

1 Department of Revenue

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3 Adopted Permanent Rules Relating to Disclosure of Return

4 Information in Investigation

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6 Rules as Adopted

7 8170.0100 DISCLOSURE IN INVESTIGATION; THIRD PARTY RETURNS.

8 Subpart 1. Disclosure of return information. Return
9 information of a taxpayer can be disclosed to taxpayers under
10 investigation if it is pertinent return information of a third
11 party.

12 Subp. 2. Definitions. For purposes of Minnesota Statutes,
13 section 270B.06, subdivision 2, and this part, the definitions
14 in items A and B apply.

15 A. "Investigation" means an inquiry by the Department
16 of Revenue into whether a taxpayer is liable for a state tax, or
17 whether a taxpayer's return or refund claim is correct. The
18 investigation is not concluded until the taxpayer is found not
19 to be liable, the taxpayer's return or refund claim is accepted,
20 the taxpayer's liability or deficiency is satisfied, or the
21 taxpayer's appeal is finally determined.

22 B. "Pertinent return information of a third party"
23 means information regarding the liability or refund of one
24 taxpayer which affects another taxpayer's liability or refund.

25 Examples of such information are:

26 (1) where more than one taxpayer is or may be
27 liable for the same tax types, periods, and amounts, information
28 regarding personal liability under Minnesota Statutes, section
29 270.101, including whether a personal liability assessment has
30 been made against a taxpayer; whether the assessment has been
31 appealed administratively or judicially, and the status of the
32 appeal; whether any amounts have been collected from the
33 taxpayer, and whether the taxpayer is still being pursued for
34 collection; and whether a settlement has been made with the
35 taxpayer and for how much, unless the settlement agreement

1 prohibits disclosure;

2 (2) information regarding the sales tax liability
3 of a taxpayer which affects the use tax liability of another
4 taxpayer;

5 (3) information used as a basis for a sales tax
6 assessment against a taxpayer that is obtained from other
7 taxpayers, such as statements from the purchasers of a vendor,
8 or the sales tax history of a previous owner of the taxpayer's
9 business;

10 (4) whether amounts claimed by an employer as a
11 withholding tax refund have been claimed as a credit by the
12 employees of the employer on their individual income tax
13 returns;

14 (5) when taxpayers are married and filing
15 separate individual income tax returns, whether either spouse
16 itemized deductions, and if so, how much of the state income tax
17 deduction had to be included in the Minnesota taxable income of
18 either spouse;

19 (6) whether two or more taxpayers are claiming
20 the same dependent on their individual income tax returns;

21 (7) information regarding items of expense,
22 deduction, credit, or loss on the individual income tax return
23 of a taxpayer which affects the amount of income that should be
24 reported on the individual income tax return of another
25 taxpayer;

26 (8) information from the corporate franchise tax
27 return or tax records of a corporation needed to determine the
28 correctness of a corporate franchise tax return of a unitary
29 group with which the corporation is no longer affiliated;

30 (9) whether a taxpayer filing a property tax
31 refund return has been claimed as a dependent on the individual
32 income tax return of another taxpayer;

33 (10) information from the individual income tax
34 returns of taxpayers who live in the home of a taxpayer filing a
35 property tax refund return that is needed to determine household
36 income;

1 (11) when a taxpayer's business accounts
2 receivable have been acquired by a financial institution or
3 other third party pursuant to an assignment, sale, security
4 agreement, or liquidation, information from the sales tax
5 returns of the taxpayer necessary for the financial institution
6 or third party to determine the sales taxes it must collect and
7 remit as it collects the accounts receivable;

8 (12) whether alimony claimed as a deduction on
9 the individual income tax return of one ex-spouse has been
10 reported as income on the individual income tax return of the
11 other ex-spouse; and

12 (13) information regarding the allocation of the
13 purchase price of a business among the various kinds of assets
14 sold, when the method of allocation reported on the individual
15 income tax return of the seller is different from the allocation
16 reported on the individual income tax return of the purchaser.