Minnesota Management & Budget
Statewide Operating Policy

Processing a Payment for Sales Tax Due

Objective

If an agency determines that state and/or local taxes are due to the Minnesota Department of Revenue (DOR), but were not paid, the agency should enter an AP Journal Voucher to move the tax to the appropriate liability account(s).

Example

An agency goes into a bordering state to pick up items. The agency must pay the vendor the applicable state's sales tax rate. If that state's sales tax rate is lower than Minnesota's sales tax rate, the agency must pay the difference to the DOR.

General Procedures

Step	Action	Responsible Party	Timeline
1.	Create an AP journal voucher debit (positive amount) to the expense account that should be charged. To determine the liability accounts to credit, search the tax code report for the city where the goods and/or services were delivered. Use the vendor ID XXECORRECT. On the description line of the AP Journal Voucher, please identify the tax code number.	Agency	As Needed
2.	At month end, the balances in the sales/use tax liability accounts will be remitted to DOR.	MMB System Compliance	At Month End

Related Policies and Procedures

MMB Statewide Operating Policy 0807-01 State Taxes on State Agency Payments (http://mn.gov/mmb-stat/documents/accounting/fin-policies/chapter-8/0807-01-agency-sales-tax-policy.pdf)

MMB Statewide Operating Procedure 0807-01.1 Requesting a Refund of Sales Tax Paid (http://mn.gov/mmb-stat/documents/accounting/fin-policies/chapter-8/0807-01-01-sales-tax-refund-procedure.pdf)

Related Forms

[MMB Statewide Operating Form 0807-01.1F Request for Refund of Sales Tax](http://mn.gov/mmb-stat/documents/accounting/forms/fi56302-sales-tax-refund.pdf) (http://mn.gov/mmb-stat/documents/accounting/forms/fi56302-sales-tax-refund.pdf)