DEPARTMENT OF REVENUE

Tax Year 2024

Minnesota Income Tax and Property Tax Refund VITA and AARP Tax-Aide Volunteer Manual

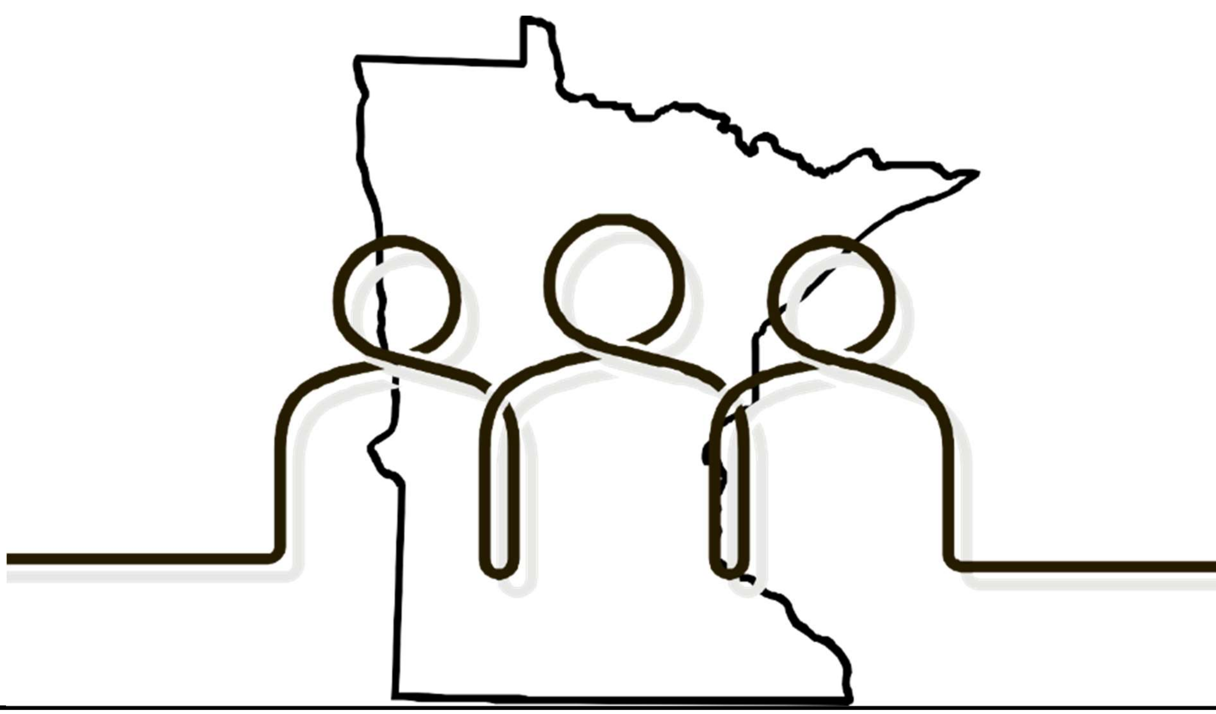

Table of Contents

Message from the Assistant Commissioner

On behalf of the entire Minnesota Department of Revenue, let me be the first to welcome you to the start of the 2025 tax filing season and to thank you for all the work you do to assist Minnesota taxpayers.

The 2025 filing season brings a lot of change for our taxpayers and tax preparers alike. We are excited to roll out the new Renter’s Credit. We expect this change to make filing for this important credit easier, thus increasing the number of taxpayers receiving the benefit. Revenue is also excited to offer the opportunity for taxpayers who qualify to receive their Child Tax Credit in advance of filing their 2025 tax return. Our mission at Revenue is “Working together to fund the future for all of Minnesota.” Our vision is “Everyone reports, pays, and receives the right amount: no more, no less.” We know our partnership with you is essential for ensuring we are working together to meet our mission and making our vision a reality.

Let me join everyone at Revenue in wishing you a successful tax season. Thank you for your continued partnership.

Best wishes,

Sarah Bronson
Assistant Commissioner

Outreach and Education Staff Contact Information

If you have Minnesota income tax or property tax refund questions while preparing returns, call or email the Minnesota Department of Revenue. Assistance is available Monday through Friday, 8 a.m. to 4:30 p.m. Central Time.

Phone: 651-556-3050
Email: individual.incometax@state.mn.us

If you have questions about running a free tax preparation site, email your regional coordinator.

Denise Rivera, Latino Outreach Coordinator
Region 1 Coordinator, Northern Minnesota
Email: Region1.mdor@state.mn.us

Meiko Yang, Asian Outreach Coordinator
Region 2 Coordinator, Central Minnesota
Email: Region2.mdor@state.mn.us

Safiya Farah, Somali Outreach Coordinator
Region 3 Coordinator, Southern Minnesota
Email: Region3.mdor@state.mn.us

Region 4, Twin Cities Metro
Email: Region4.mdor@state.mn.us

VITA and TCE Support Phone: 651-556-6606

Our Outreach and Education program provides support for free income tax and property tax refund return preparation programs. Some of the communities we work with include:

- People who are minority, low-income, or elderly
- People who have disabilities
- People whose English is a second language
- Military service members
- Paid and volunteer tax professionals

We create tax resource materials, offer training, and provide tax and technical support to volunteer sites. We also help people obtain services and information they need to meet their tax obligations and be informed about Minnesota's tax system.

