

Fairmont 0.5 Percent Sales And Use Tax

Starting October 1, 2017, Fairmont will have a 0.5 percent sales and use tax. The Minnesota Department of Revenue will administer this tax. Revenues will finance the capital and administrative costs of the projects identified in Section 4 of this Ordinance in Ordinance 2017-06.

This 0.5 percent sales tax applies to retail sales made within Fairmont. The use tax applies to taxable items used in the City if the local sales tax was not paid.

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

Who must register

All retailers who are doing business in Fairmont and are registered for Minnesota sales tax. This includes sellers outside Fairmont if they do any of the following:

- Have an office, distribution, sales, sample or warehouse locations, or other place of business in Fairmont, either directly or by a subsidiary.
- Have a representative, agent, salesperson, canvasser, or solicitor in Fairmont, either on a permanent or temporary basis.

This includes anyone, who operates under the authority of the retailer or its subsidiary for any purpose. Examples include repairing, selling, installing, or soliciting orders for the retailer's taxable goods or services, or leasing tangible personal property in Fairmont.

- Ship or deliver tangible personal property into Fairmont.
- Perform taxable services in Fairmont.

Registering for the tax

If you file Sales and Use Tax returns online, you can register for this tax either before or when you file your October 2017 return.

To register before you file:

1. Log in to e-Services and access your Sales and Use Tax account.
2. Click the "Account Information" tab.
3. To edit locations, click "Sales Locations" under "Additional Information".
4. In the "Existing Locations" list, click the "Location Code" number for the location you wish to edit.

5. Click "Edit Location" at the bottom of the page. If the General Information and the NAICS code are correct, click the "Next" button to proceed to the next screen.
6. If the address information is correct, click the "Next" button to proceed to the next screen. Click "Next" again to proceed to the list of local sales taxes.
7. Click the check box for "Fairmont sales" and "Fairmont use" Click "Next."
8. Review the page to verify that the new local tax is listed under Local sales and Other Taxes – "Fairmont sales" and "Fairmont use." Then click "Submit."
9. Review the "Confirmation Summary," Print, and Close.

To register when you file:

You can add a local tax when filing a return:

1. Select the dropdown arrow next to the blank row on the return.
2. Select the local tax that you need to add.
3. Enter the dollar amount for this local tax.

The new tax will be on your return the next time you file.

If you file by phone: You must register for this tax before you file your return. To register, call 651-282-5225 or email us at salesuse.tax@state.mn.us. If you send an email, include your Minnesota tax ID number.

Reporting the tax

Report the Fairmont sales and use tax when you report your Minnesota Sales and Use tax. Each tax is reported on a separate line of your return. Fairmont sales tax is line number 498; Fairmont use tax is line number 499.

Use tax

Fairmont use tax applies when you are located in the City and you buy items or services without paying the Fairmont sales tax.

Use tax is similar to 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 when you:

- Buy items on the Internet, by phone, or from any business for use in Fairmont and the seller doesn't charge the local tax.
- Buy items for resale at your business in Fairmont and then remove some of the items from inventory for business or personal use.

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Calculating the tax

To calculate the total tax due on a purchase:

1. Add the 6.875 percent state sales tax rate and the 0.5 percent Fairmont tax rate.
2. Apply the combined 7.375 percent rate, plus any other local taxes that apply, to the sales price.

Refer to [Fact Sheet #164S](#), *Special Local Taxes*, for a list of special taxes that might apply.

3. Round the total to the nearest full cent.

You can download a 7.375 percent rate chart from our website or call us to request a paper rate chart.

When to charge the tax

Charge the Fairmont sales tax when customers buy taxable items or services in the city, 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 Fairmont.

Exemption certificates

If a customer gives you a fully completed exemption certificate for state sales tax, also use that certificate as proof of exemption from the Fairmont sales and use tax.

Local governments

Local governments are not required to pay the Fairmont sales and use tax (or other local general sales taxes). No exemption certificate is necessary. But state sales tax may apply.

Handling Transitional Sales

Fairmont sales and use tax applies to sales on or after October 1, 2017, but the tax does not apply to the following:

- Lease payments for tangible personal property and motor vehicles that include periods before October 1, 2017. (The tax does apply to payments for periods that begin on or after that date.)
- The purchase of tangible personal property ordered before October 1, 2017, if the transfer of title or possession is prior to that date.
- The purchase of taxable services, including utility services, if the billing period includes charges for services furnished before and after October 1, 2017, (But the tax does apply if the billing period begins with services furnished on or after that date.)
- The purchase of admission tickets if they are paid for before October 1, 2017, even if the event occurs after that date.
- The purchase of construction materials used to complete a lump sum or fixed price construction contract that was signed and enforceable before October 1, 2017, but only if all the following are true:
 - The contract does not provide for an allocation of future taxes.
 - The materials are used exclusively in performing the contract.
 - The materials are delivered before April 1, 2018.

Information and Assistance

Call: 651-296-6181 or toll-free 1-800-657-3777

Fax: 651-556-3102

Email: salesuse.tax@state.mn.us

Write: Minnesota Revenue
Sales and Use Tax Division
Mail Station 6330
St. Paul, MN 55146-6330

Or visit our website at www.revenue.state.mn.us