

Sec. 3. *The provisions of this act shall be applicable to taxable years beginning after December 31, 1966.*

Approved May 25, 1967.

CHAPTER 902—H. F. No. 1699

[Coded]

An act relating to withholding of income taxes; providing certain procedures, requirements and criminal penalties for failure to pay; amending Minnesota Statutes 1965, Section 290.92, by adding a new subdivision.

Be it enacted by the Legislature of the State of Minnesota:

Section 1. Minnesota Statutes 1965, Section 290.92, is amended by adding a subdivision to read:

Subd. 6a. Income tax; withholding; failure to pay; failure to comply with withholding provisions. (a) Whenever any person who is required to deduct, withhold, pay over, or deposit any tax imposed by this chapter, at the time and in the manner prescribed by law or regulations fails to deduct, withhold, or pay over such tax, or fails to make deposits or payments of such tax and is notified of any such failure by notice served upon him in the manner prescribed for service of a summons in civil actions, then all the requirements of paragraph (b) of this subdivision shall be complied with. In the case of a corporation, partnership or trust, notice served upon an officer, partner or trustee shall, for purposes of this subdivision, be deemed to be notice served upon such corporation, partnership or trust and all officers, partners or trustees thereof.

(b) Any person who is required to deduct, withhold, pay over, or deposit any tax imposed by this chapter, if notice has been served upon such person in accordance with paragraph (a) of this subdivision, shall thereafter deduct, withhold and collect such taxes and shall (not later than the end of the second banking day after any amount of such taxes is deducted, withheld or collected) deposit such taxes in a separate account in a bank, savings bank or savings and loan association and shall keep the amount of such taxes in such account until payment over to the state of Minnesota. Any such account shall constitute and be designated as a special fund in trust for the state of Minnesota payable to the state of Minnesota by such person as trustee. It shall be the duty of such person

Changes or additions indicated by italics, deletions by strikeout.

upon whom such notice is served to notify the commissioner of taxation in writing of the name and address of the bank, savings bank or savings and loan association wherein such account is kept, together with such other information as the commissioner may require.

(c) Whenever the commissioner of taxation is satisfied with respect to any notification made under paragraph (a) of this subdivision that all requirements of law and regulations with respect to the taxes imposed by this chapter have been and will henceforth be complied with, he may cancel such notification. Such cancellation shall take effect at such time as is specified in the notice of such cancellation. All notices authorized or required under this subdivision shall be in such form as the commissioner may determine.

(d) Any person who fails to comply with any provisions of this subdivision shall, in addition to any other penalties provided by law, be guilty of a gross misdemeanor, except that the provisions of this paragraph shall not apply

(1) to any person if such person shows that there was reasonable doubt as to (a) whether the law required deduction, withholding or payment of tax or (b) what person was required by law to deduct, withhold or pay; or

(2) to any person, if such person shows that the failure to comply with the provisions of paragraph (b) of this subdivision is due to circumstances beyond his control. A lack of funds existing immediately after the payment of wages (whether or not created by such payment) shall not be considered to be circumstances beyond the control of a person.

Sec. 2. The provisions of this act shall be effective upon passage.

Approved May 25, 1967.

CHAPTER 903—H. F. No. 2384

An act relating to reports to the commissioner of taxation by common and contract carriers of petroleum products; repealing Minnesota Statutes 1965, Section 296.21, Subdivision 3.

Be it enacted by the Legislature of the State of Minnesota:

Changes or additions indicated by italics, deletions by strikeout.