

MINNESOTA RETAIL DELIVERY FEE



Effective July 1, 2024

Due to the law passed by the Minnesota Legislature last year, starting July 1, 2024, retailers who make deliveries on certain transactions over \$100 in the state of Minnesota will be required to remit a **Retail Delivery Fee** of 50 cents to the Department of Revenue. Revenues from this fee are intended to be used for road and transit improvements.

The fee applies to delivery transactions that equal or exceed \$100 for tangible personal property items that are subject to sales tax. The law also adds that clothing is subject to the fee. When calculating whether a transaction meets or exceeds the \$100 threshold, a transaction includes all charges (including delivery charges) that are part of the sale. You do not include the **Retail Delivery Fee**.

Retailers have the option to collect the fee from the customer, or cover the cost themselves.

- Retailers who opt to charge the customer the fee, must list the fee as a separate line item on the receipt titled “Road Improvement and Food Delivery Fee”
- Retailers who opt to not charge the fee to the customer are still required to track and remit a fee of 50 cents for qualifying transactions

ITEM EXEMPTIONS

The following items are not included when determining if the transaction meets or exceeds the \$100 threshold:

- Drugs
- Medical devices, accessories, and supplies
- Food, food ingredients, or prepared food
- Certain baby products are exempt from the fee. These include breast pumps, baby bottles and nipples, baby wipes, bottle sterilizers, infant eating utensils, pacifiers, infant syringes, teething rings.

TRANSACTION EXEMPTIONS:

- Deliveries to a purchaser that is exempt from sales tax
- Deliveries by a food and beverage service establishment, whether made by a third party delivery service or the actual establishment
- Purchases picked up at the retailer’s business location, including curbside delivery
- Deliveries to locations outside of Minnesota
- Sales made to retailers for the purpose of resale

RETAILER EXEMPTIONS

You are not liable for the **Retail Delivery Fee** if you are one of the following:

- A retailer, who for the previous calendar year, had Minnesota retail sales that totaled less than \$1,000,000
- 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 the retailer exclusion, include all taxable and nontaxable retail sales. Do not include sales where the purchaser is buying for resale. The purchaser must give you an exemption certificate.



RETURNS AND CANCELLATIONS

The **Retail Delivery Fee** is not refundable if any or all items purchased are returned to a retailer, or if the retailer provides a refund or credit in an amount equal to or less than the purchase price.

If the retail delivery is canceled by the purchaser, retailer, or delivery provider, the **Retail Delivery Fee** must be refunded to the purchaser.

REPORTING THE RETAIL DELIVERY FEE

You will report the total collected from customers or amount due (for retailers who opt to not charge customers but have qualifying transactions) on the **Retail Delivery Fee** taxline of your regular Sales and Use Tax filing.

For more information and FAQs, visit the Minnesota Department of Revenue website:

www.revenue.state.mn.us/retail-delivery-fee.



The Minnesota Grocers Association is here to assist. If you have question, please contact Steve Barthel, MGA Government & Community Relations, sbarthel@mngrocers.com or Jamie Pfuhl, President, jpfuhl@mngrocers.com or at 651-228-0973.

