

# SALES AND USE TAX INFORMATION

## **DUE DATE OF FILING FOR ANNUAL FILIERS: 2/7/11.**

All businesses must file a Sales and Use tax return with the MN Department of Revenue for 2010. **Business By Design cannot file these returns for you.** This will be the only notification you will receive from Business By Design to file these returns. If you do not file them, you may owe a penalty to the MN Department of Revenue.

## **USE TAX: WHAT IS USE TAX AND DO I OWE IT?**

Basically, if you buy something for your business use (*i.e. something bought off of the internet*), you still must pay sales tax, if you have not already. The use tax rate is the same as the sales tax rate (6.875%) and the same exemptions apply. The form is very easy to fill out and it will only take a few minutes of your time.

Some examples of when use tax is due because sales tax was not charged are...

- Purchases over the Internet, by mail order, or from a shopping channel.
- Purchases of an uninstalled ready-to-move home or log home, or building materials from outside Minnesota when you are responsible for the hookup of electrical and plumbing, and for the completion of the masonry work.
- Purchases of jewelry, boats and motors, snowmobiles, ATVs, art, furniture, tools or appliances.
- Purchases where a Minnesota seller does not charge you sales tax on a taxable item.
- An out-of-state seller properly collects another state's sales tax at a rate lower than Minnesota's. In this case, you owe the difference between the two rates.

There is an exemption from the Minnesota use tax for purchases for personal use if the individual's purchases subject to use tax are not more than \$770 in a calendar year.

## **SALES TAX:**

Even though you may not collect sales tax you still must file a sales and use tax return. We have provided online instructions on how to file your sales and use tax return through the state of Minnesota's website. This is very easy to do and it will only take a few minutes of your time.

## **HINTS FOR COMPLETING YOUR 2010 SALES & USE TAX FORM:**

- **YOU MUST FILE A RETURN:** This form must be filed online. The instructions for filing this form online are enclosed in a .PDF file in this e-mail.
- **INSTRUCTIONS FOR FILING ONLINE:** Please refer to the .PDF file names "MN Online Tax Directions- Sales Use" or "Online Filing instructions from MN Publication". Either document will give you the information you need to file this Sale & Use Tax form.
- **FILE BY PHONE:** We have enclosed a .PDF file in this e-mail for you to follow that has the instructions for filing by phone. Please refer to the .PDF file named "MN Phone Payment Instructions"
- **GROSS SALES:** When completing this form, it will ask you for your "GROSS SALES", for this you will need to enter the total amount of income to your business for 2010.
- Most of your sales/income you earn are probably not taxable (*i.e. Real Estate commissions, or income from personal service.*) *However, it still needs to be listed on the form.* For a complete list of what is taxable, please visit the MN Department of Revenue's website.
- **Example:** Your GROSS SALES would be *your Total Commission Income* or *Total Revenue* for your corporation. Basically, whatever you have as total deposits for your corporation in 2010. If you do not know the exact amount, please enter your estimate as close as possible to the actual total.
- **YOUR PASSWORD:** If you have a password already, your MN password is typically the first 5 digits of your Federal Tax ID number, after the dash. (Example: Fed ID number of 41-1925691, the MN password would be "19256".
- If that does not work, you will need to call the MN Department of Revenue to get your password reset. Business By Design cannot reset this password for you.

If you fail to report use tax on taxable items, penalty and interest may be assessed in addition to the tax.  
*Source: Minnesota Department of Revenue, Sales and Use Tax Newsletter. (December 2010)*