

Selling Event Exhibitors and Operators

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Fact Sheet

Sales tax registration

Any business, individual, promoter, operator, or fair board making taxable sales at a flea market, collectors' show, craft show, antique show, county fair, trade show, or similar event must be registered to collect the Minnesota 6.5 percent sales tax before the event begins. To register for a Minnesota ID number by phone, call 651-282-5225. The Application for Business Registration, Form ABR, is also available on our web site at: www.taxes.state.mn.us or by writing: Minnesota Tax Forms, Mail Station 1421, St. Paul, MN 55146-1421.

Operators of selling events

Minnesota law requires that before an operator of a craft show, art fair, flea market, or similar selling event can rent space to a seller at the event, the operator must have either proof that the seller is registered to collect Minnesota sales tax, or a written statement from the seller that no taxable items are being sold. **Sellers are required to give the operator a completed Operator's Certificate of Compliance, Form ST-19, or other similar written statement for this purpose.** Form ST-19 is available on our web site, or call our office to request one. Operators should keep the forms for at least three and one half years. Operators who do not have Form ST-19 or a similar written statement from sellers, can be fined a penalty of \$100 for each seller that is not in compliance for each day of the selling event.

Sales

Sales of arts, crafts, antiques, collector items, and equipment are generally subject to sales tax. There is no exemption for occasional sales at these events. There is *no minimum number of sales* to pass before the requirement to collect sales tax begins. **Anyone who pays consideration of any kind to sell at a special event is considered to be in business and must collect sales tax on all retail sales of taxable items.**

Sellers should separately state the sales tax whenever possible. If the tax is included in the selling price, the item must be marked "tax included," or a sign posted indicating that tax is included in all prices.

Below are guidelines for items commonly sold at fairs and other selling events.

Admissions

Entertainment events. Admission tickets to county fairs and other *entertainment or sporting events* such as grandstand shows, horse shows, and auto races are taxable.

Selling events. Admission tickets to flea markets, antique shows, and similar *selling events* are not taxable.

Entry fees to participate in a competitive event are not taxable unless they are for a normally taxable admission or use of an amusement device. For example, entry fees to enter a quilt in a sewing competition are not taxable because no admission or amusement is involved. However, entry fees to play in a horseshoe tournament are taxable because the normal fee for playing horseshoes is taxable.

Amusements. Charges for rides, sideshows, or exhibitions are taxable. This includes all carnival rides and games, as well as bungee jumping, video games, games of chance or skill, mechanical handwriting analysis, virtual reality games and other entertainment.

Clothing. Clothing meant to be worn on the human body for general use is not taxable, but some accessories are taxable. Baby clothing (including receiving blankets used as clothing) is not taxable. See Fact Sheet 105, Clothing, for more information.

Collectors. Sales of collector items such as model trains, guns, coins, comic books, stamps, and sports memorabilia are subject to sales tax when sold at a collectors' show, flea market, or any similar gathering of sellers.

Lodging. Charges for lodging accommodations, including camp sites, mobile homes or other lodging facilities are taxable.

Parking. Charges for parking vehicles are taxable (except at parking meters).

Rentals of equipment such as display booths, coolers, and generators are taxable. Rentals of booth space are not taxable.

Utilities. Charges for electricity, gas, water, or other utilities to operators of shows or concessions are taxable.

Food and drinks

Prepared food, as well as candy and soft drinks, are subject to Minnesota sales tax. Nearly all food and drinks are taxable when sold at fairs, flea markets, shows, or other special events.

Prepared food

Food and drinks, including bakery goods, are taxable when sold by eating establishments that provide eating utensils. Eating utensils include plates, knives, forks, spoons, glasses, cups, napkins, or straws. Eating establishments may be mobile or immobile and may or may not provide seating accommodations for their customers. They include: restaurants, yogurt or ice cream stands, coffee shops, donut or bagel shops, refreshment stands, fast food restaurants, lunch counters, cafeterias, sandwich shops, hot dog carts, concession stands at a fair, mall or trade show, sidewalk vendors and similar businesses.

Grocery-type food. Some eating establishments also sell grocery-type food. Grocery-type food is exempt if it is sold without eating utensils and the seller has adequate records clearly identifying the exempt food. Grocery-type food is generally prepared by someone other than the seller.

If the *seller prepares* the grocery-type food, it is exempt only if it is sold without eating utensils and it is:

- a bakery product;
- generally cooked or heated by the consumer after the sale;
- unheated ready to eat meat and seafood sold by weight; or
- eggs, fish, meat, poultry, and foods containing these raw animal foods requiring cooking by the consumer as recommended by the FDA to prevent food borne illnesses.

See Fact Sheets 102A, Food and Food Ingredients, 102B, Candy, 102C, Soft Drinks and Other Beverages, and 102D, Prepared Food, for more information.

Examples of food sales at a fair or other event:

Example 1. A stand at a fair sells mini donuts and provides napkins. Since the seller provides napkins, all sales of mini donuts are taxable.

