MINNESOTA · REVENUE

SDE

Exemption from Surety Deposits for Non-Minnesota Contractors

Contractor Information

Please type or print clearly. This information will be used for returning the form to you.

Contractor

Address

City State ZIP code

Total contract amount

$

Minnesota tax ID number

Contact person

Daytime phone

Contract starting date

Projected completion date

Business type *(check one):* ☐ Corporation ☐ S corporation ☐ Partnership ☐ Sole proprietor

Project Information

Name of business or government agency

Contact person

Daytime phone

Contract owner's address City State ZIP Code

Project number

Project location address City State ZIP code

Reason for Exemption

I request exemption from surety deposits under Minnesota law *(M.S. 290.9705)* for the following reason (*check one box only and complete the information requested)*:

☐ I have a cash surety or a bond secured by an insurance company licensed in Minnesota. The bond must be 8 percent of the total contract amount. **Attach a copy of Form SDB, Non-Minnesota Contractor's Bond.**

Bonding company

Bonding agent

Address

Daytime phone

City State ZIP code

Period of bond *(month/day/year)*

From / / To / /

☐ I have done construction work in Minnesota during the past three calendar years and have fully complied with Minnesota law regarding Minnesota income, sales and use, corporate franchise and withholding taxes.

☐ I am performing work for a government agency and have a payment and performance bond.

☐ I am performing work for a government agency and have a cash surety issued by a state bank, national bank, or savings and loan association doing business in Minnesota.

Sign Here

I declare this information is true and complete to the best of my knowledge and belief. I authorize the Department of Revenue to send a copy of this form to the contract owner and discuss this case and related taxes with the bonding company.

Contractor's signature Title Date

Mail to: Minnesota Revenue, Mail Station 5410, St. Paul, MN 55146-5410

Department of Revenue Approval

The above-named non-Minnesota contractor is exempt from the surety requirements of Minnesota Statute 290.9705 for this project.

Department of Revenue approval *Date*

(Rev. 1/14)

MINNESOTA · REVENUE

Form SDE Instructions

Unless the non-Minnesota construction contractor is approved for exemption, any person or business that hires or contracts with the contractor must withhold 8 percent of their compensation as a Minnesota surety deposit.

The withholding amount is deposited with the department and is used as a surety to guarantee that the contractor has fulfilled the requirements for withholding, sales and use, corporate franchise and income taxes.

For additional information regarding the 8 percent withholding, see Fact Sheet 12, Surety Deposits for Non-Minnesota Construction Contractors.

Purpose of Form SDE

If you are a non-Minnesota construction contractor and you want to apply for an exemption from the surety deposit (see "Exemption Requirements" below), complete and file Form SDE with the department before you start the project.

If approved, give the original, signed Form SDE to the person or business for whom you are doing the work to show you are exempt from the 8 percent surety deposit.

Surety Deposit Law

If you hire or contract with a non-Minnesota contractor to perform construction work in Minnesota, you must withhold 8 percent (.08) of their compensation as a Minnesota surety deposit. Payments are subject to 8 percent withholding only if the work was performed in Minnesota and the value of the contract exceeds $50,000.

Exemption Requirements

A non-Minnesota construction contractor may qualify for an exemption from the surety deposit if one of the following requirements are met:

- The contractor gives the department a bond that is secured by an insurance company licensed in Minnesota and is equal to 8 percent of the contract. The bond remains in effect until the contractor satisfies all tax liabilities. You may choose to complete Form SDB, *Non-Minnesota Contractor's Bond*, to submit to the department.
- The contractor gives the department a cash surety. A cash surety is evidence of a savings account, deposit or certificate of deposit in, or issued by, a state bank, national bank or savings and loan association doing business in Minnesota. Interest and dividends earned on the principal amount may be retained by the contractor.
- The contractor is performing work for a government agency and has a payment and performance bond.
- The contractor has done construction work in Minnesota during the past three calendar years and has fully complied with Minnesota laws regarding withhold-ing, sales and use, corporate franchise and income taxes.

If a non-Minnesota contractor is hired or contracted to perform construction work in Minnesota, the person or business who is paying the contractor must withhold 8 percent of the payment as a Minnesota surety deposit.

Unless the contractor has received exemption from surety deposits, payments made to the contractor are subject to 8 percent withholding, if:

- the construction work was performed in Minnesota; and
- the value of the contract exceeds $50,000.

Who can apply?

A non-Minnesota contractor can apply for an exemption if your contract exceeds or is expected to exceed $50,000.

Before You Start

You must have a Minnesota tax ID number from the Department of Revenue to request an exemption from surety deposit.

If you don't have a Minnesota ID number, you may apply online at www.revenue.state.mn.us or by calling our Business Registration Office at 651-282-5225 or 1-800-657-3605.

How to Apply

To apply for an exemption from Minnesota surety deposits, file Form SDE before you start the project.

Mail this form and any required attachments to the address on the front.

If You're Approved

If we approve the exemption, we will sign the bottom of the form and return it to you. Make a copy for your records and give the original to the business for whom you are doing the work.

If You're Not Approved

If we determine you're not eligible for exemption, 8 percent of each payment made to you must be withheld by the business for whom you are doing the work and deposited with the Department of Revenue.

To apply for a refund, complete Form SDR, *Refund of Surety Deposits for Non-Minnesota Contractors.* When the project is complete, and we determine that you have complied with Minnesota income, withholding, corporate franchise and sales and use tax laws, you'll receive a refund plus interest.

Information and Assistance

Additional forms and information, including fact sheets and frequently asked questions, are available on our website.

Website: www.revenue.state.mn.us

Email: withholding.tax@state.mn.us

Phone: 651-282 9999 or 1-800-657-3594.
(TTY: Call 711 for Minnesota Relay)

We'll provide information in other formats upon request to persons with disabilities.

Use of Information

All information on this form is required except for your phone number.

All information, except your Minnesota tax ID number, is private by state law. It cannot be given to others without your permis-sion, except to the Internal Revenue Service, other states that guarantee the same privacy, the contract owner or bonding company and certain government agencies as pro-vided by law.