

MINNESOTA · REVENUE

Wadena County 0.5 Percent Transit Sales and Use Tax

Wadena County Transit Sales and Use Tax has been extended beyond December 31, 2014. No end date has been designated. Continue to collect and remit the Wadena County local transit tax for all applicable sales. Date of notice is October 31, 2014.

Starting April 1, 2014 Wadena County will have a 0.5 percent transit sales and use tax. The Minnesota Department of Revenue will administer this tax. The revenue will be used to pay the costs of projects listed in the Capital Project Plan dated October 2014.

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

This tax applies to the same items that are subject to the State sales and use tax. It does not apply to sales of motor vehicles registered for road use.

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

Vehicle sales

The Wadena County transit sales and use tax does not apply to sales of motor vehicles registered for road use.

Who Must Register

All retailers who are registered to collect Minnesota sales tax and are doing business in Wadena County must be registered to collect the Wadena County transit tax. This includes sellers outside Wadena County who:

- have an office, distribution, sales, sample or warehouse locations, or other place of business in Wadena County either directly or by a subsidiary;
- have a representative, agent, salesperson, canvasser, or solicitor in Wadena County, either on a permanent or temporary basis, who operates under the authority of the retailer or its subsidiary for any purpose, such as repairing, selling, installing, or soliciting orders for the retailer's taxable goods or services, or leasing tangible personal property in Wadena County;
- ship or deliver tangible personal property into Wadena County; or
- perform taxable services in Wadena County.

Registering for the tax

- Access your e-Services Sales and Use tax account. Click the "Account Information" tab. To edit locations, click "Sales Locations." In the

"Existing Locations" list, click the "Location Code" number for the location you wish to edit. Click "Click Here to Edit Local Information." Click the check box for Wadena County transit sales and Wadena County transit use, select **April 1, 2014** using the calendar date selector feature. Click "OK." Click "Submit."

- If you file over the internet, you may register Wadena County transit tax when you file your **April 2014** sales and use tax return (before you enter the figure). Once you are at the "Enter Taxable Sales and Purchases" table (single location filer) or screen (multiple location filer), click in the last row in the Tax Type column. A drop-down menu will become active. Use the tax type drop-down box and select Wadena County transit sales and Wadena County transit use. If you are a single location filer, it will assume that you want to add this for location "001." If you have multiple locations, type in the appropriate location number. Enter an amount in the local tax line you added. During processing, the department will add Wadena County transit sales and Wadena County transit use to your registration for this location and it should appear on future returns.
- If you file by phone, you must register for the Wadena County transit tax before you file your sales and use tax return. Call 651-282-5225 or email us at salesuse.tax@state.mn.us to register. Be sure to include your MN tax ID number if you send an email.

Wadena County transit sales and use tax is reported at the same time you report your Minnesota sales and use tax, but the figures are reported on separate lines.

Use Tax

Wadena County transit use tax applies when you are located in Wadena County and you buy items or services without paying Wadena County transit sales tax to the vendor. Use tax is similar to the 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:

- You buy items on the internet, by phone, or from any business and the seller doesn't charge Wadena County transit sales tax and you use the item for business or personal use in Wadena County.
- You buy items for resale at your business, and then remove some of the items from inventory for business or personal use in Wadena County.

MINNESOTA · REVENUE

Wadena County 0.5 Percent Transit Sales and Use Tax

Calculating the tax

To calculate the total tax due on a purchase, add the 6.875 percent state sales tax rate and the 0.5 percent Wadena County transit rate, plus any other local tax that is applicable. Apply the combined 7.375 percent rate (plus other local tax) to the sales price. Round the sales price to the nearest full cent.

A 7.375 percent rate chart is available on our website. Paper rate charts are available upon request.

Charge Wadena County transit sales tax to customers who 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 Wadena County.

Exemption Certificates

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

Local Governments

Local governments are not required to pay local general sales taxes. Local governments include cities, towns, counties, instrumentalities, political subdivisions, commissions, special districts and government boards. No exemption certificate is necessary. However, state sales tax generally applies.

Handling Transitional Sales

Wadena County transit tax applies to sales on or after **April 1, 2014** in addition to all other taxes in effect. But the tax does not apply to the following:

- Lease payments for tangible personal property and motor vehicles that include periods before **April 1, 2014**. The tax does apply to lease payments for periods beginning **April 1, 2014**.
- The purchase of tangible personal property ordered before **April 1, 2014** and the transfer of title or possession is prior to **April 1, 2014**.
- The purchase of taxable services, including utility services, if the billing period includes charges for services furnished before and after **April 1, 2014**. (But the tax does apply if the billing period begins with services furnished on or after **April 1, 2014**.)

- The purchase of admission tickets if they are paid for before **April 1, 2014**, even if the event occurs after **April 1, 2014**.
- The purchase of construction materials used to complete a lump sum or fixed price construction contract that was signed and enforceable before **April 1, 2014**, but only if:
 - the contract does not provide for an allocation of future taxes;
 - the construction materials are used exclusively in performing the contract; and
 - the materials are delivered before **September 30, 2014**

Information and Assistance

Sales and Use Tax Division
Phone: 651-296-6181 or 1-800-657-3777
Email: salesuse.tax@state.mn.us
Fax: 651-556-3102
Write: Minnesota Department of Revenue
Mail Station 6330
St. Paul, MN55146-6330
Or visit our website at
www.revenue.state.mn.us