Overview

Under current law, a vendor who uses the accrual method of accounting reports all sales, including credit sales, in the period that the sale occurred. This bill allows sellers of construction materials who sell to contractors and builders on credit (other than for purchases by credit card) the option to delay reporting and paying sales tax on these credit sales until they actually receive payment for the sale.

1 Sales and use tax returns. Allows a seller of construction materials to choose to delay reporting the sales tax on credit sales of construction materials until the reporting for the period in which the payment of the sale is made. The sale must be reported on the 20th of the month after the reporting period in which the sale is paid closes. Credit sales, for purposes of this subdivision, do not include credit card sales. The seller is required to register with the commissioner of revenue if they intend to delay reporting credit sales under this provision.

2 Sales and use tax. Requires a seller of construction materials who takes advantage of the delay allowed in section 1 to remit the tax on a credit sale on the required remittance date for the period in which they actually report the credit sale on their return.