

Sales/Use/Indirect:

Minnesota DOR Explains Imposition of Retail Delivery Fee on Some Deliveries to In-State Customers

Retail Delivery Fee, Minn. Dept. of Rev. (2/21/24). The Minnesota Department of Revenue (Department) reminds taxpayers that starting July 1, 2024, there will be a “retail delivery fee” of 50 cents that applies to certain transactions involving retail delivery in Minnesota pursuant to legislation enacted in 2023 [see H.F. 2887 (2023), and previously issued Multistate Tax Alert for more details on this new fee]. According to the Department, this fee generally applies to each transaction where charges for tangible personal property subject to sales tax (including clothing) equal or exceed \$100, with some exceptions. The Department also explains that the retail delivery fee:

URL: <https://www.revenue.state.mn.us/retail-delivery-fee>

URL: <https://www.revisor.mn.gov/bills/bill.php?f=HF2887&b=house&y=2023&ssn=0>

URL: <https://www2.deloitte.com/content/dam/Deloitte/us/Documents/Tax/us-tax-multistate-tax-alert-minnesota-enacts-retail-delivery-fee-and-other-sales-and-use-tax-law-changes.pdf>

- Is not subject to sales tax if separately stated on the receipt or invoice;
- Applies once per transaction, regardless of the number of shipments made;
- Is shown as a separate line item on the receipt as “Road Improvement and Food Delivery Fee;” and
- Follows Minnesota sourcing rules for application.

Regarding exclusions, the Department provides that a taxpayer is *not* liable for Minnesota’s retail delivery fee if it is one of the following:

- A retailer, who for the previous calendar year, had Minnesota retail sales that totaled less than \$1,000,000; or
- A marketplace provider facilitating a sale for a retailer, who during the previous calendar year, made Minnesota retail sales through the marketplace that totaled less than \$100,000.

When calculating the retail sale threshold for these retailer exclusions, the Department instructs to include all taxable and nontaxable retail sales, but do not include sales where the purchaser is buying for resale. Please contact us with any questions.

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