

MinnesotaCare Taxes

2024 Pharmacy Refund

Instructions for filing your MinnesotaCare Pharmacy Refund Return (Minnesota Statutes, sections 295.50 through 295.59)
For Minnesota pharmacies only

Contact Us

Website/e-Services

www.revenue.state.mn.us

MinnesotaCare Taxes

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This information is available in alternate formats.

Your 2024 Pharmacy Refund Return is Due March 17, 2025

File your return electronically starting **January 22, 2025**.
Go to our website and log in to e-Services to file.

What's New

2025 Tax Rate

The Pharmacy Refund rate will remain at 1.8% for refund claims for the 2025 tax year.

Revenue from MinnesotaCare taxes is deposited into Minnesota's Health Care Access Fund. The tax rate will remain at 1.8% in 2025 to keep the fund in balance. For more information about the change, refer to Minnesota Statutes 295.52, subdivision 8.

Rebates

In 2024, the Minnesota Supreme Court issued its decision in *Dakota Drug, Inc. v. Commissioner of Revenue*, 13 N.W.3d 387 (Minn. 2024), which found that some payments for legend drugs are overpayments or not received for purposes of gross revenues when the wholesale drug distributor provides certain rebates to a purchaser. Consequently, when a purchaser calculates a pharmacy refund, the purchaser must factor in any such rebates in the *Total Paid for Legend Drugs* line of the pharmacy refund return.

Example: Pharmacy enters into a contract with wholesale drug distributor that requires \$10,000 in payment for legend drugs. The contract: 1) provides the pharmacy is entitled to a non-discretionary rebate of \$1,000 from the wholesale drug distributor; and 2) contains the terms and conditions central to the holding in *Dakota Drug, Inc. v. Commissioner of Revenue*, 13 N.W.3d 387 (Minn. 2024). The wholesale drug distributor issues the \$1,000 rebate to the pharmacy. The pharmacy should report \$9,000 in the *Total Paid for Legend Drugs* line of the pharmacy refund return.

Important Reminders

2023 Pharmacy Refund Deadline

The final deadline to claim a 2023 Pharmacy Refund is March 17, 2025. We will not allow refund claims filed after this date.

2024 Refund Rate and Interest Rate

The refund rate is 1.8% for 2024. The interest rate is 8% for 2024.

Receive Email Updates

Stay informed about MinnesotaCare taxes! Sign up to receive email updates about:

- Filing and payment due date reminders
- New or updated publications
- Educational tax seminars
- Tax law changes

To sign up, go to our website at www.revenue.state.mn.us and subscribe to email updates. Enter your email address and select **MinnesotaCare Tax Updates** from the list.

Register for a Minnesota Tax ID Number

You need a Minnesota Tax ID Number and a MinnesotaCare Pharmacy Refund account to file returns. A Minnesota ID number is a seven-digit number assigned to you when you register with the Minnesota Department of Revenue.

If you do not have a Minnesota ID number, you must register for one. You can register on our website at www.revenue.state.mn.us or by contacting Business Registration (refer to *Contact Us* on this page). You can add a Pharmacy Refund account at the same time you register for a Minnesota ID number.

If you currently have a Minnesota ID number for other Minnesota taxes, you can add a Pharmacy Refund account to your number. To add an account, go to our website and log in to e-Services or contact Business Registration.

General Information

Who is Eligible

Minnesota pharmacies that purchase qualifying legend drugs can claim the MinnesotaCare Pharmacy Refund if they later deliver or ship the drugs to locations outside of Minnesota.

The refund rate is 1.8%.

Qualifying Legend Drugs

Minnesota pharmacies can only claim a Pharmacy Refund on qualifying legend drugs. Qualifying legend drugs are legend drugs purchased from a wholesale drug distributor subject to MinnesotaCare Wholesale Drug Distributor Tax.

To determine if a wholesale drug distributor is subject to tax, check your purchase invoice for a MinnesotaCare tax expense charge or contact the wholesaler for verification.

Definition of Legend Drugs

Legend drugs are drugs or gases required by federal law to be sold or dispensed in a container labeled with one of these statements:

- “Caution: Federal law prohibits dispensing without prescription”
- “Rx only”

Legend drugs or gases must be classified by the U.S. Food and Drug Administration (FDA) as a drug and not a device.

Nutritional products, blood, and blood components are not legend drugs and cannot be used to claim the refund.

Blood derivatives, however, that are derived from blood, plasma, or serum through a chemical manufacturing process, are legend drugs and may be used to claim the refund.

Filing Due Date

Your Pharmacy Refund Return is due annually by March 15 for drugs delivered or shipped outside of Minnesota during the previous calendar year.

The 2024 Pharmacy Refund Return is due March 17, 2025.

The final deadline to claim the 2024 refund is March 16, 2026. We will not allow refund claims that are filed more than one year after the original due date of the return.

Reporting Business Changes

Be sure to update your business information if any of these apply:

- You changed the name, address, owner/officers, or ownership of your business
- You changed contact information (such as email address, phone number, or contact person)
- You need to add or close a tax account
- You closed your business

To update your business information, go to our website and log in to e-Services. For more information, refer to *Manage Your Profile in e-Services* on Page 4.

Recordkeeping

Keep all internal accounting records and external third-party documentation that support the amounts reported on your Pharmacy Refund Return.

