

MINNESOTA • REVENUE

Carlton County 0.5 Percent Transit Sales and Use Tax and \$20 Vehicle Excise Tax

Starting April 1, 2015, Carlton County will have a 0.5 percent transit sales and use tax and a \$20 vehicle excise tax. The Minnesota Department of Revenue will administer these taxes. Revenues will fund the projects identified in the Carlton County Highway Sales Tax Projects list created December 2014.

This 0.5 percent transit tax applies to retail sales made within Carlton County. The transit use tax applies to taxable items used in the County if the local sales tax was not paid.

A \$20 Transit vehicle excise tax applies to sales of motor vehicles registered for road use. This excise tax must be collected by any person in the business of selling new or used motor vehicles at retail when the sale occurs in Carlton County.

For more information about local taxes, see Fact Sheet 164, Local Sales and Use Taxes. It is available on our website, www.revenue.state.mn.us.

Who must register

All retailers who are doing business in Carlton County and are registered for Minnesota sales tax. This includes sellers outside Carlton County if they do any of the following:

- Have an office, distribution, sales, sample or warehouse locations, or other place of business in Carlton County, either directly or by a subsidiary.
- Have a representative, agent, salesperson, canvasser, or solicitor in Carlton County, either on a permanent or temporary basis.

This includes anyone, who operates under the authority of the retailer or its subsidiary for any purpose. Examples include repairing, selling, installing, or soliciting orders for the retailer's taxable goods or services, or leasing tangible personal property in Carlton County.

- Ship or deliver tangible personal property into Carlton County.
- Perform taxable services in Carlton County.

Registering for the tax

If you file Sales and Use Tax returns online, you can register for this tax either before or when you file an April 2015 return.

To register before you file:

1. Log in to e-Services and access your Sales and Use Tax account.
2. Click the "Account Information" tab.

3. To edit locations, click "Sales Locations."
4. In the "Existing Locations" list, click the "Location Code" number for the location you wish to edit.
5. Click "Click Here to Edit Local Information."
6. Click the check box for "Carlton County transit sales" and "Carlton County transit use." Select April 1, 2015.
7. Click "OK." Click "Submit."

To register when you file:

1. In the "Enter Taxable Sales and Purchases" table or screen, click in the last row in the Tax Type column.
2. A drop-down menu will become active; use it to select "Carlton County transit sales" and "Carlton County transit use." This will add 2 rows for the tax.
3. If you have multiple locations, type in the appropriate location number. (If you are a single location filer, it will assume you want to add this for location "001.")
4. Enter an amount in the local tax lines you added. Next time you file, these lines will automatically appear in your return.

If you file by phone: You must register for this tax before you file your return. To register, call 651-282-5225 or email us at salesuse.tax@state.mn.us. If you send an email, include your Minnesota tax ID number.

Reporting the tax

Report the Carlton County transit sales and use tax when you report your Minnesota Sales and Use tax. Each tax is reported on a separate line of your return. Carlton County Transit Sales is line number 492, Carlton County Transit Use is line number 493 and the vehicle excise tax is line number 494.

Use tax

Carlton County transit use tax applies when you are located in the county and you buy items or services without paying the transit sales tax.

Use tax is similar to 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 when you:

- Buy items on the Internet, by phone, or from any business for use in Carlton County and the seller doesn't charge the local tax.
- Buy items for resale at your business, then remove some of the items from inventory for business or personal use in Carlton County.

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Calculating the tax

To calculate the total tax due on a purchase:

1. Add the 6.875 percent state sales tax rate and the 0.5 percent Carlton County transit rate.
2. Add any other local taxes that apply.
3. Apply the combined 7.375 percent rate (plus other local taxes) to the sales price.
4. Round the total to the nearest full cent.

You can download a 7.375 percent rate chart from our website or call us to request a paper rate chart.

When to charge the tax

Charge the Carlton County transit sales tax when customers buy taxable items or services in the county, unless they give you a valid exemption certificate.

The tax applies to purchases for business or personal use, even if the customer is from elsewhere or takes the items out of Carlton County.

Exemption certificates

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

Local governments

Local governments are not required to pay the Carlton County transit sales tax (or other local general sales taxes). No exemption certificate is necessary. But state sales tax generally applies.

Handling Transitional Sales

Carlton County transit tax applies to sales on or after April 1, 2015. But the tax does not apply to the following:

- Lease payments for tangible personal property and motor vehicles that include periods before April 1, 2015. (The tax does apply to payments for periods that begin on or after that date.)
- The purchase of tangible personal property ordered before April 1, 2015, if the transfer of title or possession is prior to that date.
- The purchase of taxable services, including utility services, if the billing period includes charges for services furnished before and after April 1, 2015. (But the tax does apply if the billing period begins with services furnished on or after that date.)

- The purchase of admission tickets if they are paid for before April 1, 2015, even if the event occurs after that date.
- The purchase of construction materials used to complete a lump sum or fixed price construction contract that was signed and enforceable before April 1, 2015, but only if all the following are true:
 - The contract does not provide for an allocation of future taxes.
 - The materials are used exclusively in performing the contract.
 - The materials are delivered before October 1, 2015.

Information and Assistance

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

Fax: (651) 556-3102

Email: 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