

8130.7500 RETURNS AND RECORDS.

Subpart 1. [Repealed, 31 SR 449]

Subp. 2. [Repealed, 31 SR 449]

Subp. 3. **Consolidated returns permitted.** Under Minnesota Statutes, section 289A.11, subdivision 1, if the person required to file a return has two or more places of business at which the person engages in transactions subject to tax, the person may elect to file a consolidated sales and use tax return, for all such places of business under the following conditions:

A. the taxpayer has been granted a sales and use tax account number by the commissioner;

B. the taxpayer furnishes to the commissioner a list containing the business name and address and reporting information specified in subpart 5 for each separate place of business; and

C. the taxpayer makes available at the address used by the taxpayer on the consolidated return the information pertinent to each separate place of business in order that the commissioner may be able to perform a proper audit with respect to the return so filed.

Subp. 4. [Repealed, 31 SR 449]

Subp. 5. [Repealed, L 2003 c 127 art 6 s 18]

Subp. 6. **Records; general.** Every seller, retailer, and person storing, using, or otherwise consuming in this state tangible personal property or taxable services as defined in Minnesota Statutes, section 297A.01, subdivision 3, purchased from a retailer, and every lessor and lessee of tangible personal property for use in this state must keep adequate and complete records showing:

A. gross receipts from sales or lease payments from leases of tangible personal property (including any services that are a part of the sale or lease) made within Minnesota irrespective of whether the seller or lessor regards the receipts as taxable or nontaxable;

B. all deductions allowed by law and claimed in filing returns; and

C. total purchase price of all sales or purchases as defined in Minnesota Statutes, section 297A.01, subdivision 3, purchased for sale or consumption or lease in Minnesota.

These records must include the normal books of account ordinarily maintained by the average prudent businessperson engaged in the activity in question, together with all bills, receipts, invoices, cash register tapes, or other documents of original entry supporting the entries in the books of account as well as all schedules or working papers used in connection with the preparation of tax returns.

Subp. 7. **Records; microfilm.** Microfilm reproductions of general books of account, such as cash books, journals, voucher registers, ledgers, etc., are not acceptable in lieu of original records. However, microfilm reproductions of supporting records of details, such as sales invoices, purchase invoices, credit memoranda, etc., may be maintained providing the following conditions are met:

A. appropriate facilities are provided for preservation of the films for periods required;

B. microfilm rolls are indexed, cross-referenced, labeled to show beginning and ending numbers or beginning and ending alphabetical listing of documents included, and are systematically filed;

C. the taxpayer agrees to provide transcriptions of any information contained on microfilm which may be required for purposes of verification of tax liability; and

D. proper facilities are provided for the ready inspection and location of the particular records including modern projectors for viewing and copying the records.

A posting reference must be on each invoice. Credit memoranda must carry a reference to the documents evidencing the original transaction. Documents necessary to support claimed exemptions from tax liability, such as bills of lading and purchase orders, must be maintained in an order by which they readily can be related to the transactions for which exemption is sought.

Subp. 8. **Electronic data processing records.** "Electronic data processing records" include punched cards, magnetic tapes, magnetic disk packs, computer disks, and other machine-sensible data media used for recording, consolidating, and summarizing accounting transactions and records within a taxpayer's electronic data processing system. These records are required to be retained so long as their contents may be material in the administration of any provision of the Sales and Use Tax Law. The commissioner shall decide the materiality of any such records, and if the materiality of any record is questionable, then the record must be retained. It is not required that taxpayers retain the same data on two or more machine-sensible media. If there is a duplication of data between two or more electronic data processing media, the taxpayer must maintain a complete set of all the records on at least one of the media.

These requirements apply to any taxpayer who maintains any records on an electronic data processing media. The records to be maintained are as follows.

A. A general ledger, with source references, to coincide with financial reports for sales tax reporting periods. In cases where subsidiary ledgers are used to support the general ledger accounts, the subsidiary ledgers must be maintained.

B. Invoices, vouchers, and other records which support the summary accounting data. These records must be identified and made available to the department upon request.

C. The records which provide the opportunity to trace any transaction back to the original source or forward to a final total. If printouts are not made at the time of processing, then the system must have the ability to reconstruct these transactions.

D. A general description or documentation of the electronic data processing portion of the accounting system. This includes but is not limited to:

(1) standard programming conventions and procedures including flowcharting conventions, decision table conventions, coding conventions, standard glossary and standard abbreviations, standard programming techniques, and debugging procedures and techniques;

(2) documentation of the system including a problem statement, systems flowcharts, operator instructions, record layouts, program flowcharts and sense switches, program listings, test data, and approval and changes log; and

(3) standard operating procedures and control procedures, including the reconciliation of electronic data processing controls to nonelectronic data processing controls, error listings and error logs, and any other controls, either electronic data processing or manual, used to ensure accurate and reliable processing.

Any taxpayer retaining disbursement or revenue records on electronic data processing records for any individual original transactions, or any summary of the transactions subject to the tax under the provisions of the Sales and Use Tax Law must separately show the amount of sales tax paid or the amount of sales tax collected. It is permissible, however, to group all taxable sales or all taxable purchases into various accounts, all of which are taxable, providing that if a nontaxable transaction is combined with a taxable transaction in the same account, then, with respect to each individual transaction, the tax is separately shown in the electronic data processing record.

An electronic data processing system must include a method of producing visible and legible paper records from the electronic data processing records which will provide the necessary information for verification of the taxpayer's tax liability.

Production of these paper records does not eliminate the necessity of maintaining the corresponding electronic data processing records as required by the first paragraph of this subpart.

Statutory Authority: *MS s 14.388; 270C.06; 297A.25; 297A.27; 297A.29*

History: *15 SR 693; L 2003 c 127 art 6 s 18; L 2005 c 151 art 1 s 114; 31 SR 449*

Published Electronically: *February 18, 2008*