sales of services identified in statutes	Yes
Product sales	Yes
Business assets and office supplies	Yes
Machinery and equipment used in providing the service	Yes
Reusable items	Yes
Consumable materials used in providing taxable services	No
Short-lived detachable items	No

Services Performed for Resale



Services Performed by Employee or Related Entity

If separately stated on the invoice, these services are nontaxable:

- Services performed by employees for an employer
- Services provided by one business entity for another when one of the entities owns at least 80% of the other

Equipment Sales

Sales of equipment or other items used in your business are taxable unless an exemption applies.

[Isolated and Occasional Sales Publication](#)



Building Cleaning and Maintenance Services

Cleaning and Maintenance Terms

Building cleaning and maintenance, disinfecting, and exterminating services are taxable.

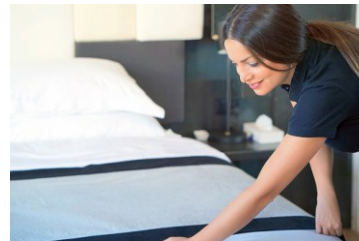
- Buildings and structures
- Cleaning
- Disinfecting
- Exterminating
- Maintenance
- Repair



Taxable Services



Nontaxable Services



Service Contracts

- Contracts for cleaning mechanical systems - taxable
- Contracts for repairing mechanical systems - nontaxable
- Home health care service contracts - nontaxable
- Combination contracts – 50% or more improving real property - nontaxable
- Lighting maintenance – taxable
 - except hard-wired ballast replacement



Disinfecting, Exterminating, and Pest Control

Taxable services include:

- Disinfecting
- Eradicating
- Exterminating
- Fumigating
- Preventing infestation



Taxable Junk Removal Services

Taxable services include:

- Removal of household contents or discarded items
- Cleaning and removal of household waste
- Removal of twigs and grass clippings
- Tree, bush, and stump removal



Nontaxable Junk Removal

Nontaxable services include:

- Waste management services*
- Curbside pickup of items placed by the property owner*
- Optional removal of appliances when replaced
- Charges for the removal of dumpsters or dumpster bags

* Note: These charges may be subject to Solid Waste Management Tax





Detective and Security Services

Detective and Security Services

- Detective services
- Security services
- Armored car services
- Burglar alarm services
- Fire alarm services



Taxable Detective Services

- Investigating means to verify or confirm information through:
 - Surveillance
 - Interviews
 - Physical contacts
- Investigating does not mean to simply compile information available through public or other records.



Nontaxable Detective Services

- An employee for an employer
- An off-duty peace officer within the jurisdiction they normally serve
- An attorney performing normal job duties
- A licensed insurance adjuster, collection agency, or finance company doing investigations related to the business of the agency or company
- A person obtaining and furnishing financial or credit information or information on the personal habits of applicants for insurance, indemnity bonds, or commercial credit



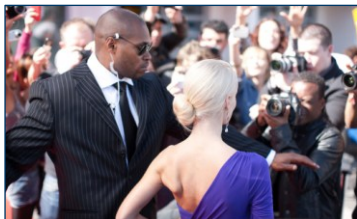
Taxable Security Services

Services provided by any person in the business of:

- Protecting property from
 - Theft
 - Vandalism
 - Destruction
- Protecting individuals from
 - Physical attack
 - Harassment



Examples of Taxable Security Services



Examples of Nontaxable Security Services

- Coat checks (without security duties)
- Document storage
- Fire extinguisher refilling, tagging, and truck charges
- Shredding paper
- Traffic and parking control (unless for funeral processions or oversized loads on public roads)



Examples of Nontaxable Security Services

- Repair labor to restore a system to working order is not taxable
- Monitoring and electronic surveillance of persons placed on in-home detention if required by
 - a court order
 - the Minnesota Department of Corrections



Security Systems

Security System Installation	Installation taxable?	System components taxable to whom?	Monitoring taxable?
Incorporated into real property	No	Contractor	Yes
Remains TPP after installation	Yes	Customer	Yes



[Contractors and Other Property Installers Publication](#)



Laundry and Dry-Cleaning Services

Laundry and Dry-Cleaning Services



Taxable Laundry and Dry-Cleaning Services

- Dry cleaning and laundering of clothing
- Dyeing
- Pillow, pillow sham, and bedspread cleaning
- Pressing
- Smoke or water damage cleaning of clothing, linens, etc.
- Storage of clothing



Linen and Supply Service

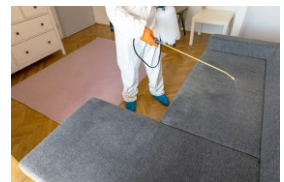
- Bed linens
- Coats and coveralls
- Dust control treated items
- Dust covers for tools and machinery
- Flame resistant clothing
- Floor-mats and rugs
- Gowns (hospital, lab, etc.)
- Safety gloves
- Shirts
- Table linens
- Towels
- Work clothes and uniforms



