

PLEASE SAVE THIS FOR REFERENCE

INSTRUCTIONS FOR
LODGING
TOURISM TAX RETURN
CITY OF DULUTH, MINNESOTA
PH. 218-730-5350 - F. 218-730-5917

MAIL TO:
CITY OF DULUTH TREASURER'S OFFICE
411 WEST FIRST STREET, ROOM 120
DULUTH, MN 55802-1187
MAKE CHECKS PAYABLE TO: "CITY OF DULUTH"

A SIGNED RETURN MUST BE FILED WITH PROPER NOTATIONS EVEN IF NO SALES WERE MADE

USE OFFICIAL FORMS ONLY

NOTE: City of Duluth gross sales, exemptions and reductions to sales, and net sales are, by state law, identical to those required for State of Minnesota sales tax reporting.

WHO MUST FILE: All individuals, partnerships or corporations in the City of Duluth, Minnesota who derive income from the furnishing of lodging in any hotel, motel, rooming house, trailer camp or rental property.

BASIS FOR TAX: The laws of the State of Minnesota and the ordinances of the City of Duluth authorize the following taxes on transient lodging as described above:

- (1) A basic 1.5% sales and use tax
- (2) A 3% excise tax
- (3) An additional 2.5% excise tax on all taxable sales for businesses having more than 30 transient units.

WHEN TO FILE: Sales must be reported and tax remitted by the 20th of the month following the period in which the sales occurred. For example, the filing for January sales is due by February 20th.

NOTICE OF CHANGE IN ACCOUNT: If business name, business ownership type or members of a partnership or corporation have changed, please notify the Treasurer's Office. A new application is required.

REPORTING ON CASH OR ACCRUAL METHOD: If you elect to report via a cash method, include only payments received in the return period. If you elect to report via an accrual method-- all cash sales, credit sales, installment sales and C.O.D. sales made during the period must be included. Either election must be pursued consistently and may not be changed unless approved by the administrator.

ROUNDING OFF TO WHOLE DOLLARS: To make calculating tax easier you may round off the amounts on lines 1-4 of the sales return. To round, drop any amount less than \$0.50 and increase any amounts that are \$0.50 or more to the next highest dollar. For example, gross sales of \$524.32 can be rounded down to \$524.00. If gross sales were \$524.54, it may be rounded up to \$525.00. **DO NOT ROUND ANY AMOUNTS CALCULATED ON LINES 5 THROUGH 11.**

LINE 1 – GROSS SALES: 'Gross Receipts' means the total amount received, in money or otherwise, for all sales at retail as measured by the sales price. Gross receipts from sales may, at the option of the taxpayer, be reported on the cash basis as the consideration is received or on the accrual basis as sales are made. Enter the amount of all taxable and exempt sales in any manner related to the lodging business conducted within the City of Duluth. In all cases, EXCLUDE the following from the total sales to arrive at gross sales: all sales reportable under the basic 1.5% sales tax, all sales reportable under the bar and restaurant tax and those deductions that are defined in state law. Exclude the tax collected from gross sales. However, if you did not keep separate records segregating tax collections from gross sales, contact us for 'Method of Computing Gross Sales'.

LINE 2 – DEDUCTIONS: Enter the total of all State of Minnesota authorized exemptions. Remember that City of Duluth authorized reductions to Gross Sales are identical to those authorized by the State. For a listing of deductions, please refer to the Minnesota Department of Revenue website at <http://www.revenue.state.mn.us>.

LINE 3 – NET SALES: Gross minus deductions (LINE 1 minus LINE 2).

LINE 4 – PURCHASES SUBJECT TO USE TAX: Skip (Report to State of Minnesota).

LINE 5 – GENERAL CITY SALES TAX: Skip (Report and pay 1.5% sales tax to the State of Minnesota).

LINE 6 – ADDITIONAL 2.5% HOTEL/MOTEL EXCISE TAX: To be paid by establishments with MORE THAN 30 transient units on taxable sales. Enter 2.5% of the amount shown on LINE 3 (NET SALES).

LINE 7 – 3% HOTEL-MOTEL EXCISE TAX: To be paid by ALL lodging businesses. Enter 3% of amount shown on LINE 3 (NET SALES).

LINE 8 – USE TAX: Skip (Report 1.5% CITY USE TAX to the State of Minnesota)

LINE 9 – TOTAL TAX DUE: Enter total of LINE 6 and LINE 7.

ACTUAL TAX COLLECTION METHOD: If you kept detailed and accurate records of tax collected per unit sold and if such records are acceptable to the administrator, you may use the actual tax collected to complete the tax computation portion of the return. In such a case:

- (1) Complete the computation through LINE 3.
- (2) Enter the total of actual tax collected on LINE 9.
- (3) Continue as per instructions.

LINE 10a – PENALTY: In the case of a failure to file a return and or make payment by the due date, unless it is shown that failure is not due to willful neglect, you must enter a penalty of 10% of Total Tax Due (LINE 9) if the failure is not more than 30 days late. An additional 5% will be assessed for each 30 days or fraction thereof not to exceed 25% in the aggregate while the failure to file continues. A minimum penalty of \$10.00 will be charged.

LINE 10b – INTEREST: If your return is not filed and/or paid by the due date you must also enter interest in the amount of 18% per annum. This is applied to the sum of tax (LINE 9) and penalty (LINE 10a) and computed from the date due to the date paid.

LINE 10c – ADJUSTMENT: May be used to adjust current payment based on prior period error and taxes paid to other localities. Attach an explanation.

LINE 11 – TOTAL AMOUNT REMITTED: Sum of LINES 9, 10a, 10b, and then add or subtract as indicated on LINE 10c.

ALL DEDUCTIONS **MUST** ALSO BE INCLUDED IN GROSS SALES.

COMMON LODGING DEDUCTIONS:

- (1) Sales of lodging for periods longer than 30 days.
- (2) Sales of magazines, periodicals, etc....
- (3) Other (See the Minnesota Department of Revenue website: <http://www.revenue.state.mn.us>).