

File Number: H.F. 186 **Date:** January 13, 2017
Version: As amended by the author's amendment (H0186A1)

Authors: Nash and others

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

Analyst: Pat Dalton

This publication can be made available in alternative formats upon request. Please call 651-296-6753 (voice); or the Minnesota State Relay Service at 1-800-627-3529 (TTY) for assistance. Summaries are also available on our website at: www.house.mn/hrd/.

Overview

Provides a vendor allowance of between 0.75 and 2.0 percent of sales taxes during a reporting period to all retailers who report and remit taxes in a timely fashion. The rate is dependent on a retailer's annual sales in the fiscal year ending six months before the start of the calendar year in which the tax is remitted.

Effective for taxes collected after June 30, 2017.

Section

- 1 Sales and use tax.** Makes conforming language changes to indicate that the tax liability is the net of the vendor allowance in section 3.
- 2 Tax must be remitted.** Allows a retailer to keep a portion of the sales tax collected equal to the vendor allowance calculated under section 3.
- 3 Vendor allowance.** Provides a vendor allowance for all retailers that report and remit sales taxes of between 0.75 and 2.0 percent with a minimum allowance per reporting period.
 - Subd. 1. Eligibility.** Limits the vendor allowance to retailers that report and remit sales taxes in a timely fashion.
 - Subd. 2. Tax not eligible for allowance.** The allowance does not apply to use tax owed on the sellers own purchases.
 - Subd. 3. Calculation of allowance.** The percent of sales tax collection that a retailer may retain in a reporting period is:

Section

- ▶ 2.0 percent if their annual sales are less than \$60,000 in the previous fiscal year;
- ▶ 1.0 percent if their annual sales are between \$60,000 and \$600,000 in the previous fiscal year; and
- ▶ 0.75 percent if their annual sales are greater than \$600,000 in the previous fiscal year.

The minimum amount a retailer may retain in any reporting period is the lesser of \$10 or the amount of sales taxes collected during the reporting period.

4