Carpet, Drapery, Blind, and Upholstery Cleaning

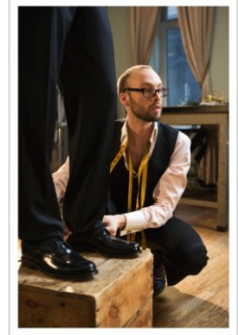
Examples of taxable services include:

- Applying fabric protector
- Cleaning office panels and partitions
- Cleaning and deodorizing after fire, smoke, or water damage
- Cleaning and deodorizing upholstery
- Cleaning, deodorizing, and pressing draperies
- Vacuuming, shampooing, and deodorizing carpets
- Washing venetian blinds



Taxable Alterations, Repairing, and Storing of Clothing

- Altering clothing
- Embroidery or screen printing done on clothing provided by the customer
- Repairing or patching clothing
- Hat blocking
- Fur repairing and storing



Nontaxable Alterations and Repairs to Clothing

Alterations that are included in the purchase price:

- Seamstress' or tailor's charges for designing and sewing new clothing
- Custom-made shoes
- Embroidery or screen printing done on clothing before the sale
- Shoe repair, dyeing, stretching, and shining



Nontaxable Services – Diaper Service

Diaper services are not taxable if the charge is separately stated on the customer's invoice.



Special Fees

Example:

Dry cleaning	\$50.00
Environmental Fee	<u>+ 2.00</u>
Subtotal	52.00
Tax (6.875%)	<u>3.58</u>
Total due	\$55.58



Include taxes and fees imposed on the service provider in sales price, then calculate sales tax.





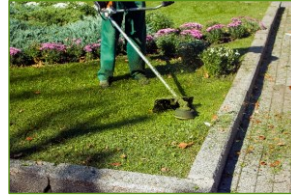
Lawn and Garden Maintenance, Tree and Shrub Services

Lawn and Garden Maintenance Services

- Lawn care services
- Gardening services
- Other taxable services



Taxable Lawn Care Services



Taxable Gardening Services



Other Taxable Services

- Cutting and arranging flowers
- Indoor and outdoor decorating when the items are provided by the decorator
- Indoor plant care
- Leasing or renting indoor plants
- Selling firewood for recreational or commercial use



Nontaxable Services – Improvements to Real Property



Miscellaneous Nontaxable Services



Cemetery Maintenance



[Funeral Homes, Mortuaries, Crematories and Cemeteries](#)



Taxable Services



Nontaxable Services

- Moving trees or shrubs from one location to another
- Optional disposal of brush
- Planting trees, bushes, or shrubs
- Stump removal services purchased for construction or maintenance of roads, trails, or firebreaks



Land-Clearing Contract vs. Expansion



Consumable Materials

Consumable Materials – Building Cleaning

Examples include:

- Cleaners, disinfectants, degreasers
- Deodorizers
- Disposable rags, paper towels
- Garbage bags
- Pesticides
- Soaps, detergents, waxes, shampoos
- Window cleaner



Consumable Materials – Detective and Security

- | | |
|---|---|
| • Ammunition | • Lubricants and antifreeze for vehicles |
| • Audio and video tapes | • Mace and pepper spray |
| • Batteries for communication equipment | • Photocopies of documents |
| • Deposition copies | • Polygraph consumables |
| • Film and film processing | • Supplies used to prepare client reports |
| • Guard dog food | |



Consumable Materials – Laundry and Dry Cleaning

- Claim checks, laundry tags, hangers, and plastic bags
- Detergents, fabric softeners, and starch
- Dry cleaning chemicals
- Disinfectants
- Dye
- Fire and water repellents
- Marking pens and tags
- Mat compounds
- Safety pins
- Soaps, solvents, and spotting compounds
- Utilities to operate machinery
- Water used in providing taxable services



Consumable Materials – Landscape Maintenance

- Fertilizers
- Flowers, garden seeds, or plants
- Fuels and lubricants for equipment
- Grass seed for taxable reseeding
- Pesticides and insecticides
- Plants for indoor plant care
- Potting soil and disposable pots
- Steel-toed boots
- Work gloves (for general use)
- Weed killers





Separate Detachable Units

Exempt Purchases - Separate Detachable Units

To qualify for the exemption, the item must meet all three requirements:

1. It must be used in providing a direct effect for a taxable service
2. It must be an accessory or other item that attaches to a machine while in use
3. Its ordinary useful life must be less than 12 months when used continuously in normal use by the taxable service provider

Separate Detachable Units - Cleaning

Examples include:

- Abrasive and polishing belts
- Disposable vacuum bags, brushes, and filters
- Mop heads
- Polishing strips and buffers
- Sewing machine needles



Separate Detachable Units – Landscape Maintenance

- Chain saw blades
- Lawn mower blades
- Trimmer wire or line





Other Exempt Purchases

Resale – Laundry & Dry Cleaning

Items supplied to customers as part of a supply service include:

- Carpet mats
- Mop heads
- Table linens
- Towels



Vehicles



Have you paid tax on exempt items?

