

or by agreement; and amounts received under an arrangement entered into by the taxpayer to provide a fund specifically intended to defray the funeral expenses of himself or any member of his family. The words "compensation" and "damages," as used in this subdivision, shall include reimbursement for medical, hospital, and funeral expenses in connection with such sickness, injury, or death.

(c) Contributions by an employer to accident or health plans for compensation (through insurance or otherwise) to his employee for personal injuries or sickness.

Sec. 2. *The provisions of this act shall be applicable to taxable years beginning after December 31, 1966.*

Approved May 25, 1967.

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#### CHAPTER 901—H. F. No. 1697

*An act relating to taxes on and measured by net income; amending Minnesota Statutes 1965, Section 290.08, Subdivision 1 and Section 290.09, Subdivision 1.*

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

Section 1. Minnesota Statutes 1965, Section 290.08, Subdivision 1, is amended to read:

**290.08 Income tax; exemptions and deductions from gross income.** Subdivision 1. **In general.** The following items shall not be included in gross income, provided that ~~the amount~~ of any item which was excluded in arriving at gross income under the provisions of section 290.01, subdivision 20, shall not be again excluded under this section.

Sec. 2. Minnesota Statutes 1965, Section 290.09, Subdivision 1, is amended to read:

**290.09 Deductions from gross income.** Subdivision 1. **Limitations.** The following deductions from gross income shall be allowed in computing net income, provided that ~~the amount~~ of any item which was deducted in arriving at gross income under the provisions of section 290.01, subdivision 20, shall not be again deducted under this section.

**Changes or additions indicated by italics, deletions by ~~strikeout~~.**

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

Approved May 25, 1967.

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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.**