

**8130.0200 SALE BY TRANSFER OF TITLE.**

Subpart 1. **Delivery requirements.** Minnesota Statutes, section 297A.61, subdivision 3, paragraph (b), clause (1), provides that a transfer of title constitutes a sale. Title to goods passes from the seller to the buyer in any manner and on any condition explicitly agreed upon by the parties. However, no title to goods can pass under a contract for sale prior to identifying such goods as the exact goods to be delivered under the contract. Unless otherwise explicitly agreed, title passes to the buyer at the time and place at which the seller completes performance with reference to the physical delivery of the goods. Although the seller retains the legal title to the goods, title passes if the purchaser has the right to the use, possession, and enjoyment of such goods. The following rules apply.

A. When the contract requires or authorizes the seller to send the goods to the buyer, but does not require the seller to deliver them at destination, title passes to the buyer at time and place of shipment.

B. When the contract requires delivery at destination, title passes upon tender there.

C. Unless otherwise agreed, when the term is "f.o.b." (free on board) the place of shipment, title passes when the seller places the goods in the possession of the designated carrier, or if there is no designated carrier, the seller places the goods in the possession of a common carrier after making a contract for their transportation that is reasonable in view of the circumstances and the nature of the goods.

D. Unless otherwise explicitly agreed, when delivery is to be made without moving the goods, and the seller is to deliver a document of title, title passes at the time when and where such document was delivered.

E. Unless otherwise explicitly agreed, when delivery is to be made without moving the goods, and the goods, at the time of contracting, are already identified, and no documents are to be delivered, title passes at the time and place of contracting.

Subp. 2. [Repealed, 18 SR 1891]

Subp. 3. **Revesting after rejection or revocation.** A rejection or other refusal by the buyer to receive or retain the goods, whether or not justified, or a justified revocation of acceptance, revests title to the goods in the seller. Such revesting occurs by operation of law and is not a sale. For example, where a customer holds a television set for a few days and thereafter returns it to the retailer, the retailer is not required to report the transaction, as there was no sale.

Subp. 4. **Mixed transaction.** A transaction involving performance of a nontaxable repair service, and incident thereto, a transfer of tangible personal property to the purchaser is not considered a sale for sales and use tax purposes if:

A. the value of the property transferred is insignificant as compared to the total consideration; and

B. no separate charge is made for such property. In such cases, the service provider is regarded as rendering a nontaxable service. However, if a separate charge is made for the property transferred, a sale within the meaning of the Sales and Use Tax Law is deemed to have occurred.

Example. A jeweler uses a spring costing 25 cents to repair a watch. The jeweler bills the customer \$6 for repair services. Since the cost of the spring is insignificant in relation to the charge for repair services, no sale of the spring is considered to have been made. The jeweler is required to pay a use tax on the spring if the jeweler did not pay a sales tax at the time of purchase. However, if the jeweler bills separately for the spring, the jeweler must collect a sales tax from the customer.

Subp. 5. [Repealed, L 2005 c 151 art 7 s 23]

Subp. 6. [Repealed, L 2005 c 151 art 7 s 23]

**Statutory Authority:** *MS s 14.388; 270.06; 270C.06; 297A.29*

**History:** *17 SR 1279; 18 SR 1891; L 2005 c 151 art 1 s 114; art 7 s 23; 31 SR 449*

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