This includes any paper records and any records you receive or store electronically. Some examples of paper and electronic records include:

- Legend drug purchase invoices
- Records verifying drugs delivered or shipped outside of Minnesota
- Records verifying any drugs returned to you after they were delivered or shipped outside of Minnesota
- Audited and compiled financial statements

General Information (continued)

- All other summary and detail reports, schedules, ledgers, and journals
- Computer system or software back-ups
- Rebate contracts

If you are audited, you will need to provide four to six years of records. All documentation must be made available for the department to review. Refunds may be denied if your documentation is incomplete.

Statute of Limitations

The department may audit your return within 3½ years from the original due date of the return or the date you filed the return, whichever is later. There is no time limit if we find you have fraudulently claimed a refund or reported false information.

How to File Your Annual Return

Your 2024 MinnesotaCare Pharmacy Refund Return is due March 17, 2025.

File your return using our e-Services system starting January 22, 2025.

Information You Need to File Your Return

You must file your Pharmacy Refund Return electronically using our e-Services system. Go to our website at www.revenue.state.mn.us to log in to e-Services. Before you can file your return, you need this information:

- Your username and password
- Total legend drug purchases made during the year
- Total legend drug purchases delivered outside of Minnesota
- Total returned legend drug purchases that were delivered outside of Minnesota

Refer to the *Line Instructions* on this page for help calculating these amounts.

You must have a Pharmacy Refund account to file a return. To add an account, log in to e-Services or contact Business Registration (refer to *Contact Us* on Page 1).

If you have an account, but the period you are filing is not listed in e-Services, call the MinnesotaCare Taxes Unit at 651-282-5533 so we can add it to your account.

Line Instructions

Use this information when you electronically file your return.

Legend Drug Purchases

Report the total amount you paid during the year for qualifying legend drugs that you purchased from wholesale drug distributors subject to Wholesale Drug Distributor Tax.

Do not include in the total amount you paid:

- Amounts paid for drugs or devices that are not legend drugs
- Amounts paid for legend drug purchases on which you paid MinnesotaCare Legend Drug Use Tax. (*Note:* To claim a refund of Legend Drug Use Tax, amend your Legend Drug Use Tax Return. Do not file a Pharmacy Refund Return.)
- Certain rebates received (see *What's New* section on page 1).

For the definition of legend drugs and information on qualifying legend drugs, refer to Page 2.

Legend Drug Purchases Delivered Outside of Minnesota

Report the total amount you paid for qualifying legend drugs (regardless of when you purchased the drugs) that you delivered or shipped outside of Minnesota during the year.

Legend Drugs Returned to You

Report the total amount you paid for qualifying legend drugs delivered or shipped outside of Minnesota (regardless of when you purchased, delivered, or shipped the drugs) that were returned to you during the year.

Pharmacy Refund

Our e-Services system will calculate your refund. The refund rate for 2024 is 1.8%.

How to Amend Your Return

To adjust your return, you must file an amended return electronically using our e-Services system.

You must file your amended return within 3½ years of the original due date for the year you are amending.

Keep all supporting documentation for any amended return you file. All documentation should be made available on request for the department to review. All amended returns are subject to audit.

Filing Instructions

To amend a return, follow these steps:

1. Go to our website at www.revenue.state.mn.us and log in to e-Services.
2. Select **Returns and Periods** for your Pharmacy Refund account.
3. Select **View or Change Return** for the return you want to amend.
4. Select **Change** on the return screen.
5. Enter your corrected amounts, contact information, and the reason you are amending the return.
6. Follow the remaining prompts and select **Submit**.

You will receive a confirmation number if your amended return is filed successfully. If you need help or have questions about amending a return, please contact us.

Paying a Balance Due

If you amend your Pharmacy Refund Return for less than the amount you claimed on your original return, you must pay the amount due plus interest. Our e-Services system will calculate the interest for you.

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 your payment using our online e-Services system when filing your amended return. You will need your bank routing and account numbers. You cannot use a foreign bank account. If you pay through e-Services, you can view a record of your payments online once they have processed.

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.

Manage Your Profile in e-Services

Our e-Services system lets you:

- Update your profile information
- Store your email address, phone number, and banking information
- Create access to your and other people's accounts
- Add additional users with varying security, as well as request and approve third-party access

Set Up and Manage Users

Access Types

There are two access types to choose from in e-Services:

- **e-Services Masters** can view, file returns, and/or make payments for one or more accounts. They can add, delete, and change security levels for all users.
- **Account Managers** can view, file returns, and/or make payments for one or more accounts depending on the access level an e-Services Master has set up for the user.

Manage Your Profile in e-Services (continued)

Access Levels

e-Services access level options include:

- **All Access** - allows user to view all information, file returns, make payments, and update account information
- **File** - allows user to view all information and file returns
- **Pay** - allows user to view all information and make payments
- **View** - allows user to only view all information

Two-Step Verification

Two-step verification adds a second layer of security to prevent unauthorized access to your account. You must enter a username, password, and a verification code we send you to log in to your account.

Third-Party Access

Third-party access provides a secure and convenient way for users to manage accounts, file returns, and/or make payments for other businesses.

Both parties must work together to establish this access. First, a user must request third-party access from a customer in e-Services. Second, the customer must approve or deny the access request in e-Services.

For more information, go to our website at www.revenue.state.mn.us and enter **Third-Party Access** in the Search box.