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State of Minnesota

HOUSE OF REPRESENTATIVES

NINETY-SECOND SESSION

H. F. No. 1864

03/04/2021 Authored by Robbins
The bill was read for the first time and referred to the Committee on Taxes

1.1 A bill for an act
1.2 relating to taxation; modifying individual income tax and corporate franchise tax
1.3 refunds; requiring refunds to include interest calculated on payments of estimated
1.4 tax; amending Minnesota Statutes 2020, section 289A.50, subdivision 1.

1.5 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MINNESOTA:

1.6 Section 1. Minnesota Statutes 2020, section 289A.50, subdivision 1, is amended to read:

1.7 Subdivision 1. General right to refund. (a) Subject to the requirements of this section
1.8 and section 289A.40, a taxpayer who has paid a tax in excess of the taxes lawfully due and
1.9 who files a written claim for refund will be refunded or credited the overpayment of the tax
1.10 determined by the commissioner to be erroneously paid. The amount of excess tax includes
1.11 the amount of interest calculated on each installment of estimated tax paid for a taxable
1.12 year by an S corporation or partnership under section 289A.25 or a corporation under section
1.13 289A.26. Interest is calculated from the date the installment payment is made to the earlier
1.14 of the date the claim for a refund is made or the due date for paying the tax. The interest
1.15 rate used to calculate the amount of refunded interest is the same rate used to calculate
1.16 interest paid to the commissioner under section 289A.55, subdivision 1.

1.17 (b) The claim must specify the name of the taxpayer, the date when and the period for
1.18 which the tax was paid, the kind of tax paid, the amount of the tax that the taxpayer claims
1.19 was erroneously paid, the grounds on which a refund is claimed, and other information
1.20 relative to the payment and in the form required by the commissioner. An income tax, estate
1.21 tax, or corporate franchise tax return, or amended return claiming an overpayment constitutes
1.22 a claim for refund.

2.1 (c) When, in the course of an examination, and within the time for requesting a refund,
2.2 the commissioner determines that there has been an overpayment of tax, the commissioner
2.3 shall refund or credit the overpayment to the taxpayer and no demand is necessary. If the
2.4 overpayment exceeds \$1, the amount of the overpayment must be refunded to the taxpayer.
2.5 If the amount of the overpayment is less than \$1, the commissioner is not required to refund.
2.6 In these situations, the commissioner does not have to make written findings or serve notice
2.7 by mail to the taxpayer.

2.8 (d) If the amount allowable as a credit for withholding, estimated taxes, or dependent
2.9 care exceeds the tax against which the credit is allowable, the amount of the excess is
2.10 considered an overpayment. The refund allowed by section 290.06, subdivision 23, is also
2.11 considered an overpayment. The requirements of section 270C.33 do not apply to the
2.12 refunding of such an overpayment shown on the original return filed by a taxpayer.

2.13 (e) If the entertainment tax withheld at the source exceeds by \$1 or more the taxes,
2.14 penalties, and interest reported in the return of the entertainment entity or imposed by section
2.15 290.9201, the excess must be refunded to the entertainment entity. If the excess is less than
2.16 \$1, the commissioner need not refund that amount.

2.17 (f) If the surety deposit required for a construction contract exceeds the liability of the
2.18 out-of-state contractor, the commissioner shall refund the difference to the contractor.

2.19 (g) An action of the commissioner in refunding the amount of the overpayment does not
2.20 constitute a determination of the correctness of the return of the taxpayer.

2.21 (h) There is appropriated from the general fund to the commissioner of revenue the
2.22 amount necessary to pay refunds allowed under this section.

2.23 **EFFECTIVE DATE.** This section is effective for refunds due on taxes paid for taxable
2.24 years beginning after December 31, 2020.