

Funeral Homes, Mortuaries, Crematories, and Cemeteries

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Sales Tax Fact Sheet 165

Fact Sheet

What's New

We made formatting updates to this fact sheet.

This fact sheet explains how Minnesota Sales and Use Taxes apply to sales and purchases made by funeral homes, mortuaries, crematories, and cemeteries.

Nontaxable Charges

Charges for the following items are not subject to Minnesota sales or use tax. No exemption certificate is needed.

- Burial services
- Caskets, alternative containers, coverings and linings for human burial
- Burial vaults, mausoleums, grave liners, cremation urns or other containers for human remains
- Certified copies of death certificates
- Clothing, burial shrouds, vinyl gloves
- Cremation services
- Embalming and other preparation of the body including cosmetic work and washing/disinfecting
- Funeral services and use of facilities
- Hearse or limousine services
- Musicians, clergy or pallbearers
- Obituary notices
- Receiving or forwarding remains to or from another funeral home
- Transfer of remains to the funeral home
- Cemetery lots

Taxable Sales

Many items purchased by funeral homes are either resold or given to customers as part of the funeral service.

If the items are marked up from the purchase price and separately stated on the customer's final bill, the funeral home must charge sales tax on them. The funeral home may buy those items exempt for resale by giving the seller a completed Form ST3, *Certificate of Exemption*.

If these items are listed on the customer's bill as "no charge," the funeral home must pay sales or use tax on their cost of the item.

Examples of taxable sales include:

- Caskets, burial vaults, and cremation urns for non-human burial
- Copies of obituary notices
- Crosses, crucifixes, rosaries, bibles, figurines, and candles
- Flowers and floral arrangements
- Memorial cards and folders

- Memory and visitor registers, register binders
- Prayer cards
- Thank you and acknowledgment cards

Rentals

Rentals of caskets, cremation urns, and alternative containers are taxable.

The funeral home may buy rental items exempt for resale by giving the seller a completed Form ST3, Certificate of Exemption.

Cash Advances

Many funeral homes buy taxable items such as flowers on behalf of their customers. If the cost for these items is passed on to the customer without any markup, the funeral home must pay sales tax to the seller. The customer should be given a copy of the receipt from the florist or other seller showing tax on the invoice.

Example: A funeral home bills its customer for cash advances on the purchase of flowers and for printing memorial cards and a memory register. These charges are separately stated on the customer's invoice.

The charge for the flowers is passed on to the customer *exactly* as billed by the florist, including the sales tax. The florist remits the sales tax to the state.

The charge for the memorial cards and memory register is set by the funeral home. The funeral home may do some printing on their own copier, or may buy the printing from someone else. The funeral home must charge sales tax on the price billed to the customer for the memorial cards and memory register. The funeral home should buy printing or paper stock exempt for resale by giving the seller a completed Form ST3, *Certificate of Exemption*. Specify the Resale exemption.

Taxable Purchases

Following are examples of items that funeral homes purchase for their use in providing their service. The funeral home must pay sales or use tax on these items:

- Body bags and other containers used for transportation but not for burial
- Computer hardware and software
- Embalming fluids
- Equipment
- Tools
- Furniture and fixtures
- Office supplies
- Building cleaning and maintenance services
- Lawn care services
- Linen supply or other laundry services
- Security services
- Utilities

Funeral Procession Escorts

Traffic control for escorting funeral processions is a taxable security service. If an escort service for a funeral procession begins in a locality that imposes a local sales tax, the local tax applies, regardless of the number of miles driven in the locality or the destination of the procession. This includes escort services provided by off-duty police officers unless the service is performed within the officer's normal jurisdiction. For more information, see the *Detective and Security Services* Fact Sheet.

Funeral Meals

Donated meals served by a church or other group are not taxable. Food prepared and served by a caterer or any individual or organization that charges a fee is taxable. Local taxes and special local taxes may also apply.

Memorial Stones and Markers

Tombstones, markers, temporary grave markers, and other memorials, including charges for inscriptions, lettering, and the foundation, are taxable. Charges for transportation and labor by the seller to install a memorial stone are taxable. All installation charges of taxable tangible personal property, even when billed by a third party, are also taxable. Separately stated charges for inscription of a memorial stone done after the stone is installed are exempt.

