

1 Department of Revenue
2 Appeals, Legal Services, and Criminal Investigation Division
3
4 Adopted Permanent Rules Relating to Sales and Use Tax; Sale by
5 Transfer of Title
6
7 Rules as Adopted

8 8130.0200 SALE BY TRANSFER OF TITLE.

9 [For text of subpart 1, see M.R.]

10 Subp. 2. [See repealer.]

11 [For text of subps 3 and 4, see M.R.]

12 Subp. 5. Transfer of title of special tooling. When a
13 manufacturer acquires special tooling, as defined in Minnesota
14 Statutes, section 297A.01, subdivision 17, which is not exempt
15 under Minnesota Statutes, section 297A.25, subdivisions 1 and 9,
16 the manufacturer may or may not acquire the special tooling for
17 sale to the customer. If the special tooling is sold to the
18 manufacturer's customer, by billing the customer for the special
19 tooling or giving the customer the right to take possession of
20 it, the sale is subject to the sales tax whether or not the
21 customer is outside Minnesota, because the first beneficial use
22 of it was made in Minnesota. If the manufacturer does not
23 acquire the special tooling for sale to a customer, the
24 manufacturer's purchase is subject to the sales tax.

25 In the case of either prime or subcontracts with the United
26 States government, a Minnesota manufacturer is deemed the
27 consumer of special tooling in the absence of an explicit
28 agreement with the United States government as to title passage
29 prior to use by the Minnesota manufacturer. If it is claimed by
30 the manufacturer at the time of purchase that title passes
31 immediately on purchase or manufacture of the tooling, mold, or
32 die, the Minnesota manufacturer must provide, to the Department
33 of Revenue on audit, one of the following as evidence:

34 [For text of item A, see M.R.]

35 B. if the contract is classified, a signed statement

1 from the contracting officer or the Department of Defense
2 auditor that the contract in question includes provisions for
3 immediate title transfer;

4 C. if the Minnesota manufacturer holds a subcontract
5 with a prime contractor which provides for immediate title
6 transfer to the prime contractor but not simultaneously from the
7 prime contractor to the United States government, the transfer
8 of title to the prime contractor is the taxable event.

9 [For text of subp 6, see M.R.]

10 REPEALER. Minnesota Rules, part 8130.0200, subpart 2, is
11 repealed.