

Subject Sales tax vendor allowance established

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Overview

H.F. 2062 establishes a sales tax “vendor allowance,” which allows sales taxpayers to retain a portion of the sales tax they collect to cover the cost of administering the tax.

The amount of the vendor allowance ranges from 0.5 percent to 1.5 percent, with amounts varying based on the total amount of sales tax collected.

The bill would be effective for sales and purchases after June 30, 2025.

Summary

Section	Description
1	<p>Sales and use tax.</p> <p>Modifies rules governing the due dates for sales tax to clarify that the amount remitted is the “net liability” for sales tax. The “net liability” is defined as sales tax liability, minus the vendor allowance.</p> <p>Effective for sales and purchases after June 30, 2025.</p>
2	<p>Tax must be remitted.</p> <p>Amends the statute requiring sales taxes be remitted to reference the net liability.</p> <p>Effective for sales and purchases after June 30, 2025.</p>
3	<p>Vendor allowance.</p> <p>Subd. 1. Eligibility. Allows a retailer to retain a portion of sales tax collected as a vendor allowance in compensation for cost of collecting and administering the tax. Specifies that the vendor allowance applies if the tax is reported and remitted in a timely manner.</p>

Section	Description
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	<p>Subd. 2. Tax not eligible for allowance. Specifies that use taxes paid by the retailer are not included in the vendor allowance.</p>
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	<p>Subd. 3. Calculation of allowance; minimum amounts. Establishes the formula for calculating the allowance. The minimum vendor allowance per reporting period is the lesser of \$10 or the amount of taxes collected.</p>
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	<p>Defines “reporting period” as the applicable sales tax reporting period for the vendor. Defines “eligible taxes” as the total amount of taxes collected by the retailer at all locations in Minnesota.</p>
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	<p>The vendor allowance is set to equal a percentage of taxes depending on the vendor’s total annual sales tax liability.</p>
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	<p>For vendors with sales tax liability of \$60,000 or less in the fiscal year, the vendor allowance is 1.5 percent of eligible taxes.</p>
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	<p>For vendors with sales tax liability of \$60,000 to \$600,000, the vendor allowance is \$900 plus one percent of the amount above \$60,000.</p>
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	<p>For vendors with sales tax liability of more than \$600,000, the vendor allowance is \$6,300 plus 0.5 percent of the amount above \$600,000.</p>
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	<p>Effective for sales and purchases after June 30, 2025.</p>
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