

**December 1, 2000**  
**Rules Task Force meeting**

### **Informational Sheet - Revenue Notices**

The Department of Revenue started publishing Revenue Notices in 1991. Revenue Notices came about as part of the "Taxpayer Bill of Rights" legislation enacted during the 1990 Session. The Society of CPA's had made a request to the legislature that the Department issue some sort of "revenue rulings" similar to those published by the IRS. The Department was then directed by the Legislature to study the issue.

We were aware that there were certain things the industry wanted:

- They wanted pronouncements of broad-based application.
- They wanted the Department to be bound by these statements.
- They wanted easier and quicker access to the information.  
(Oftentimes tax laws are enacted to be effective immediately and the information needs to go out quickly so that taxpayers and practitioners know how to comply with the new laws).
- They wanted consistent answers to questions.
- And they wanted the ability to rely on what we say.

The Department then studied what the IRS and other states were doing with regard to the dissemination of policy information. The outcome of that Study was to publish Revenue Notices.

Revenue Notices may be educational as well as informative. They may represent the Department's view of the meaning of an ambiguous law or rule, and they may also inform taxpayers and others of policy positions the Department will take regarding particular laws.

The notices provide "interpretation, details, or supplementary information of law or rules . . . [and] are published for the information and guidance of taxpayers, the department of revenue, and others concerned." (*Minn. Stat.* §270.0604, subd. 1)

#### **What is the legal effect of Revenue Notices?**

Revenue Notices do not have the force and effect of law and have no precedential value; however, the Department is bound by a Revenue Notice until it is revoked or modified.

A change in law or rule, a court decision, or the issuance of a conflicting Revenue Notice would automatically revoke or modify a preceding Revenue Notice.

**Reliance** – Taxpayers are able to rely on the notices, but they are not bound by them.

**Appealability** – A Revenue Notice has no authority over a taxpayer, thus it is not appealable. A Revenue Notice simply informs the taxpayer how the Department will interpret the law; the taxpayer is free to agree or disagree with the Department's position. If an issue is litigated, the courts will continue to apply their own interpretations of the meaning of statutes or rules, regardless of the Department's interpretation or position in a Revenue Notice.

**Effective Date & Publication** - Revenue Notices are effective upon publication in the *State Register*. Because the legislature granted the Department an exception to the APA, Revenue Notices can be published much more quickly than a rule. And because they have general applicability, they are much more useful to the general public.

Revenue Notices are also distributed widely. Published notices are distributed internally, and are also sent to the legislature, the Bar Association, the CPA Society, West Publishing, and CCH. They are also posted on the Department's web site at:  
<http://www.taxes.state.mn.us/laws/notices.html>