

# Guidance for University of Minnesota Departments on Collecting Sales Tax

## Collecting Sales Taxes

Generally, sales tax must be separately stated from the sales price of an item. As in a retail store setting, the customer is charged for the listed price of the goods sold along with a separately stated amount of related taxes. The amount of sales tax should be readily identifiable on the sales receipt.

There are some situations where it is not practicable to separately state the sales tax, such as when items are sold in a vending machine. In these situations, the tax on the sale is included in the sales price of the goods. When a person buys candy from a vending machine, additional separate charges for sales taxes are not added to the vending price but rather, the vending price already includes sales tax. Sellers that cannot separately state the sales tax and consequently utilize this method of sales tax collection must use a mathematical formula to determine the amount of the gross sales price that is the sales tax portion.

To calculate the tax portion when it is not separately stated, first determine the applicable tax rate. Then divide the total receipts by (1 + the tax rate) to get the revenue, or the amount subject to tax. The remaining amount collected is the tax.

## Filing with the State of Minnesota

Sales and use tax is set up on either a monthly, quarterly or annual filing basis depending on how much tax is owed each month.

**Annual Filing** – Tax must average less than \$100 per month.  
Due Date: February 5

**Quarterly Filing** – Tax must average less than \$500 per month.  
Due Dates: April 20, July 20, October 20 and January 20

**Monthly Filing** – Tax averages more than \$500 per month.  
Due Dates: 20<sup>th</sup> day of the following month

When the due date falls on a Saturday, Sunday or legal holiday, the due date becomes the next business day. If you mail your payment, it must be postmarked by the due date.

The option of *centralized* filing is available to University departments that are eligible to file on an annual reporting basis (calendar year) to the State of Minnesota. Taxpayers (University departments) must average less than \$100 in monthly sales tax collections to qualify for the annual *centralized* filing. University departments that already file annually, quarterly, or monthly sales tax returns must continue to file their own sales tax returns and are not eligible for the *centralized* filing option.

If you are eligible and you would like Accounting Services to file the Minnesota Sales Tax Return on behalf of your department, please complete the “Centralized Annual Sales Tax Reporting Form”, available from Rita Texidor at [texid001@umn.edu](mailto:texid001@umn.edu). The information you provide on the form will be used to file an annual *centralized* Sales Tax Return. The form is due to Accounting Services by January 10 so they can

complete the forms necessary to file with the Minnesota Department of Revenue by the due date of February 5 in the following calendar year.

University departments participating in the annual *centralized* Sales Tax Return will have their sales tax remitted (that you collected during the year) to the State, County or City as indicated on your reporting form. Although Accounting Services prepares the centralized University Sales Tax Return and the tax payment for the annual filing, it is the responsibility of the University departments to retain supporting documentation. This applies whether departments use the centralized filing option or they file their own sales tax return.