

Local Use Tax

What is local use tax?

If you buy goods or services for personal use for a total of more than \$770 outside of the City of Minneapolis within one calendar year, those purchases are subject to the 0.5-percent local use tax. The local use tax is similar to a sales tax. The rates are identical, but the use tax is applied to taxable purchases that were not taxed at the local sales tax rate (for instance, items purchased out-of-state).

The State of Minnesota applies a 6.875-percent tax on taxable purchases within the state (this is the sales tax) and also on taxable purchases made by its residents and businesses outside of the state (this is the use tax). Hennepin County applies an additional 0.15-percent tax to taxable purchases within the county (sales tax) and also to taxable purchases made by its residents and businesses outside of the county (use tax). Hennepin County also applies a 0.25-percent tax for transit improvement to these taxable purchases. In addition to the state and county sales and use taxes, the City of Minneapolis applies a 0.5-percent tax to taxable purchases within its city limits (sales tax) and also to taxable purchases made by its residents and businesses outside of city limits (use tax).

If your business buys, leases or rents taxable goods or services used in your business, they are subject to local use tax either at the time of purchase or by April 15 the next year. Local use tax may also be due when your business brings items into Minneapolis or takes items out of inventory into a taxable use.

Do I owe local use tax?

To determine if you or your business owes local use taxes, please refer to the Minnesota Department of Revenue sales tax fact sheets at www.taxes.state.mn.us/taxes/sales/publications/sales_pub.shtml (fact sheet #146 for businesses, #156 for individuals).

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How do I pay my local use tax?

Local use tax is collected annually by the state. It is due April 15 for all taxable purchases made within the previous calendar year if the seller did not collect use tax at the time of sale.

To calculate the amount of local use tax that you or your business owes, please:

For individuals

Complete Form UT-1, Individual Use Tax Return at: www.taxes.state.mn.us/taxes/forms/ut1.pdf

For businesses

See the Minnesota Sales and Use Tax Instruction Booklet at: www.taxes.state.mn.us/taxes/instructions/st_bk_rev0709.pdf

Or **get a form** by calling the Minnesota Department of Revenue at **(651) 296-6181** (TTY users, call 711 for Minnesota Relay).

This notice is required by Minnesota Statute section 297A.99, subdivision 12a.



Minneapolis Finance

Call **311** or visit www.ci.minneapolis.mn.us

If you need this material in an alternative format please call Ahmed Muhumud at 612-673-2162 or email Ahmed.Muhumud@ci.minneapolis.mn.us. Deaf and hard-of-hearing persons may use a relay service to call 311 agents at 612-673-3000. TTY users may call 612-673-2157 or 612-673-2626.

Attention: If you have any questions regarding this material please call 311. Hmong - **Ceeb toom**. Yog koj xav tau kev pab txhais cov xov no rau koj dawb, hu 612-673-2800. Spanish - **Atención**. Si desea recibir asistencia gratuita para traducir esta información, llame 612-673-2700. Somali - **Ogow**. Haddii aad dooneyso in lagaa kaalmeeyo tarjamadda macluumaadkani oo lacag la' aan wac 612-673-3500.