

T.A.X. CLARITY & FAIRNESS ACT

(Taxpayer Assurance, eXplicit Guidance, and Fair Enforcement Act)

Preamble / Purpose

The purpose of this Act is to protect Minnesota businesses from unclear tax laws, retroactive enforcement, excessive audits, and punitive penalties that threaten business survival. This Act ensures transparency, education, advance notice, and good-faith compliance—so businesses can focus on serving customers, paying workers, and growing Minnesota’s economy.

Section 1. Prohibition on Creating or Reinterpreting Tax Code During Audits

Auditors shall not create, expand, reinterpret, or redefine tax obligations during an audit. If a tax code is unclear, vague, or inconsistently applied, the interpretation shall be resolved in favor of the business. No penalties, fines, interest, or back taxes may be imposed based on interpretations that were not clearly written and publicly communicated prior to the audited period.

Section 2. Mandatory Statewide Notice of Tax Code Changes

Any clarification, reinterpretation, or modification of a tax code must be formally issued by the State. The State shall notify all registered Minnesota businesses by email and written mail notice, clearly explaining what changed, who is affected, and what actions are required to comply.

Section 3. Delayed Implementation of New or Revised Tax Codes

No new or revised tax code may take effect until January 1 of the second calendar year following passage. This delay allows businesses sufficient time to review changes, update systems, adjust pricing, and consult tax professionals.

Section 4. Prohibition on Retroactive Enforcement

Any new or revised tax code shall apply only prospectively and shall never be enforced retroactively. Businesses may not be penalized for actions taken before the official effective date.

Section 5. Audit Frequency Limits for Small Businesses

Businesses with 20 employees or fewer may not be audited more than once within a 10-year period unless clear written justification is provided based on credible evidence such as fraud or criminal activity.

Section 6. Limits on Interest, Fines, and Business-Threatening Assessments

Taxes assessed during an audit shall not accrue interest. Auditors may not impose fines or assessments that would reasonably risk closure of the business.

Section 7. Good-Faith Compliance Protection

If a business used a licensed CPA or tax professional and made a good-faith effort to comply with the law, penalties shall be waived and fines reduced or eliminated.

Section 8. Auditor Accountability and Transparency

Auditors must provide written explanations for findings and cite specific statutes. Violations of this Act may result in internal review and disciplinary action.

Section 9. One-Time Correction Period (First-Time Compliance Protection)

First-time issues shall result in a mandatory correction period of no less than 12 months with no fines, penalties, or interest imposed, unless intentional fraud is proven.

Section 10. Educational Audit Disclosure to Similar Businesses

When a business fails an audit, the State shall send an email-only educational notice to similar businesses explaining the general issue and required correction without identifying the audited business.

Section 11. Reasonable-Time Adjustment Safe Harbor

Businesses that make documented corrections within a reasonable time after notice shall not be penalized in subsequent audits for the same issue.

Section 12. Severability

If any provision of this Act is found invalid, the remaining sections shall remain in full force and effect.