

# Hermantown Sales and Use Tax Increase

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Beginning April 1, 2013, the city of Hermantown will increase their sales and use tax to 1 percent. The tax is used to fund the costs of: (1) extending a sewer interceptor line, (2) construction of a booster pump station, reservoirs, and related improvements to the water system and (3) construction of a building containing a police and fire station and an administrative services facility..

The sales tax applies to retail sales made within the city limits of Hermantown. The use tax applies to taxable items used in Hermantown if the local sales tax was not paid. The tax applies to the same items that are taxable under the Minnesota sales and use tax law.

## Who Must Register

All retailers who are registered to collect Minnesota sales tax and are doing business in Hermantown must be registered to collect the Hermantown city tax. This includes sellers outside Hermantown who:

- have an office, distribution, sales, sample or warehouse locations, or other place of business in Hermantown either directly or by a subsidiary;
- have a representative, agent, salesperson, canvasser, or solicitor in Hermantown, either on a permanent or temporary basis, who operates under the authority of the retailer or its subsidiary for any purpose, such as repairing, selling, installing, or soliciting orders for the retailer's taxable goods or services, or leasing tangible personal property in Hermantown;
- ship or deliver tangible personal property into Hermantown; or
- perform taxable services in Hermantown.

## Registering for the tax

- Access your e-Services Sales and Use tax account. Click the "Account Information" tab. To edit locations, click "Sales Locations." In the "Existing Locations" list, click the "Location Code" number for the location you wish to edit. Click "Click Here to Edit Local Information." Click the check box for Hermantown and select Hermantown using the calendar date selector feature. Click "OK." Click "Submit."
- If you file over the internet, you may register Hermantown when you file your April 2013 sales and use tax return (before you enter the figure). Once you are at the "Enter Taxable Sales and Purchases" table (single location filer) or screen (multiple location filer), click in the last row in the

Tax Type column. A drop-down menu will become active. Use the tax type drop-down box and select Hermantown Sales. If you are a single location filer, it will assume that you want to add this for location "001." If you have multiple locations, type in the appropriate location number. Enter an amount in the local tax line you added. During processing, the department will add Hermantown Sales and Hermantown Purchases to your registration for this location and it should appear on future returns.

- If you file by phone, you must register for the Hermantown tax before you file your sales and use tax return. Call 651-282-5225 or email us at [salesuse.tax@state.mn.us](mailto:salesuse.tax@state.mn.us) to register. Be sure to include your MN tax ID number if you send an email.

Hermantown sales and use tax is reported at the same time you report your Minnesota sales and use tax, but the figures are reported on separate lines.

## Use Tax

Hermantown use tax applies when you are located in Hermantown and you buy items or services without paying Hermantown sales tax to the vendor. Use tax is similar to the sales tax and the rates are identical. It is based on your cost of taxable purchases. Common examples of when you owe use tax are:

- You buy items on the internet, by phone, or from any business and the seller doesn't charge Hermantown sales tax and you use the item for business or personal use in Hermantown.
- You buy items for resale at your business, and then remove some of the items from inventory for business or personal use in Hermantown.

## Calculating the tax

To calculate the tax, combine the state sales tax rate (currently 6.875 percent) with the Hermantown tax rate (1 percent) and apply the combined rate (7.875 percent) to the sales price and round to the nearest full cent. A 7.875 percent rate chart is available on our website. Paper rate charts are available upon request.

Charge Hermantown sales tax to customers from in or outside Hermantown who buy taxable items or services in Hermantown for business or personal use, even if these items are taken out of Hermantown.

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## Exemption Certificates

If your customer gives you a fully completed exemption certificate for state sales tax, also use that certificate as proof of exemption from the Hermantown sales tax.

## Local Governments

Local governments are not required to pay local general sales taxes. Local governments include cities, towns, counties, instrumentalities, political subdivisions, commissions, special districts and government boards. No exemption certificate is necessary. However, state sales tax generally applies.

## Handling Transitional Sales

The Hermantown sales and use tax rate change applies to sales made on or after April 1, 2013, and shall be in addition to all other taxes in effect. The Hermantown sales and use tax rate change shall not apply to the following:

- The gross receipts from the purchase of taxable services, including utility services, if the billing period includes charges for services furnished before and after April 1, 2013. However, the sales and use tax shall apply to all purchases of taxable services, including utility services, if the billing period begins with services furnished on or after April 1, 2013.
- The gross receipts from the purchase of construction materials used to complete a lump sum or fixed price construction contract that was signed and enforceable before April 1, 2013, and that does not provide for an allocation of future taxes, provided that the construction materials are used exclusively in performing the contract and the materials are delivered before October 1, 2013.

## Information and Assistance

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

Fax: (651) 556-3102

Email: [salesuse.tax@state.mn.us](mailto:salesuse.tax@state.mn.us)

Write: Minnesota Revenue  
Sales and Use Tax Division  
Mail Station 6330  
St. Paul, MN 55146-6330

Or visit our website at [www.revenue.state.mn.us](http://www.revenue.state.mn.us)