Example 2. A baker makes and sells cinnamon rolls served on a plate, and also loaves of bread. The rolls are taxable because they are served with eating utensils. The loaves of bread are not taxable because bakery products are exempt—if adequate records are kept identifying such exempt sales.

Example 3. A booth at a fair makes and sells jars of spaghetti sauce. The sauce is not taxable because the customer generally heats it after the sale.

Example 4. A shop at a flea market makes and sells jam. The jam is taxable because it is prepared by the seller, and the customer does *not* usually cook or heat it after the sale.

Example 5. A booth at a carnival sells whole fresh fruit. No eating utensils are provided. The fruit is not taxable.

Example 6. A vendor at a fair prepares and sells flavored nuts. The nuts are taxable because they are prepared by the seller and the customer does *not* usually cook or heat them after the sale.

Example 7. A vendor at a trade show sells spices to use in cooking. The vendor uses the spices in demonstrations and passes out free samples of spiced food. Eating utensils are used to pass out the samples. The spices are not taxable because they are a grocery type food item. The eating utensils used during the demonstration do not cause the spices to be taxable.

However, if the vendor *prepares* the spices (i.e., mixes his/her own spice blends), they are taxable.

Example 8. A concessionaire sells pickles. The concessionaire uses a wooden skewer to retrieve the pickle from the container and hands the pickle to the customer on the skewer, which the customer keeps. The skewer is considered to be an eating utensil, so the pickle is taxable.

Advertising

Sales of advertising products such as programs, brochures and signs, and rentals of portable signs are taxable. Leases or rentals of billboard advertising are not taxable. Advertising *services* (including concept and design) are not taxable.

Prizes

Prizes awarded in games of skill or chance conducted at events such as carnivals, festivals, and fairs *lasting less than six days* are exempt from sales or use tax.

Give the seller a Certificate of Exemption, Form ST3, to claim exemption.

Purchases of prizes are taxable for use at amusement parks, arcades, the State Fair, or other events that last six days or more. Also, items are taxable if they are awarded as prizes in connection with lawful gambling or the state lottery.

Use tax

Use tax applies to items or services *you use* that you purchased without paying sales tax. Use tax is similar to the sales tax and the rates are identical. Use tax is based on your cost of taxable purchases. Common examples of when use tax is due:

- You buy items for resale for your business, then remove some of the items from inventory for business or personal use.
- You buy a computer for use in your business from a mail order company or over the Internet and the seller does not charge sales tax.

Report state and local use tax electronically at the same time you report your sales tax. See Fact Sheet 146, Use Tax for Businesses, for more information.

Out-of-state vendors

Out-of-state businesses must collect Minnesota tax on all taxable sales made while in Minnesota. If you make sales to Minnesota residents after you leave the state of Minnesota, or take orders for future direct mailings, these sales may be subject to Minnesota tax. See Revenue Notice 2000-10, Nexus Standards, for guidelines.

If you come into Minnesota for a selling event you are subject to income tax if you meet the minimum filing requirements; call 651-296-3781 for more information.

Any wages paid to employees are subject to Minnesota withholding tax requirements; call 651-282-9999 for more information.

Minnesota local taxes

Minnesota Revenue administers and collects local taxes on behalf of the local governments listed below. These localities have taxes in effect as of the issue date of this fact sheet; however, changes occur frequently. For a current list and for more details about the local taxes, see Fact Sheet 164, Local Sales and Use Taxes.

Sales and use taxes

Cook County	1.0%
Hermantown	0.5%
Mankato	0.5%
Minneapolis	0.5%
New Ulm	0.5%
Proctor	0.5%
Rochester	0.5%
St. Paul	0.5%
Two Harbors	0.5%
Winona	0.5%

Special local taxes. Food, liquor, admissions, amusements, and lodging may be subject to special local taxes in Minneapolis, Rochester, and St. Cloud. See Fact Sheet 164S, Special Local Taxes, for more information.

Minneapolis entertainment tax	3.0%
Minneapolis downtown restaurant tax	3.0%
Minneapolis downtown liquor tax	3.0%
Minneapolis lodging tax	3.0%
Rochester lodging tax	4.0%
St. Cloud food tax	1.0%
St. Cloud liquor tax	1.0%

Duluth administers its own sales tax. For more information, contact Duluth Sales Tax, 105 City Hall, Duluth, MN 55802, phone 218-723-3271.

References

M. S. 297A.87, Operator of flea markets; seller's permits required
Revenue Notice 1995-04, Penalty for Operators of Flea Markets and Similar Events
Revenue Notice 1998-04, No Occasional Sales at Selling Events
Revenue Notice 1999-05, Responsibility for Collection and Remittance of Sales Tax on Tickets Sold at Selling Events
Revenue Notice 2000-10, Nexus Standards
Fact Sheet 154, Arts and Crafts (describes how tax applies to craft sales and how to buy items used to make the craft exempt for resale)