



Minnesota sales tax guide

Tax base

All retail sales of goods or services made by tax-registered suppliers are taxable by sales tax in Minnesota. A retail sale means a sale to a final customer, other than a resale. Companies may use their standard issued method for a sales tax calculation – cash method or accrual method, normally the same method as this company uses for income tax calculation.

Tax rate

The tax rate in Minnesota consists of 3 parts: a state tax rate – of 6.875%, local sales tax, and special sales tax. The combined rate varies from 6.875% to 9.375% maximum. The tax rate depends on the place of supply.

Exempted goods and services

A purchase is exempt from use tax if the purchase is made by an individual for personal use (including purchases for gifts), and the individual's total purchases subject to use tax do not exceed \$770 in the calendar year.

Some examples of exempted goods or services:

- advertising in newspapers and certain magazines;
- agricultural processing facilities;
- agricultural production;
- air-cooling equipment;
- billboard advertising.

Tax registration

Local companies established in the state need to register for sales tax in Minnesota. Companies that have a physical presence in the state such as a warehouse for goods or local employees should register. Remote sellers without a physical presence in the state need to register only after reaching an economic nexus.

The list of documents differ for US company and for companies established outside of the USA.

To register for sales tax US company needs:

- trade register extract (good standing);
- EIN certificate;
- articles of associations;
- business officers names and Social Security Numbers. Also one piece of government issued photographic identification, which can be a copy of:

– passport;

– national identity card;

Non-US company needs to provide:

- trade register extract (good standing);
- EIN certificate – this number must be obtained before sales tax registration;
- articles of associations;
- business officers' names. Also one piece of government issued photographic identification, which can be a copy of:

– passport;

– national identity card;

Economic nexus

Remote sellers without a physical presence in the state must register when they sell over the threshold. Please check the economic threshold for different types of activity:

[e-seller threshold](#);

[marketplace threshold](#);

[SAAS business threshold](#).

Tax return

The Minnesota Tax Authority accepts Simplified Electronic Returns (SER) filed through the Lovat webservice from all taxpayers. Tax returns must be submitted on the same date as the tax payment deadline. Initially, tax authorities assign a periodicity of reporting according to information provided in an application for registration. Later tax offices can change periodicity according to an average tax due. For more information check the section Tax payment deadlines.

Marketplace rule

Effective October 1, 2019, Marketplace facilitators located outside of the state must register for sales tax in Minnesota when they have revenue from Minnesota of more than \$100,000 or 200 individual sales yearly. In such a case, the Marketplace is obliged to calculate and remit all sales tax for sales via this marketplace.

Tax payment deadlines

The frequency of tax payment depends on the Value of the reported sales tax.

| Frequency | Sales tax due | Tax payment deadline |
|------------------|-------------------------------|---|
| Monthly | More than \$500 per month | 20th day of the following month |
| Quarterly | From \$100 to \$500 per month | April 20, July 20, October 20, and January 20 |
| Annually | Less than \$100 per month | February 5 of the following year |

Tax holidays

Sourcing rule

When the sale is made online and the departure and arrival state is the same – Minnesota, the destination rule is applicable. That means that the tax rate of the arrival address (customer address) should be charged.

Use tax

It has the same rates as a sales tax. The main difference is a tax base: a tax base for use tax is a value of out-of-state purchases used in Minnesota, purchases for consumption (other than resale) from Minnesota where no sales tax was paid.

Penalties

5% or \$100 – late filing.

5% of any outstanding amount.

5% to 15% – late payment. The first month is 5%, next month is 5% more with a maximum of 15%.

25% – repetitive late filing or late payment.

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