If you have paid tax in error on exempt items:

- Provide [Form ST3](#), Certificate of Exemption, to the vendor and request a refund, or
- If the total tax is \$500 or more, file [Form ST11](#), Sales and Use Tax Refund Request

Do not adjust your sales tax return for sales tax paid in error to a vendor



Taxable Purchases

Taxable Purchases

- General items
- Taxable services
- Equipment and tools
- Utilities



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

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

Review Your Invoices

- Determine if items on the invoice are taxable
- Look for taxable items purchased with an exemption certificate
- Watch for remote sellers that are not required to charge sales tax
- Look for vendor changes
- Be aware of 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



[Use Tax for Businesses](#)

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 record-keeping system that:

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

Sales Documentation

You should retain sales documents that detail the following:

- Date of the transaction
- Description of the item or service
- Sales price
- Where the sale was sourced
- Sales tax collected
- Exemption certificates

Purchase Documentation

Record this information:

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

Keep a copy of the backup documentation

Fundamentals of a Recordkeeping System

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)

[Minnesota Rule 8130.7501](#)



Resources

Are you looking for additional resources?



Visit our website at 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

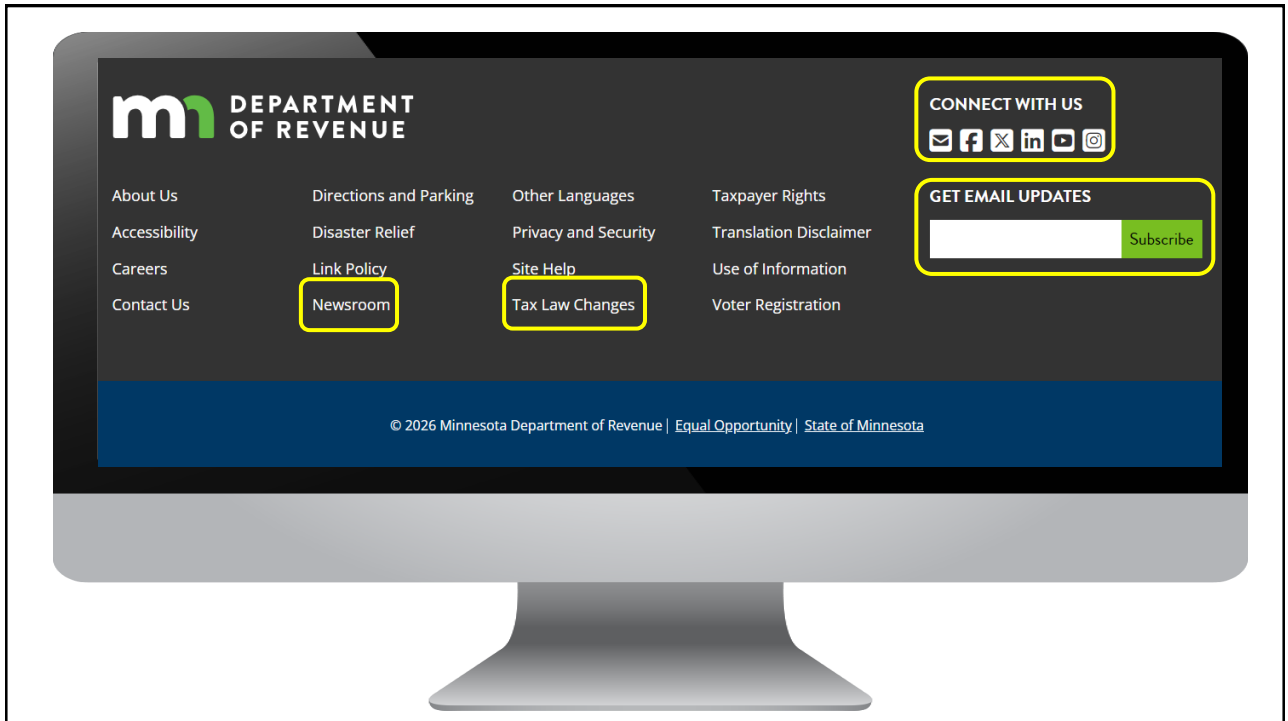
- Email: withholding.tax@state.mn.us

- 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 how to ...

- Apply Minnesota sales and use tax rules, including local taxes, to sales and purchases for various taxable services
- Recognize the exceptions to the general rule and the exemptions available
- Identify how to use and when to accept an exemption certificate
- Find resources that answer your sales and use tax questions



Thank you!

Permission of the Minnesota Department of Revenue must be secured before exhibiting, reproducing, distributing or making any other use of any part of this presentation.

Produced by the Minnesota Department of Revenue 600 North Robert Street, St. Paul, Minnesota 55146-6000

©Copyright 2026, Minnesota Department of Revenue, All Rights Reserved

Working together to fund the future for all of Minnesota | www.revenue.state.mn.us