

Minnesota state and local taxes *(continued)*

Local taxes

We currently administer and collect several local sales and use taxes. The general local taxes apply to the same items that are taxed by the Minnesota sales and use tax law. You must be registered for any locality if you do business there.

To figure the tax, combine the state tax rate and all applicable local rates. Apply the total combined rate to the taxable sales price and round to the nearest full cent. (Rate charts are available on our website.)

Local taxes are reported at the same time you report your Minnesota sales and use tax, but the figures are reported separately. You must be registered for each local tax you report. Call our office to register for local taxes if you file by phone. If you file by Internet, please add the applicable local taxes when you file your return.

For more information about local taxes and an up-to-date list of localities that have local tax, see *Fact Sheet 164, Local Sales and Use Taxes*.

Rate charts

Rate charts are available at the following percentages. Download them from our website or call our office to request copies.

State rate - 6.875 percent

Various combinations of state and local tax:

6.875%	9.125%	10.775%
7.025%	9.375%	13.025%
7.125%	9.525%	13.275%
7.275%	9.625%	13.400%
7.375%	9.775%	13.525%
7.525%	10.025%	13.775%
7.625%	10.125%	16.025%
7.775%	10.275%	16.275%
7.875%	10.525%	

The sales tax rate for sales (not leases) of motor vehicles remains at 6.5 percent. A 6.5 percent rate chart is also available on our website.

A map of the various rates used in the seven-county metropolitan area is shown at right.

Figuring the tax

The following guidelines will help you determine the sales price on which the tax is charged.

- Deduct federal excise tax imposed directly on the customer if it is separately stated on the customer's bill.
- For trade-ins, charge sales tax on the difference between the price of the item you are selling and the trade-in allowance. The item traded must be a taxable item and something you normally sell in your

business. Otherwise, tax is due on the full price of each item.

- Do not charge sales tax on interest, financing and carrying charges on credit sales if they are separately stated on the customer's bill.
- Charge sales tax on shipping, handling and installation charges for taxable items.
- Charge sales tax on the total price of any taxable services. Do not deduct the cost of materials and supplies you used to provide the service.
- Deduct cash discounts, trade discounts or quantity discounts you give at the time of sale.
- When honoring one of your own coupons, subtract the coupon amount first,

then charge sales tax on the remaining amount. Handle "two-for-one" and similar coupons the same way.

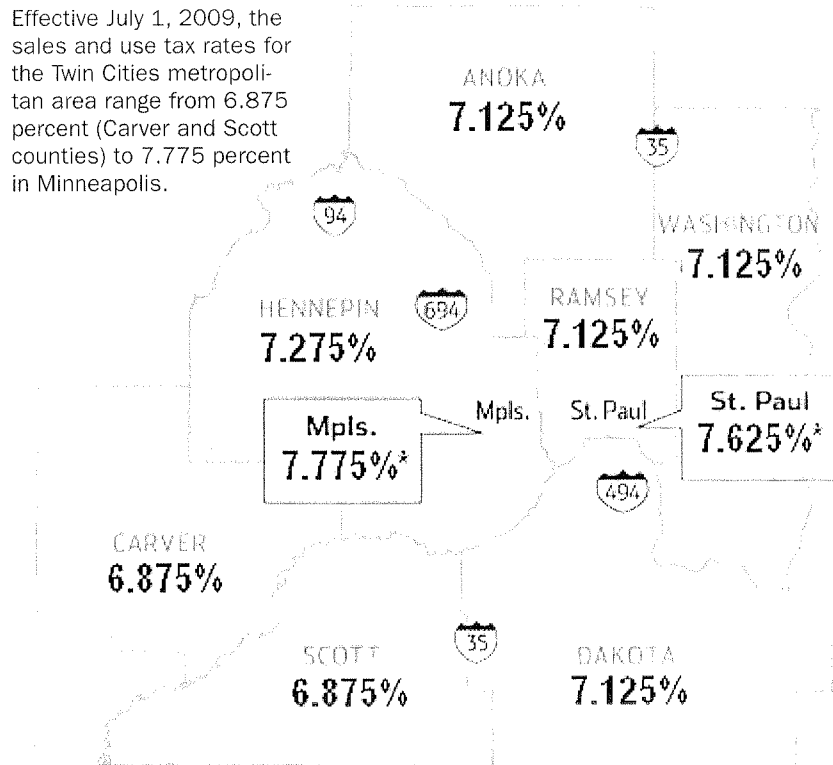
- When honoring a manufacturer's coupon, charge sales tax first, then subtract the coupon amount.
- Gift certificates are treated the same as cash. Charge sales tax, then subtract the gift certificate amount.

List the sales tax separately from the sales price for your customer whenever practical. You can include the tax in the selling price; however, you then must publicly post a notice that states that the price includes all applicable sales tax or state on the invoice that tax is included.

Twin Cities Metro Area Sales and Use Tax rates

effective July 1, 2009

Effective July 1, 2009, the sales and use tax rates for the Twin Cities metropolitan area range from 6.875 percent (Carver and Scott counties) to 7.775 percent in Minneapolis.



* Minneapolis includes 6.875% state sales tax, 0.5% Minneapolis local sales tax, 0.15% Hennepin County sales tax, and the 0.25% transit improvement sales tax.

St. Paul includes 6.875% state sales tax, 0.5% St. Paul local sales tax, and the 0.25% transit improvement sales tax.