

MinnesotaCare Tax 2020 Pharmacy Refund

Information and instructions for filing your MinnesotaCare Pharmacy Refund Return (Minnesota Statutes, Chapter 295)
For Minnesota pharmacies only

Information and Assistance

Website/e-Services

www.revenue.state.mn.us

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MinnesotaCare.tax@state.mn.us

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Fax

651-556-5233

Business Registration

Email:

business.registration@state.mn.us

Phone:

651-282-5225 or 1-800-657-3605

Contents

What's New	1
Registering for a Minnesota Tax ID Number	1
General Information.	2
Who is Eligible	
Qualifying Legend Drugs	
Definition of Legend Drugs	
Filing Due Date	
Reporting Business Changes	
Recordkeeping	
Statute of Limitations	
How to File Your Annual Return	3
How to Amend Your Return.	3-4
Managing Your Account Profile in e-Services.	4

This information is available in alternate formats.

Your 2020 Pharmacy Refund Return is Due March 15, 2021

File your return electronically starting **January 22, 2021**.

Go to our website and log in to e-Services to file.

What's New

Pharmacy Refund Rate Change Reminder

The refund rate is 1.8% starting with refund claims for the 2020 tax year.

2019 Pharmacy Refund Deadline

The final deadline to claim a 2019 Pharmacy Refund is March 15, 2021. Refund claims filed after this date will not be allowed.

e-Services Upgrade

Our e-Services system has a new look and feel! The new design is more intuitive and user friendly. For help, search **e-Services Help** on our website.

Sign Up to Receive Email Updates

Stay informed about MinnesotaCare taxes! Sign up to receive email updates about:

- filing and payment due date reminders
- new or updated publications
- educational tax seminars
- tax law changes

To sign up, go to our website at www.revenue.state.mn.us and subscribe for email updates. Enter your email address and select **MinnesotaCare Tax Updates** from the list.

Registering for a Minnesota Tax ID Number

Before you can file a MinnesotaCare Pharmacy Refund Return, you must have a Minnesota Tax ID Number. This is a seven-digit number assigned to you when you register with the Minnesota Department of Revenue.

If you do not have a Minnesota ID number, you must apply for one. You can apply on our website at www.revenue.state.mn.us or by contacting Business Registration (see *Information and Assistance* on this page).

If your business currently has a Minnesota ID number for other Minnesota taxes, you can add a Pharmacy Refund account to your number. To add an account, go to our website and log in to e-Services or contact Business Registration.

General Information

Who is Eligible

Minnesota pharmacies that purchase qualifying legend drugs from wholesale drug distributors subject to MinnesotaCare Wholesale Drug Distributor Tax are eligible for a refund if they later deliver or ship the drugs to locations outside of Minnesota.

The refund is 1.8% of the amount paid to wholesale drug distributors for the legend drugs.

Qualifying Legend Drugs

Minnesota pharmacies can only claim a Pharmacy Refund on qualifying legend drugs. A qualifying legend drug must be:

- a legend drug (see *Definition of Legend Drugs* on this page)
- purchased from a wholesale drug distributor subject to Wholesale Drug Distributor Tax

To determine if a wholesale drug distributor is subject to tax, check your purchase invoice for a MinnesotaCare tax expense charge or contact the wholesaler for verification.

Definition of Legend Drugs

Legend drugs are drugs or gases required by federal law to be sold or dispensed in a container labeled with one of the following statements:

- “Caution: Federal law prohibits dispensing without prescription”
- “Rx only”

Legend drugs or gases must be classified by the U.S. Food and Drug Administration (FDA) as a drug and not a device.

Nutritional products, blood, and blood components are not considered legend drugs and cannot be used to claim the refund.

Blood derivatives, however, that are derived from blood, plasma, or serum through a chemical manufacturing process, are considered legend drugs and may be used to claim the refund.

Filing Due Date

Pharmacy Refund Returns are due annually on March 15 for drugs delivered or shipped outside of Minnesota during the previous calendar year.

Your 2020 Pharmacy Refund Return is due March 15, 2021.

The final deadline to claim the 2020 refund is March 15, 2022. Refund claims will not be allowed if they are filed more than one year after the original due date of the return.

Reporting Business Changes

Be sure to update your business information if you do any of the following:

- change the name, address, owner/officers, or ownership of your business
- make any other changes (such as email address, phone number, or contact person)
- need to add or close a tax account
- close your business
- audited and compiled financial statements
- all other summary and detail reports, schedules, ledgers, and journals
- computer system or software back-ups

To update business information, go to our website and log in to e-Services. For additional information, see *Managing Your Account Profile in e-Services* on Page 4.

Recordkeeping

Keep all internal accounting records and external third-party documentation that support the amounts reported on your Pharmacy Refund Return.

This includes any paper records and any records you receive or store electronically. Some examples of paper and electronic records include:

- legend drug purchase invoices
- records verifying drugs delivered or shipped outside of Minnesota
- records verifying any drugs returned to you after they were delivered or shipped outside of Minnesota
- audited and compiled financial statements
- all other summary and detail reports, schedules, ledgers, and journals
- computer system or software back-ups

If you are audited, you will be asked to provide between 4 and 6 years of records. All documentation must be made available for the department to review. Refunds may be denied if your documentation is incomplete.

Statute of Limitations

The department may audit your return within 3½ years from the original due date of the return or the date you filed the return, whichever is later. There is no time limit if we find you have fraudulently claimed a refund or reported false information.

