

HOUSE RESEARCH

Bill Summary

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Subject: Repeal the June accelerated tax payments

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Overview

Repeals the required June accelerated tax remittance for sales and use tax, tobacco and cigarette taxes, and liquor taxes beginning with the June 2011 tax liability. Persons with an annual tax liability of \$120,000 or more for any of these taxes are currently required to remit 90 percent of the June collections before the end of June.

Also eliminates the early monthly sales and use tax payment for all other months for vendors with an annual liability of \$120,000. That provision was enacted in 2010 to alleviate a potential state cash flow problem.

- 1 Sales and use returns.** Eliminates a provision related to the June accelerated sales and use tax payment.
- 2 Sales and use tax.** Eliminates both of the requirements that a vendor with an annual sales and use tax liability of \$120,000 or more remit 90 percent of its June liability before the end of June and that the vendor make early payments in all the other months based on one of two options. Eliminates administrative provisions related to these early payments.
- 3 Monthly return, cigarette distributor.** Eliminates a provision related to the June accelerated cigarette tax payment.
- 4 Monthly return, tobacco products distributor.** Eliminates a provision related to the June accelerated tobacco products tax payment.
- 5 Payment.** Eliminates a cross reference to the June accelerated cigarette and tobacco products tax payment.
- 6 Repealer.** Repeals Minnesota Statutes, section 289A.60, which provides a safe harbor provision and underpayment penalty for the payment of the accelerated June sales and use tax payment. Repeals Minnesota Statutes, sections 297F.09 and 297G.09, which require accelerated payments of June tax liabilities for persons with an annual tax liability of \$120,000 or more for either the cigarette and tobacco products taxes, or for the liquor taxes.