

Section

defined in section 0.

Effective date : Assessments made with respect to taxes due after July 1, 2000 .

- 2 **Definition of trust tax.** Defines trust tax as withholding of income tax from employees and another tax that the business collects from customers and is required to account for and pay over to the state. In addition, it modifies the description of what triggers officer's and director's liability to refer to facts that are sufficient to assess liability for the trust tax.

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- 3 **Assessment procedure.** Eliminates the current authority to appeal assessments to the Tax Court and the prohibition on stays after time for an appeal has expired. These provisions are replaced by the new procedures under section 0.

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- 4 **Procedure to contest assessment.** Recodifies the authority to appeal assessment to Tax Court.

Paragraph (b) provides an alternative method of contesting the penalty by paying a portion of the assessment (the "smallest divisible portion of the tax underlying the penalty" such as the sales tax on one sale or the withholding tax for one employee) and filing for a refund within two years. Under present law, the entire amount must be paid to make a refund claim and, thereby, contest the legality of the assessment. Denial of the refund can, then, be appealed to Tax Court.

Effective date : Assessments made with respect to taxes due after July 1, 2000 . Payments made after July 1, 2000 , and before July 1, 2008 , are deemed to be made on April 30, 2008 , for purposes of computing the appeal period.

- 5 **Collection procedure.** Provides that the normal collection procedures apply to the trust tax penalty and authorizes the commissioner to file a counterclaim in a refund suit brought by a person subject to the penalty.

Effective date : Day following final enactment.

- 6 **Extensions partnership returns.** Requires the commissioner of revenue to grant a Minnesota extension for partnership returns when the Internal Revenue Service grants an extension to file.

Effective date : Day following final enactment.

- 7 **Time limit for refunds.** Modifies the time limit for filing claims for refunds of taxes to parallel federal law. This change replaces the current limit that is one year after an assessment, commissioner filed return, or order denying an appeal with a two-year limit from the time the tax was paid.

Effective date : Claims for refund filed after the day following final enactment.