

Minnesota Collection Options: As Advertised



I owe the Minnesota Department of Revenue. Now what?

This information sheet explains some of your rights during the collection process.



How can I stop all collection actions?

We will stop all collection actions when your debt is paid in full. Contact us at 651-556-3003, 1-800-657-3909 (toll-free), or mdor.collection@state.mn.us for a payoff amount.



Payment Agreements

If you cannot pay your debt in full, you may call us at 651-556-3003 or 1-800-657-3909 (toll-free) to request a payment agreement. Payment agreements that include tax debt must pay a nonrefundable \$50 fee.



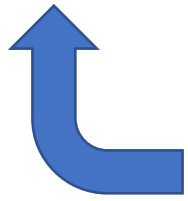
Financial Hardship

If you cannot afford a payment agreement or the \$50 fee, you may apply for a financial hardship. “Financial hardship” means you cannot provide basic necessities for you and your family.

Minnesota Collection Options: Taxpayer Preferences

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Requesting a Compromise

A compromise allows you to settle certain debts collected by the Minnesota Department of Revenue for less than the full amount owed. ([See Minnesota Statute 270C.52.](#)) When you apply for a compromise, we consider your circumstances, including your:

Who Submits State Offers?

Income Bracket	Number of Compromise Applications received by income bracket	Percentage of Compromise Applications received by income bracket
Customers that do not have reported adjusted gross income on file	111	37.50%
Less than \$0	12	4.05%
\$0-\$10,000	22	7.43%
\$10,001-\$20,000	20	6.76%
\$20,001-\$30,000	20	6.76%
\$30,001-\$50,000	24	8.11%
\$50,001-\$100,000	52	17.57%
Greater than \$100,000	35	11.82%

State Offers and Tax Administration

- Horizontal Equity Issues – Vague Standards
 - Statutory: “Best Interests of the State” incredibly vague
 - Judicial: No substantive MN Offer review cases, no clear way to Court
 - Administrative: No detailed, published guidance on standards of evaluation
- Practitioner/Taxpayer Concerns
 - Extremely difficult to counsel whether to make an Offer
 - Previously, a potential high cost to submission
 - \$250 Filing Fee w/o clear waiver guidance
 - Required 2 letters of loan denials

An Attempt at Defining “Best Interests” Federal Offers as Case Study

- Proposal: Always in Best Interest to Accept Offer Greater than RCP
 - Federal “Doubt as to Collectibility” Standard provides clarity
 - Little-to-no financial benefit keeping collection open after a few years
 - RCP generally aligns with hardship
- State Interests Protected:
 - Welfare of residents
 - Accurate accounting/revenue projections
 - Reduced administrative costs in collection

State Opportunities: Responsive Government

As a Result of Tax Clinic's Advocacy, Minnesota DOR Makes Changes That Benefit Low-Income Taxpayers

December 8, 2021

Tax time may be less stressful for some low-income Minnesotans who have difficulty paying their tax bills thanks to recent state policy changes resulting the efforts of two students working through Minnesota Law's [Ronald M. Mankoff Tax Clinic](#).

