

1 Department of Revenue
2 Adopted Permanent Rules Relating to Sales and Use Tax on Soft
3 Water Equipment and Service Dealers

4 8130.9000 SOFT WATER EQUIPMENT AND SERVICE DEALERS.

5 Subpart 1. Sales. Sales of water softening equipment and
6 tanks which are attached by a dealer to real property leased or
7 owned by the purchaser are exempt from Minnesota sales tax as
8 sales of improvements to real property. Sales to dealers of
9 such water softening equipment and tanks are considered retail
10 sales and are subject to the tax at the time of sale to the
11 dealer. Sales of equipment, tanks, replacement parts, salts and
12 other chemicals directly to customers are taxable at the retail
13 price if not installed by the dealer.

14 Subp. 2. Rentals. Receipts from the rental of water
15 softening equipment and tanks, regardless of how attached to the
16 premises of the lessee, are subject to the sales and use tax.
17 The rental, lease, or lease coupled with an option to purchase
18 such equipment and tanks constitutes a sale at retail of
19 tangible personal property. The tax applies to charges for the
20 delivery and installation of rented equipment and tanks,
21 including charges to replace or exchange such equipment or
22 tanks, regardless of whether those charges are separately stated
23 on the initial invoice or billing, or whether the installation
24 is performed by the lessor of the equipment and tanks. Sales to
25 dealers of equipment and tanks intended to be used only for
26 leasing to customers are considered sales for resale.

27 Subp. 3. [See repealer.]

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- 1 **REPEALER.** Minnesota Rules, part 8130.9000, subpart 3, is
- 2 repealed.