Example 1. A couple, as part of their funeral pre-planning, orders a memorial marker inscribed with their names and birth dates, and has the marker installed on the cemetery plot they have chosen. The entire charge is taxable. Upon the death of one spouse, the marker is removed so that the stone can be polished and the date of death inscribed. Since these services occur after the stone was purchased, the charges are not taxable.

Example 2. A monument dealer prepares a tombstone and agrees to install the memorial in a cemetery. The entire charge is taxable, including delivery and installation fees.

Example 3. A cemetery constructs the foundation for a memorial and charges the memorial dealer. The memorial dealer charges his customer for both the foundation and memorial. The memorial dealer should give the cemetery a completed Form ST3, *Certificate of Exemption*, and charge sales tax to the customer on the total price.

Cemeteries

Charges for maintenance services for cemetery grounds for human burial are exempt. This includes services such as lawn mowing, raking, and tree and bush trimming. For more information, see the *Lawn and Garden Maintenance, Tree and Shrub Services* Fact Sheet.

Cemetery associations must generally pay tax on all other purchases, such as equipment, furniture, office supplies and computers.

Religious Organizations

Purchases by a qualifying religious organization of items or taxable services used to maintain its cemetery are exempt. The organization must give the seller a completed Form ST3, *Certificate of Exemption*.

Charges to Customers

Charges for perpetual plant care by either religious or non-religious cemetery associations, or by others, are taxable. If the cemetery association buys these services, they may buy them exempt for resale by giving the service provider a completed Form ST3, *Certificate of Exemption*. Specify the Resale exemption.

Miscellaneous

Promotional Materials

Purchases by funeral homes of promotional items such as calendars, pens, and memorial cards to send to customers in Minnesota are taxable. These items are advertising materials and the funeral home must pay sales or use tax. Advertising materials mailed or shipped outside of Minnesota are exempt.

Vault Companies

Charges by a vault company for graveside services are not taxable, including separately stated charges for tent or chair rental because these rentals are considered to be incidental to the overall service charge. However, if the tent or chairs are provided by the funeral home, the charges are taxable.

Transportation Containers

Since caskets are not taxable, a shipping container that becomes a substitute for a casket, and is buried or cremated with a body is not taxable. If the shipping container is used only for protection of the remains or for protection of an airplane during shipment, it is not used as a casket and is taxable.

Use Tax

Sales tax is generally charged by the seller at the time of sale. However, if the seller does not charge Minnesota sales tax on equipment, supplies, or other taxable items used in your business, you must pay use tax. Use tax is due on your

cost of the item. Report state and local use tax electronically at the same time you file your sales and use tax return. For more information, see the *Use Tax for Businesses* Fact Sheet.

You must pay use tax when you:

- buy equipment or taxable supplies directly or by mail, internet, or phone order from a seller outside Minnesota for use in Minnesota when sales tax is not charged by the seller.
- buy equipment or taxable supplies in another state for use in Minnesota and pay tax at a rate lower than the Minnesota rate. Credit is allowed for tax paid to the other state.
- buy equipment or taxable supplies from a Minnesota seller who does not collect the sales tax, if you put the items to a taxable use.
- buy items for use in an area with a local sales and use tax but only Minnesota state tax was paid—local use tax is due.
- purchase taxable services in Minnesota (such as laundry or linen service, building cleaning, lawn and garden, or security services) but are not charged sales tax.

Local Sales and Use Tax

If you are located in or make sales into an area with a local tax, you may owe local sales or use tax. For more information, see the *Local Sales and Use Tax* Guide.

Legal References

Minnesota Statutes 149A, Mortuary Science

Minnesota Statute 297A.67, subd. 10, Caskets; vaults

Minnesota Statute 297A.68, subd. 11, Advertising materials

Minnesota Statute 297A.70, subd. 4, Sales to nonprofit groups

Minnesota Rule 4610

Minnesota Rule 8130.6300, Caskets, burial vaults, urns for cremains, and memorials

Revenue Notices

03-08, Detective, Security, Burglar and Fire Alarm, and Armored Car Services

Fact Sheets

Detective and Security Services

Lawn and Garden Maintenance, Tree and Shrub Services

Minneapolis Special Local Taxes

Sales to Governments

Special Local Taxes

Use Tax for Businesses

Guides

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