Minnesota Sales Tax Guide

The basics every Minnesota small business should know

Do you need to collect sales tax?

If you sell taxable goods or services in Minnesota, you must register with the Minnesota Department of Revenue before you make your first sale. Registration gives you a Minnesota Tax ID number.

Out-of-state sellers must also register once they make 200 or more retail sales, or more than $100,000 in retail sales, into Minnesota in a 12-month period.

Sales tax rates

- The statewide sales tax rate is 6.875%.
- Many cities and counties — including Minneapolis and Hennepin County — add local sales taxes on top of the state rate.
- Your rate depends on where the customer receives the item. Use the Department of Revenue's Sales Tax Rate Calculator to look up exact rates by address.
- Some areas, including parts of Minneapolis, have special extra taxes on lodging, food and drinks, and entertainment.

What's taxable — and what usually isn't

Usually taxable	Usually exempt
Most physical products (tangible goods)	Most grocery food
Prepared food and restaurant meals	Clothing
Lawn care and landscaping services	Prescription drugs
Building cleaning and maintenance	Most professional services (accounting, legal, consulting)
Laundry, dry cleaning and pet grooming	Items bought for resale (with a certificate)
Admissions, lodging and parking	Sales to exempt organizations (with a certificate)

Filing and paying

- Minnesota assigns you a filing schedule — monthly, quarterly or annual — based on how much tax you collect.
- Returns and payments are due by the 20th day of the month after each period ends.
- You must file a return for every period, even if you had no sales.
- File and pay online through the Department of Revenue's e-Services system.

Records to keep

- Sales records showing taxable and exempt sales for each period.
- Exemption certificates (Form ST3) from customers who buy tax-free, such as resellers or exempt organizations.
- Copies of every return filed and payment made.

Don't forget use tax

If you buy taxable items for your business without paying Minnesota sales tax — for example, from an out-of-state online seller — you generally owe use tax on those purchases. Report it on your sales and use tax return.

Common mistakes to avoid

- [ ] **Charging only the state rate and missing local taxes**
- [ ] **Not filing a return for periods with zero sales**
- [ ] **Accepting tax-exempt sales without a completed exemption certificate**
- [ ] **Spending collected sales tax — keep it in a separate account until you pay it**

This guide is general information as of 2026, not tax advice. Rates and rules change — always confirm with the Minnesota Department of Revenue at revenue.state.mn.us.

Want SteadyBooks to handle your Minnesota sales tax filings? Call (612) 293-0129.