

## Sales/Use/Indirect:

### Minnesota: New Law Imposes Retail Delivery Fee on Some Items Delivered to In-State Customers

*H.F. 2887*, signed by gov. 5/24/23; *Tax Law Changes: 2023 Legislative Session*, Minn. Dept. of Rev. (5/24/23). Effective July 1, 2024, new law imposes a “retail delivery fee” on some retailers equal to \$0.50 on each transaction that equals or exceeds the threshold amount (*i.e.*, \$100) involving certain retail deliveries in Minnesota. Under the new law, impacted retailers may, but are not required to, collect the fee from the purchaser. If separately stated on the invoice, bill of sale, or similar document given to the purchaser, the fee is excluded from the taxable sales price for Minnesota sales and use tax purposes. If a retailer collects the retail delivery fee from the purchaser:

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

**URL:** <https://www.revenue.state.mn.us/tax-law-changes>

- The retail delivery fee must be charged in addition to any other delivery fee; and
- The retailer must show the total of the retail delivery fee and other delivery fees as separate items and distinct from the sales price and any other taxes or fees imposed on the retail delivery on the purchaser’s receipt, invoice, or other bill of sale.

The legislation provides that the new retail delivery fee is imposed once per transaction regardless of the number of shipments necessary to deliver the items of tangible personal property purchased or of the number of items of tangible personal property purchased. Furthermore, under the new law, the retail delivery fee is nonrefundable if any or all items purchased are returned to a retailer, or if the retailer provides a refund or credit in the amount equal to or less than the purchase price. However, the fee must be refunded to the purchaser if the retail delivery is canceled by the purchaser, retailer, or delivery provider. The legislation includes exemptions from the retail delivery fee for some small businesses, as well as on delivery sales of several items (*e.g.*, the retail sale of food and food ingredients or prepared food; drugs and medical devices, accessories and supplies, or baby products; and diapers).

The Minnesota Department of Revenue has since stated that it is reviewing these various tax law changes and their implications and will “share updated guidance and tax forms for affected tax years when they are available;” in the meantime, it advises that affected taxpayers should *not* amend any Minnesota returns to account for these law changes.

See recently issued Multistate Tax Alert for more details on this new fee and select sales and use tax provisions in this legislation, and please contact us with any questions.

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