

Detroit Lakes 1% Food and Beverage Tax

Beginning April 1, 2011, the city of Detroit Lakes will have a one percent Food and Beverage tax that will be administered by the Minnesota Department of Revenue. The proceeds will be used to fund four projects: (1) control of flowering rush infestation; (2) construction and improvement of bike trail facilities; (3) parking improvements near public facilities; and (4) redevelopment of the area returned to the city as a result of the realignment of Highway 10.

Food and beverage tax

The 1 percent Food and Beverage tax applies to sales of food and beverages by a restaurant or place of refreshment located within the city of Detroit Lakes, whether the food or beverages are for consumption on or off the premises. All sales of food that are subject to the 6.875% Minnesota general sales tax are subject to the new 1 percent tax. All sales of beverages, including on-sale liquor and fermented malt beverages, that are subject to the 6.875% Minnesota General sales tax are also subject to the new 1 percent tax. Off-sale liquor sales are not subject to the 1 percent tax.

“Restaurant or place of refreshment” means a building, structure, enclosure, or any part of a building, structure, or enclosure used as, maintained as, advertised as, or held out to be an operation that prepares, serves, or otherwise provides food or beverages, or both, for human consumption. This definition includes but is not limited to: fast food restaurants, sit down restaurants, pick-up or carry-out restaurants, delivery restaurants, drive in restaurants, drive-thru restaurants, cafes, tea rooms, delis, bars, saloons, clubs, pubs, coffee houses, dance clubs, teen centers, concession stands, sidewalk vendors, and any combination thereof.

Fact Sheet 164S, Special Local Taxes, contains more information about local taxes and is available on our website.

Who must be registered

All restaurants and places of refreshment, including on-sale retail liquor establishments, making sales in the city of Detroit Lakes must register for the Detroit Lakes Food and Beverage tax.

Registering for the tax

- Log into e-FILE Minnesota. Click “Update Business Information” on the Main Menu page. Click the “Sales and Use Tax” link in the left sidebar. Click “Continue” to advance to the “additional Taxes” page and add the Detroit Lakes Food and Beverage tax.
- If you file over the internet, you may register for the Detroit Lakes Food and Beverage tax when you file your April sales tax returns. On the “File a Return” page, click “Add a Sales Tax Type” and check the box for Detroit Lakes Food and Beverage tax (before you enter your figures).
- If you file by phone, you must register for the Detroit Lakes Food and Beverage tax before you file your return. Call 651-282-5225 or e-mail us at salesuse.tax@state.mn.us to register. Be sure to include your MN tax ID number if you send us an e-mail.

Detroit Lakes Food and Beverage tax is reported at the same time you report your Minnesota sales and use tax, but the figures are reported on separate lines.

Calculating the tax

To calculate the tax, combine the state sales tax rate (currently 6.875 percent) and the Detroit Lakes Food and Beverage tax rate (1 percent) and apply the combined rate (7.875 percent) to the sales price and round to the nearest full cent. A 7.875 percent rate chart is available on our website. Paper rate charts are available upon request.

Exemption certificates

If your customer gives you a fully completed exemption certificate for state sales tax, also use that certificate as proof of exemption from the Detroit Lakes Food and Beverage tax.

Local governments

Local governments are not required to pay **local general sales taxes** imposed by their own or other local governments in Minnesota. Local governments include cities, towns, counties, instrumentalities, political subdivisions, commissions, special districts and government boards. No exemption certificate is necessary. However, state sales tax generally applies. **Local governments are generally required to pay special local taxes** imposed by their own or other local governments in Minnesota. Local governments are required to pay the Detroit Lakes Food and Beverage tax.

Information and assistance

Call: 651-296-6181 or
1-800-657-3777
Fax: 651-556-3102
E-mail: salesuse.tax@state.mn.us
Website: www.taxes.state.mn.us
Write: Minnesota Revenue
Sales and Use Tax Division
Mail Station 6330
St. Paul, MN 55146-6330