

## **Sales Taxes Collected by State Agencies**

### **Objective**

To process sales tax collected by state agencies for the sale of goods and/or services.

### **Policy**

The State of Minnesota charges state and local sales tax on taxable goods and services that are provided to the public. These taxes are charged, collected, and deposited into a state depository. The Minnesota Management & Budget (MMB) is responsible for administering the state depository and filing the sales tax return with the Department of Revenue (DOR).

1. Any agency that collects sales tax must enter non-dedicated revenue budgets for the state sales tax and any applicable local sales tax in the General fund (100). The revenue source code for the state sales tax is 1952 - State Sales Tax Clearing and the revenue source code for the local sales tax is the revenue source code for the city in which the tax was collected such as 9600 Minneapolis sales tax. The revenue budget amounts should be zero on the agency's revenue budgets, as DOR makes the revenue estimates for sales tax in their revenue budget accounts.
2. When an agency sells a taxable item, the cash collected for the state and local sales tax is deposited into the agency's sales tax clearing revenue budgets (1952 and the appropriate revenue source code for the local tax -established in Step 1).
3. MMB will use a special month-end report that shows the amount of state and local sales tax collected by an agency/location to prepare the "Consolidated State and City Sales and Use Tax Return." The return will be submitted to DOR by the 20th of the month.
4. MMB will enter a Cash Receipt (CR) transaction to move the state and local tax collected from the sales tax clearing revenue source codes to DOR. The agency's revenue budget accounts are NOT affected by this transaction, and will always show the cumulative amount the agency has charged or collected for sales taxes.

### **See Also**

[MAPS Operating Policy and Procedure 0807-01 - Sales Taxes on State Agency Payments](#)