



## Minnesota Use Tax

The Use tax complements and is similar to the Sales tax. Use tax applies when you buy, lease, or rent taxable items or services used in your business without paying Sales tax to the seller. Use tax applied to all Sales tax including county, city, and transit tax.

### Common examples of use tax liability are:

1. Items purchased by mail order, shopping channel, over the Internet, etc., and the seller does not collect Minnesota Sales tax from you. Items commonly purchased from retailers outside Minnesota that are subject to tax include; computer hardware and software, office supplies and equipment, business furniture, fixtures, and accessories.
2. Equipment purchased to manufacture a product. If you did not pay sales tax when you bought the equipment, you must pay use tax.
3. Items purchased exempt from sales tax for the purpose of resale, but instead, the item is taken out of inventory for business or personal use.
4. Taxable items donated to charitable organizations for a fundraiser. If you did not pay sales tax when you bought the donated items, you owe use tax, even if the recipient is a tax-exempt organization.
5. Taxable items given as gifts to clients, employees, or others. If you took possession of the gifts in Minnesota but did not pay sales tax when you bought them, you owe use tax, even if you send the gifts out of Minnesota. If the seller sends the gifts out of state, no use tax is due.

### When do I report Minnesota use tax for 2011?

Annual Use tax returns are due February 5, 2012. If your company files monthly or quarterly Sales tax returns, Use tax is paid when filing the Sales tax returns.

**Use tax is the most frequent assessments made in audits by the Minnesota Department of Revenue.** It is your responsibility to track and or identify all purchases subject to Use tax. Keep in mind that Sellers may include Minnesota Sales tax on purchases but might miss other Sales tax for your area (county, city, and transit taxes).