

MinnesotaCare Estimated Tax Instructions

Legend Drug Use Tax

Note: Out-of-state pharmacies selling to consumers in Minnesota must use these estimated tax instructions.

2024 Tax Rate

The tax rate will be 1.8% in 2024. The 1.8% rate applies to the price you paid for legend drugs subject to Legend Drug Use Tax that you deliver or receive in Minnesota starting January 1, 2024 (regardless of when you purchased the legend drugs).

Revenue from MinnesotaCare taxes is deposited into Minnesota's Health Care Access Fund. The tax rate will change to 1.8% in 2024 to bring the fund into balance. For more information about the change, refer to Minnesota Statutes 295.52, subdivision 8.

Estimated Tax Payments

You must make estimated tax payments for the year if your total annual MinnesotaCare Legend Drug Use Tax was more than \$500 for the previous year and will be more than \$500 for the current year.

Due Dates

Estimated tax payments are due quarterly by April 15, July 15, and October 15 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.

How to Calculate Your Estimated Tax Payments

You must calculate your quarterly estimated tax payments using either:

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

You may choose the smaller of these amounts and divide it by four to get the **minimum** estimated tax payment you must pay for each quarter.

To make this calculation, use the worksheet on Page 2.

Current Year Example. You accurately estimate your tax for 2024 (the current year) as \$50,000. You multiply that amount by 90%, which equals \$45,000. Your tax for 2023 (the previous year) was \$60,000.

You choose to use 90% of your tax for the current year to calculate your estimated tax payments because it is less than the tax for the previous year. You divide \$45,000 by four, which equals \$11,250. This is the minimum amount of estimated tax you must pay each quarter for 2024.

Previous Year Example. You accurately estimate your tax for 2024 (the current year) as \$50,000. You multiply that amount by 90%, which equals \$45,000. Your tax for 2023 (the previous year) was \$40,000.

You choose to use the tax for the previous year to calculate your estimated tax payments because it is less than 90% of your tax for the current year. You divide \$40,000 by four, which equals \$10,000. This is the minimum amount of estimated tax you must pay each quarter for 2024.

Additional Charge for Underpaid Estimated Tax

If any estimated tax payment is paid late or is less than the required amount, we will assess an additional charge. Our e-Services system will calculate any additional charge when you file your annual return.

Note: To avoid the additional charge, your best option is to calculate estimated tax payments based on your tax for the previous year. By doing this, you may pay more than the minimum estimated tax payment required each quarter, but you will avoid the additional charge. Any amount you overpay will be refunded to you when you file your annual return.

Electronic Payment Requirements

You must 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.

We will assess a 5% payment method penalty on any non-electronic payments if you do not pay electronically when required.

Electronic Payment Options

e-Services

You can make payments using our online e-Services system. You will need your bank routing and account numbers. You cannot use a foreign bank account. Go to our website at www.revenue.state.mn.us and log in to e-Services.

To be timely, you must submit your payment and receive a confirmation number on or before the payment due date. If you pay through e-Services, you can view a record of your payments online once they have processed.

MinnesotaCare Estimated Tax Instructions (continued)

Credit or Debit Card

For a fee, you can use your credit or debit card to make a payment. The department uses a third-party vendor to process credit and debit card payments. For more information on how to pay with a card, go to our website at www.revenue.state.mn.us and select **Make a Payment**. Then, select **Credit or Debit Card**.

Automated Clearing House (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.

Contact Us

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 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. 7 _____
- 8 Divide Step 7 by four. 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 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	_____	_____	_____	_____