How to File Your Annual Return

Your 2020 MinnesotaCare Pharmacy Refund Return is due March 15, 2021.

File your return using our e-Services system starting January 22, 2021.

Information You Need to File Your Return

You must file your MinnesotaCare Pharmacy Refund Return electronically using our e-Services system. Before you can file your return, you will need the following:

- your username and password
- total legend drug purchases made during the year
- total legend drug purchases delivered outside of Minnesota
- total returned legend drug purchases that were delivered outside of Minnesota

See the *Line Instructions* on this page for help calculating these amounts.

You must have a MinnesotaCare Pharmacy Refund account to file a return. To add an account, log in to e-Services or contact Business Registration (see Page 1).

If you have an account, but the period you are filing is not listed in e-Services, please call the MinnesotaCare Taxes Unit at 651-282-5533 so we can add it to your account.

To File Online

Go to our website at www.revenue.state.mn.us and log in to e-Services.

You will need internet access with a browser that supports 128-bit encryption, such as Internet Explorer 8.0 to 11.0, Firefox 3.0 or higher, Google Chrome, or Safari 5.X.

Line Instructions

Use this information when you electronically file your return.

Legend Drug Purchases

Report the total amount you paid during the year for qualifying legend drugs that you purchased from wholesale drug distributors subject to Wholesale Drug Distributor Tax.

Do not include amounts paid for:

- drugs or devices that are not legend drugs
- legend drug purchases on which you paid MinnesotaCare Legend Drug Use Tax. (**Note:** To claim a refund of Legend Drug Use Tax, amend your Legend Drug Use Tax Return. Do not file a Pharmacy Refund Return.)

For the definition of legend drugs and information on qualifying legend drugs, see Page 2.

Legend Drug Purchases Delivered Outside of Minnesota

Report the total amount you paid for qualifying legend drugs (regardless of when you purchased the drugs) that you delivered or shipped outside of Minnesota during the year.

Legend Drugs Returned to You

Report the total amount you paid for qualifying legend drugs delivered or shipped outside of Minnesota (regardless of when you purchased, delivered, or shipped the drugs) that were returned to you during the year.

Pharmacy Refund

Our e-Services system will calculate your refund. The refund rate is 1.8%.

How to Amend Your Return

To adjust your return, you must file an amended return electronically using our e-Services system.

You must file your amended return within 3½ years of the original due date for the year you are amending.

Keep all supporting documentation for any amended return you file. All documentation should be made available on request for the department to review. All amended returns are subject to audit.

Filing Instructions

To amend a return, follow these steps:

1. Go to our website at www.revenue.state.mn.us and log in to e-Services.
2. Select **Returns and Periods** for your Pharmacy Refund account.
3. Select **View or Change Return** for the return you want to amend.
4. Select **Change** on the return screen.

How to Amend Your Return (continued)

5. Enter your corrected amounts and the reason you are amending the return.
6. Follow the remaining prompts and select **Submit**.

You will receive a confirmation number if your amended return is filed successfully. If you need help or have questions about amending a return, please contact us.

Paying a Balance Due

If you amend your Pharmacy Refund Return for less than the amount you claimed on your original return, you must pay the amount due plus interest. Our e-Services system will calculate the interest for you.

Electronic Payment Requirements

You are required to pay electronically if your tax liability was more than \$10,000 for any one Minnesota business tax during the previous fiscal year (July 1 – June 30).

If you are required to pay any Minnesota business tax electronically for one year, you must pay all Minnesota business taxes electronically *for all future years*. We will send you a notice the first year you are required to pay electronically.

A 5% payment method penalty will be assessed on any non-electronic payments if you fail to pay electronically when required.

Electronic Payment Options

e-Services

You can make your payment using our online e-Services system when filing your amended return. If you pay through e-Services, you will be able to view a record of your payment online once it is processed. You will need your bank's routing number and your account number. When paying electronically, you may not use an account associated with a foreign bank.

ACH Credit

ACH credit payments are initiated by you through your bank. You authorize your bank to transfer funds to the state's bank account. The bank must use ACH file formats, which are available on our website. Your bank may charge you a fee for these payments.

Bank Wire

You can authorize a direct transfer from your bank account to the department. For information on how to make a bank wire transfer, call us at 651-556-3003 or 1-800-657-3909.

Managing Your Account Profile in e-Services

Our e-Services system lets you:

- update your web profile information
- store your email address, phone number, and banking information
- create access to your and other people's accounts
- add additional users with varying security, as well as request and approve third-party access

Set Up and Manage Users

There are two types of users in e-Services: e-Services Master and Account Manager. An e-Services Master can manage other users and view, file, and/or pay for specific account types. An Account Manager can view, file, and/or pay for specific account types depending on the access an e-Services Master has set up for the user.

e-Services has the following access level options:

- **All Access** - allows user total access to update the account, file, and pay
- **File** - allows user to view all information and file returns
- **Pay** - allows user to view all information and make payments
- **View** - allows user to only view all information

For instructions on how to create additional logons for users, see Help in e-Services.

Two-Step Verification

Two-step verification adds a second layer of security to prevent unauthorized access to your account. You must enter a username, password, and a verification code we send you to log in to your account.

Third-Party Access

Third-party access is for accountants and other non-employees who file returns and/or make payments on behalf of another business. In order to receive third-party access, the non-employee must request access from the taxpayer. The taxpayer must then grant the access and manage the login of the non-employee before the request can become active.

Both parties must be active in e-Services and work together to establish third-party access. For detailed instructions on how to request third-party access, go to our website.