

MINNESOTA • REVENUE

SALES AND USE TAX Payment Date Changes

March 7, 2012

	Yes	No
DOR Administrative Costs/Savings	X	

Department of Revenue

Analysis of S.F. 1012 (Howe), As Proposed to be Amended (SCS1012A-1)

	Fund Impact			
	<u>F.Y. 2012</u>	<u>F.Y. 2013</u>	<u>F.Y. 2014</u>	<u>F.Y. 2015</u>
All Funds	\$0	\$0	\$0	\$0

(000's)

As proposed to be amended, effective for taxes due and payable after June 30, 2012.

EXPLANATION OF THE BILL

Current Law: Generally, sales and use tax is remitted by the 20th of the month following the month in which the taxable sales were made. Under legislation enacted in 2010, beginning with taxes payable after September 1, 2010, vendors having an annual liability of \$120,000 or more must remit their monthly liabilities in one of two ways: (1) On or before the 14th day of the month following the month in which the taxable sales were made, the vendor must remit 90% of the estimated liability for the month in which the taxable sales were made; or (2) on or before the 20th day of the month in which the taxable sales are made, the vendor must remit a prepayment for the month in which the taxable sales were made equal to 67% of the liability for the previous month. (For instance, for the February 2012 payment under method 2, the vendor would prepay in February an amount equal to 67% of their January liability.) In either case, the remaining amount is remitted by the 20th of the month following the month in which the sales were made.

Current law provides that once the cash flow and budget reserve reach their statutory amounts, the sales tax remittance requirements would revert to the schedule in effect before September 2010, as described above. Based on the February 2012 forecast, Minnesota Management and Budget has determined that this condition has been met and sales tax payments will revert to the pre-September 2010 payment schedule starting in the quarter beginning July 1, 2012.

The 2010 legislation did not affect the accelerated June payment. Vendors with an annual liability of \$120,000 or more must remit 90% of the June liability two business days before June 30. Certain safe harbor provisions apply. The June return and remaining June liability are due by August 20.

Proposed Law: The bill would repeal the 2010 remittance changes.

REVENUE ANALYSIS DETAIL

- Even if the accelerated payment provisions were not suspended, the bill would have no revenue impact. The accelerated payment schedule does not shift tax payments between fiscal years.

Number of Taxpayers: Approximately 4,500 businesses

Source: Minnesota Department of Revenue
Tax Research Division
http://www.taxes.state.mn.us/taxes/legal_policy

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