

What's not taxable? (continued)

Sales to certain people and nonprofit organizations

The following organizations are allowed to purchase most items exempt from sales tax. To claim exemption, they must give a fully completed exemption certificate to the seller, indicating the applicable reason for exemption on the exemption certificate.

Charitable organizations must apply to the Department of Revenue and be granted exempt status. Once they receive approval, they can furnish a fully completed Form ST3 to the seller.

Consular officials. Sales tax exemption cards are issued to some foreign diplomats and consular officials stationed in this country. The card will list any limitations on the exemption. For example, some officials must pay tax on hotel room charges or on purchases under a certain amount.

If someone shows you a sales tax exemption card, check the card to make sure the purchase qualifies for the exemption. You may also ask for additional identification. If the purchase qualifies, write the individual's tax exemption number on your billing or sales invoice. Keep the invoice in your files.

Educational and religious organizations must give the seller a fully completed exemption certificate.

Federal government. All sales to the federal government and its agencies are exempt. The purchaser must provide a purchase order, payment voucher or work order. Form ST3 may also be used. Purchases by federal employees are taxable, even if they are reimbursed by the federal government.

Sales to local governments, including counties, cities, townships, commissions, boards, special taxing districts, etc., are taxable, except those briefly described below. The local government must give sellers a purchase order, payment voucher, work order or fully completed Form ST3 to purchase the following exempt from tax.

- Leases of vehicles used as **ambulances** by ambulance services licensed by the EMS Regulatory Board.
- **Biosolids processing equipment** and materials incidental to installation for wastewater treatment facilities.
- **Bullet-resistant body armor.**
- **Chore and homemaking services** for the elderly and disabled that are purchased by a local government specifically for elderly and disabled individuals.
- **Correctional facility meals for inmates.**
- **Emergency rescue vehicle** repair and replacement parts.
- **Firefighter personal protective equipment.**
- **Fuels** used in ambulances, fire apparatus and marked police vehicles.
- **Gravel, machinery, equipment and motor vehicles** (except pickup trucks) used exclusively for road and bridge maintenance if purchased by a town.
- Purchases by **hospitals and nursing homes** owned and operated by local governments.
- Purchases by public and legislative **libraries.**
- **Metropolitan Council.** MTC buses, light rail transit vehicles and repair parts.
- Purchases by **school districts** and public schools.
- **Solid-waste disposal facility** machinery and equipment.

- **Transit program** vehicles that meet certain criteria.

Fact Sheets 111, Schools – Sales and Purchases; 135, Fire Fighting, Police, and Emergency Equipment; 139, Libraries; and 142, Sales to Governments.

Non-Minnesota government agencies.

Sales to another state or another state's political subdivisions are not taxable if the sales would not be taxed in that other state. This exemption does not apply to sales of meals and lodging.

Resource recovery facilities must apply for and receive approval from the Department of Revenue. A fully completed Form ST3 must be given to the seller.

Senior citizen groups formally organized for pleasure, recreation and other nonprofit purposes must apply to the Department of Revenue for exempt status and provide a fully completed Form ST3 to the seller.

The **State of Minnesota** uses direct pay, which means that Minnesota state agencies do not pay tax to sellers on purchases of tangible items. A Minnesota state purchase order is enough to document the exemption, or an exemption certificate may be used indicating the direct pay authorization. Note: Charge tax on sales of services, meals and lodging, admissions, and motor vehicles to Minnesota state agencies since the direct pay authorization does not apply to these items.

Tribal governments. All sales to Indian tribal governments are exempt. *See Fact Sheet 160, Indians.*

Veteran groups can make purchases for charitable, civic, educational or nonprofit purposes by giving the seller a fully completed Form ST3.