

## Sales/Use/Indirect:

### Minnesota DOR Explains Marketplace Provider Collection and Remittance Requirements and Exemptions

*Sales Tax for Marketplace Providers*, Minn. Dept. of Rev. (3/23). In updated guidance, the Minnesota Department of Revenue (Department) explains that out-of-state marketplace providers must register and collect sales tax in Minnesota if they meet specified thresholds [see H.F. 5 (2019), and previously issued Multistate Tax Alert for more details on Minnesota’s “post-Wayfair” economic nexus thresholds], where a marketplace provider generally is any person, other than the seller, who facilitates a retail sale by both:

[URL: https://www.revenue.state.mn.us/sales-tax-marketplace-providers](https://www.revenue.state.mn.us/sales-tax-marketplace-providers)  
[URL: https://www.revisor.mn.gov/bills/bill.php?b=House&f=HF0005&ssn=1&y=2019](https://www.revisor.mn.gov/bills/bill.php?b=House&f=HF0005&ssn=1&y=2019)  
[URL: https://www2.deloitte.com/us/en/pages/tax/articles/minnesota-enacts-broad-tax-changes-including-retroactive-irc-conformity.html?id=us:2em:3na:stm:awa:tax:031023&sfid=7015Y000003bKFeQAM](https://www2.deloitte.com/us/en/pages/tax/articles/minnesota-enacts-broad-tax-changes-including-retroactive-irc-conformity.html?id=us:2em:3na:stm:awa:tax:031023&sfid=7015Y000003bKFeQAM)

- Listing or advertising the seller’s products; and
- Processing the payments from the customer, either directly or indirectly through a third party, regardless of whether the marketplace provider receives compensation or other consideration in exchange for its services.

According to the Department, such out-of-state businesses may be required to collect sales tax on behalf of sellers using their respective marketplaces, including foreign sellers. However, a marketplace provider may be exempted from such Minnesota collection requirements when both the following are true:

- The seller provides the marketplace provider a copy of its Minnesota sales tax registration; and
- There is an agreement that the seller will collect and remit sales tax.

The Department also explains that it is important to “keep good records as you collect and file your state and local sales taxes,” and that marketplace providers may be relieved of not collecting the correct amount of Minnesota tax if they:

- Comply with the reporting requirement;
- Show the error was based on incorrect information from the seller; and
- Are not affiliated with the seller.

Otherwise, a marketplace provider may be liable for any additional tax due. Please contact us with any questions.

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