

8130.3200 NONEXEMPT USE OF PURCHASE OBTAINED WITH EXEMPTION CERTIFICATE.

Subpart 1. **Nonexempt use, use tax imposed.** Under Minnesota Statutes, sections 297A.665 and 297A.72, the seller may accept an exemption certificate from the purchaser on items otherwise taxable. Under Minnesota Statutes, section 297A.73, if the purchaser makes a nonexempt use of the property for which the purchaser had given an exemption certificate, that use is considered a retail sale by the purchaser when the item is first used by the purchaser. The sales price (see Minnesota Statutes, section 297A.61, subdivision 7, regarding the calculation of sales price) must be reported as a purchase subject to tax.

If the purchaser is not registered for sales and use tax and is not required to file a sales and use tax return, the purchaser must file a consumer's use tax return.

Use of the property for demonstration or display while holding it for sale or lease in the regular course of business is not a taxable use by the purchaser.

Subp. 2. **Temporary use.** If the purchaser temporarily uses the property other than for demonstration or display, while holding it for sale or lease, the use tax is calculated on the reasonable rental value of the property.

Statutory Authority: *MS s 14.388; 270C.06; 297A.25; 297A.27; 297A.29*

History: *15 SR 693; L 2005 c 151 art 1 s 114; 31 SR 449*

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