



# NELSON CPAs

## Minnesota Use Tax

---

Minnesota is active in performing sales and use tax audits. Make sure you are aware and follow all Minnesota sales and use tax rules that apply to your business. Please contact our office with any questions regarding your specific business.

### What is Use 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. The use tax is based on your cost of taxable purchases.
- The use tax rate is identical to the sales tax rate.

### When are you required to pay use tax?

- If you are not charged Minnesota sales tax or are not charged the correct amount of Minnesota sales tax (including any applicable local sales taxes), you are required to calculate the sales and any applicable local taxes due and pay the difference to Minnesota Revenue as use tax.

### What are some examples where you may owe use tax?

- Certain used equipment purchased at an auction or from another business or person where no sales tax is charged.
- Items purchased at one location but used or installed in a different location where the correct amount of local taxes were not paid. For example, if you purchase office supplies in Maplewood but use them at your office in St. Paul, you are required to pay the local St. Paul use tax for the cost of the office supplies.
- Items purchased over the internet or from an out-of-state vendor that does not charge sales tax.

**For further information** – See the Minnesota Revenue Fact Sheet Number 146 – Use Tax for Businesses that can be found on the Minnesota website at [www.revenue.state.mn.us](http://www.revenue.state.mn.us).