

# MINNESOTA • REVENUE

March 18, 2014

Jeremy Jones  
PaintCare Inc.  
5404 Bryant Ave. S.  
Minneapolis, MN 55419

Dear Mr. Jones,

Thank you for your e-mail requesting a letter to confirm the taxability of a stewardship assessment fee that is added to the purchase price of architectural paint sold in Minnesota. The stewardship assessment fee covers the cost of collecting, transporting, and processing postconsumer architectural paint by the producer or stewardship organization pursuant to a product stewardship program.

Since paint is a taxable product, then the stewardship assessment fee charged to the retail customer is taxable as part of the selling price of the paint in accordance with 297A.61, subd. 7:

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**Subd. 7. Sales price.**

(a) "Sales price" means the measure subject to sales tax, and means the total amount of consideration, including cash, credit, personal property, and services, for which personal property or services are sold, leased, or rented, valued in money, whether received in money or otherwise, without any deduction for the following:

- (1) the seller's cost of the property sold;
- (2) the cost of materials used, labor or service cost, interest, losses, all costs of transportation to the seller, all taxes imposed on the seller, and any other expenses of the seller;
- (3) charges by the seller for any services necessary to complete the sale, other than delivery and installation charges;
- (4) delivery charges, except the percentage of the delivery charge allocated to delivery of tax exempt property, when the delivery charge is allocated by using either (i) a percentage based on the total sales price of the taxable property compared to the total sales price of all property in the shipment, or (ii) a percentage based on the total weight of the taxable property compared to the total weight of all property in the shipment; and
- (5) installation charges.

(b) Sales price does not include:

- (1) discounts, including cash, terms, or coupons, that are not reimbursed by a third party and that are allowed by the seller and taken by a purchaser on a sale;

Sales and Use Tax Division  
Policy Services and Taxpayer Programs  
Mail Station 6330  
St. Paul, MN 55146-6330

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(2) interest, financing, and carrying charges from credit extended on the sale of personal property or services, if the amount is separately stated on the invoice, bill of sale, or similar document given to the purchaser; and

(3) any taxes legally imposed directly on the consumer that are separately stated on the invoice, bill of sale, or similar document given to the purchaser.

(c) Sales price includes consideration received by the seller from third parties if:

(1) the seller actually receives consideration from a party other than the purchaser and the consideration is directly related to a price reduction or discount on the sale;

(2) the seller has an obligation to pass the price reduction or discount through to the purchaser;

(3) the amount of the consideration attributable to the sale is fixed and determinable by the seller at the time of the sale of the item to the purchaser; and

(4) one of the following criteria is met:

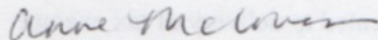
(i) the purchaser presents a coupon, certificate, or other documentation to the seller to claim a price reduction or discount when the coupon, certificate, or documentation is authorized, distributed, or granted by a third party with the understanding that the third party will reimburse any seller to whom the coupon, certificate, or documentation is presented;

(ii) the purchaser identifies himself or herself to the seller as a member of a group or organization entitled to a price reduction or discount. A "preferred customer" card that is available to any customer does not constitute membership in such a group; or

(iii) the price reduction or discount is identified as a third-party price reduction or discount on the invoice received by the purchaser or on a coupon, certificate, or other documentation presented by the purchaser.

We at the Minnesota Department of Revenue strive to be responsive to taxpayer needs, working in a manner that is fair, consistent, efficient, reliable, and understandable. Minnesota does not provide Private Letter Rulings for sales and use tax purposes; however, we hope this information meets your needs.

Sincerely,



Anne McCowan

Sales and Use Tax Specialist

E-mail: [anne.mccowan@state.mn.us](mailto:anne.mccowan@state.mn.us)

Enclosure: Revenue Notice 00-10, Nexus Standards

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