

MinnesotaCare Estimated Tax Instructions

Legend Drug Use Tax

2020 Tax Year Changes for Out-of-State Pharmacies

Starting with the 2020 tax year (returns due March 15, 2021), out-of-state pharmacies selling to consumers in Minnesota must file a Legend Drug Use Tax Return instead of a Wholesale Drug Distributor Tax Return.

We updated these estimated tax instructions to reflect this change for 2020.

Estimated Tax Payment Requirements

You are required to make estimated tax payments for the year if your total annual MinnesotaCare tax was more than \$500 for the previous year and will be more than \$500 for the current year.

You must make quarterly estimated tax payments based on your required annual estimated tax payment.

Required Annual Estimated Tax Payment

The required annual estimated tax payment is the lesser of either:

- 90% of your actual tax for the current year
- 100% of your actual tax for the previous year

To determine your required annual estimated tax payment and the minimum amount you must pay each quarter, complete the worksheet on Page 2.

Additional Tax Charge for Underpayment of Estimated Tax

If any payment is paid late or is less than the required amount, an additional tax charge (ATC) for underpayment of estimated tax will be assessed.

The Minnesota Department of Revenue's e-Services system will calculate any ATC when you file your annual MinnesotaCare tax return.

Due Dates

Quarterly estimated tax payments are due by the 15th day of April, July, and October of the current year and January 15 of the following year.

If a due date falls on a weekend or holiday, payments electronically made or postmarked the next business day are considered timely.

Electronic Payment Requirements

You are required to pay electronically if your tax liability was more than \$10,000 for any one Minnesota business tax during the previous fiscal year (July 1 - June 30).

If you are required to pay any Minnesota business tax electronically for one year, you must pay all Minnesota business taxes electronically *for all future years*. We will send you a notice the first year you are required to pay electronically.

A 5% penalty will be assessed on any non-electronic payments if you fail to pay electronically when required.

Electronic Payment Options

e-Services

You can make payments using our online e-Services system. If you pay through e-Services, you will be able to view a record of your payments online once they are processed.

Go to our website at www.revenue.state.mn.us and log in to e-Services. You will need your bank's routing number and your account number.

To be timely, you must submit your payment and receive a confirmation number on or before the payment due date. When paying electronically, you may not use an account associated with a foreign bank.

Credit or Debit Card

For a fee, you may charge your payments to your Visa, MasterCard, American Express, or Discover credit or debit card. To do so, have your card ready and go to www.paystatetax.com/mn or call 1-855-947-2966.

ACH Credit

ACH credit payments are initiated by you through your bank. You authorize your bank to transfer funds to the state's bank account. The bank must use ACH file formats, which are available on our website. Your bank may charge you a fee for these payments.

Bank Wire

You can authorize a direct transfer from your bank account to the department. For information on how to make a bank wire transfer, call us at 651-556-3003 or 1-800-657-3909.

MinnesotaCare Estimated Tax Instructions (continued)

Information and Assistance

Website: www.revenue.state.mn.us

Email: MinnesotaCare.tax@state.mn.us

Phone: 651-282-5533

Weekdays, 8 a.m. to 4:30 p.m.

This information is available in alternate formats.

Estimated Tax for Calendar Year _____

Refer to the MinnesotaCare Legend Drug Use Tax Instructions.

- 1 **Out-of-State Pharmacies.** Enter the total price you paid (or expect to pay) for legend drugs you will deliver to consumers in Minnesota during the year 1 _____
- 2 **Minnesota Pharmacies.** Enter the total price you expect to pay during the year for legend drugs you will receive from vendors who are not subject to Wholesale Drug Distributor Tax. 2 _____
- 3 Add Steps 1 and 2. This is your total estimated amount subject to Legend Drug Use Tax 3 _____
- 4 Multiply Step 3 by 1.8% (0.018). This is your estimated tax liability for the current year 4 _____
- 5 Multiply Step 4 by 90% (0.90) 5 _____
- 6 Enter 100% of your actual tax for the previous year (from last year's annual return) 6 _____
- 7 Enter the amount from Step 5 or Step 6, whichever is less. This is your Required Annual Estimated Tax Payment 7 _____
- 8 Multiply Step 7 by 25% (0.25). This is the minimum estimated tax payment you must pay each quarter 8 _____

Estimated Tax Payments Made

Record the estimated tax payments you make for the year. You will need this information when you file your annual MinnesotaCare tax return.

	1st Quarter Due April 15	2nd Quarter Due July 15	3rd Quarter Due October 15	4th Quarter Due January 15
Date Paid	_____	_____	_____	_____
Confirmation Number	_____	_____	_____	_____
Amount Paid	_____	_____	_____	_____