

Cambridge 0.5 Percent Sales And Use Tax

Starting October 1, 2019, Cambridge will have a 0.5 percent sales and use tax. The Minnesota Department of Revenue will administer this tax. Revenues will fund the projects identified as; construction of a new facility to house the Cambridge Public Library and the East Central Regional Library Headquarters; street improvements outlined in the Street Capital Improvement Program; and outdoor park improvements described in the park master plan in Resolution R19-038 and Ordinance No. 698.

This 0.5 percent sales tax applies to retail sales made into Cambridge. The use tax applies to taxable items used in the City if the local sales tax was not paid.

For more information, see Fact Sheet 164, *Local Sales and Use Taxes*.

Who must register

All retailers who have a taxable presence (nexus) in Cambridge even if an out-of-state retailer or marketplace and are registered for Minnesota sales tax. This includes all sellers outside Cambridge if they have a taxable presence such as:

- Have an office, distribution, sales, sample or warehouse locations, or other place of business in Cambridge, either directly or by a subsidiary.
- Perform taxable services in Cambridge.
- Ship taxable items into Cambridge, including all sales made using the internet, mail order, or telephone.
- An out-of-state retailer that exceeds Minnesota sales tax thresholds and make sales into Cambridge.

For more information about taxable presence, see Form ABR, Minnesota Application for Business Registration.

Registering for the tax

If you file Sales and Use Tax returns online, you can register for this tax either before or when you file your October 2019 return.

To register before you file:

1. Log in to e-Services and access your Sales and Use Tax account.
2. In the I Want To section, select **Manage locations**.
3. In the Existing Locations list, select the **Location Code number** for the location you want to edit.
4. Select **Edit Location** at the bottom of the page. If the General Information and the NAICS code are correct, select **Next**.
5. If the address information is correct, select **Next**.
6. Select **Next** to bypass End Local Sales and Other taxes.
7. Select the check box for **Cambridge sales** and **Cambridge use**. Select **Next**.
8. Review the page and verify the new local tax is listed under Local Sales and Other Taxes – Cambridge sales and Cambridge use. If the new tax is listed, select **Submit**.
9. Review and print the Confirmation Summary. You can then select **Close**.

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To register when you file:

You can add a local tax when filing a return:

1. Select the link Add a Tax Line at the bottom of the return.
2. From the Tax Type Column, select the dropdown menu to select the local tax you need to add.
3. Enter the taxable dollar amount for the local tax.

The new tax will be on your return the next time you file.

If you file by phone

You must register for this tax before you file your return. To register, call 651-282-5225 or email us at salesuse.tax@state.mn.us. If you send an email, include your Minnesota Tax ID Number.

Reporting the tax

Report the Cambridge sales and use tax when you report your Minnesota Sales and Use tax. Each local tax is reported on a separate line of your return. Cambridge sales tax is line number 616; Cambridge use tax is line number 617.

Use tax

Cambridge use tax applies when you are located in the City and you buy items or services without paying the Cambridge sales tax.

Use tax is similar to sales tax and the rates are identical. It is based on your cost of taxable purchases. Common examples of when you owe use tax are when you:

- Buy items on the internet, by phone, or from any business for use in Cambridge and the seller doesn't charge the local tax.
- Buy items for resale at your business in Cambridge and then remove some of the items from inventory for business or personal use.

Calculating the tax

To calculate the tax:

1. Add the 6.875 percent state sales tax rate and the 0.5 percent Cambridge tax rate.
2. Apply the combined 7.375 percent rate, plus any other local taxes that apply, to the sales price. For more information, see [Fact Sheet 164S](#), *Special Local Taxes*.
3. Round the total to the nearest full cent.

You can download a 7.375 percent rate chart from our website or call us to request a paper rate chart.

When to charge the tax

Charge the Cambridge sales tax when customers buy taxable items or services in the City, unless they give you a valid exemption certificate.

The tax applies to purchases for business or personal use, even if the customer is from elsewhere or takes the items out of Cambridge.

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Exemption certificates

If a customer gives you a completed exemption certificate for state sales tax, also use that certificate as proof of exemption from the Cambridge sales and use tax.

Local governments

Local governments do not pay the Cambridge sales and use tax (or other local general sales taxes). No exemption certificate is necessary. State sales tax may apply.

Transitional Sales

Cambridge local sales and use tax applies to sales on or after October 1, 2019, but the tax does not apply to the following:

- Lease payments for tangible personal property and motor vehicles that include periods before October 1, 2019. (The tax does apply to payments for periods that begin on or after that date.)
- The purchase of tangible personal property ordered before October 1, 2019, if the transfer of title or possession is prior to that date.
- The purchase of taxable services, including utility services, if the billing period includes charges for services furnished before and after October 1, 2019, (But the tax does apply if the billing period begins with services furnished on or after that date.)
- The purchase of admission tickets if they are paid for before October 1, 2019, even if the event occurs after that date.
- The purchase of construction materials used to complete a lump sum or fixed price construction contract that was signed and enforceable before October 1, 2019, but only if all the following are true:
 - The contract does not provide for an allocation of future taxes.
 - The materials are used exclusively in performing the contract.
 - The materials are delivered before April 1, 2020.

Information and Assistance

Call: 651-296-6181 or 1-800-657-3777 (toll-free)

Fax: 651-556-3102

Email: salesuse.tax@state.mn.us

Write: Minnesota Revenue
Sales and Use Tax Division
Mail Station 6330
St. Paul, MN 55146-6330

Or visit our website at www.revenue.state.mn.us