

Senate Counsel, Research, and Fiscal Analysis

Tom Bottem, Director

Minnesota Senate Building
95 University Ave. W. Suite 3300
ST. PAUL, MN 55155-1800
(651) 296-4791
www.senate.mn/scrfa

Senate

State of Minnesota

S.F. No. 100 – Vendor allowance

Author: Senator Roger C. Chamberlain

Prepared by: Nora Pollock, Senate Counsel (651/297-8066)

Date: February 15, 2021

Section 1. Tax must be remitted. Amends the sales tax remittance requirement to provide that the amount of the vendor allowance authorized in section 2 is excluded from the amount remitted.

Section 2. Vendor allowance. Allows retailers who report and timely remit sales taxes to retain a portion of their remittance as compensation for the costs of collecting and administering the taxes. Use taxes paid by the retailer on the retailer's own purchases must not be used in the calculation of the allowance. The allowance equals 0.25 percent of sales taxes collected in the reporting period, up to \$250. A retailer's reporting period depends on the retailer's sales and use tax liability in a given period. The allowance must not reduce tax owed to less than zero.

Effective for sales taxes remitted after June 30, 2021.