

# HOUSE RESEARCH

## Bill Summary

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**Authors:** Davids and others

**Subject:** Providing a vendor allowance for sellers collecting and remitting the sales tax

**Analyst:** Pat Dalton

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### Overview

Allows a retailer collecting and remitting the sales and use tax in Minnesota to keep the greater of \$5 or 1% of its collections of state sales tax from purchasers. The allowance applies to each return filed and does not apply to local sales tax collections or to use tax owed by the retailer on its own purchases.

#### Section

- 1 Sales and use tax.** States that the vendor allowance allowed in section 2 is excluded from the requirement that all sales and use taxes collected are state funds from the time of collection. Effective for sales and use taxes collected after December 31, 2015.
- 2 Deduction for vendor allowance.** Allows a vendor to keep a portion of the sales and use tax they collect, provided that they are collecting and remitting the sales tax in a timely fashion. The vendor allowance on each return is equal to the greater of \$5 or 1% of the tax collected; but may not reduce the retailer's liability for that remittance period to less than zero. The vendor allowance does not apply to local sales taxes collected or to use tax owed by the retailer on its own purchases. Effective for sales and use taxes collected after December 31, 2015, and remitted after January 30, 2016.