The outreach and education staff includes Asian, Latino, and Somali community outreach coordinators who speak Hmong, Spanish, and Somali.

Grant to Provide Volunteer Taxpayer Assistance Services

In July of every odd-numbered year, the Minnesota Department of Revenue requests grant proposals from eligible organizations to coordinate, facilitate, encourage, and aid in providing volunteer taxpayer assistance services to Minnesotans who are low-income, elderly, and disadvantaged.

How much funding is available?
The commissioner of Revenue had authority to issue grants totaling $1.5 million for the 2024-2025 biennium, also known as the grant period. In the first year of the biennium, fiscal year 2024 (FY24), $750,000 was available, and in the second year of the biennium, fiscal year 2025 (FY25), $750,000 was available. An additional $1 million was appropriated for FY25. We awarded all grant funds for the 2024-2025 biennium.

Is my organization eligible for grant funding?
To be eligible for grant funding, your organization must meet these minimum requirements:

- Be an **eligible organization** that meets the definition provided in Internal Revenue Code of 1986, section 7526A(e)(2)(B)
- Be registered with the IRS as part of the Volunteer Income Tax Assistance (VITA) or Tax Counseling for the Elderly (TCE) programs
- Operate within the VITA and TCE programs' established guidelines and requirements
- Be compliant with Minnesota tax and information reporting requirements
- Be compliant with last year's grant contract for previous grant recipients

Eligible Organization
The applicant must be classified as one of these according to Internal Revenue code:

- A private or public non-profit organization that received an IRS determination letter confirming the organization's tax exemption under section 501 of the Internal Revenue Code, including credit unions and faith-based and community organizations
- A public, non-profit, or privately-owned college, university, vocational school, or other postsecondary educational institution
- A local government agency, including a county or municipal government agency
- An Indian Tribe, including any Tribally-designated housing entity or other wholly-owned Tribal entity
- A regional, statewide, or local coalition with one lead organization that meets one of the eligibility requirements
- A state government agency or Cooperative Extension office as established by a land-grant college or university. This is only for applicable taxpayers and members of underserved populations.

What are volunteer taxpayer assistance services?
Volunteer taxpayer assistance services are free accounting and tax preparation services provided by volunteers to low-income, elderly, and disadvantaged Minnesota residents. These services include:

- Filing federal and Minnesota income tax returns
- Filing Minnesota property tax refund returns
- Providing personal representation before Revenue and the IRS

What are the Volunteer Taxpayer Assistance Grant program goals for FY24-FY25?
Our long-term goals for expanding service remain for FY24-FY25:

- Increase the number of multilingual volunteers at free tax preparation sites throughout Minnesota. Languages include Spanish, Hmong, Oromo, Somali, and others. We want to expand in:
    - The seven-county metro area of Hennepin, Ramsey, Anoka, Washington, Dakota, Scott, and Carver
    - St. Cloud
    - Rochester
    - Willmar

- Expand the availability of free tax preparation services, specifically in:
    - Greater Minnesota
    - Brooklyn Park
    - Brooklyn Center
    - North Minneapolis
    - Northeast Minneapolis
    - Tribal reservations

The additional $1 million was prioritized to organizations:
- Opening new in-person sites
- Committing to expand availability, specifically to:
    - Tribal reservations
    - Rural areas greater than 50 miles from a current free tax preparation site

When is the grant application period?
We accept grant applications from July 1 through July 31 every odd-numbered year.

Pending the next legislative budget, applications for fiscal year 2026-2027 will open on July 1, 2025.

How do I apply?
1. Go to www.revenue.state.mn.us and enter **grant** into the Search box
2. Review the Request for Proposal (RFP) for information and requirements
3. Apply by following the instructions in the RFP

What if I have questions about the grant?

Email our Volunteer Grant team or call 651-556-3052 or 1-800-818-6871.

Tax Credit Outreach Grant

Minnesota's new Tax Credit Outreach Grant was passed and signed into law during the 2023 legislative session.

In July of odd-numbered years, Revenue requests grant proposals from eligible organizations to publicize and promote eligible Minnesota tax credits to low-income taxpayers, such as:

- Child Tax Credit
- Working Family Credit
- K-12 Education Credit
- Renter's Income Tax Credit
- Homestead Credit Refund (for Homeowners)

How much funding is available?
The commissioner of Revenue had authority to issue grants totaling $2 million for the 2024-2025 biennium, also knowns as the grant period. In the first year of the biennium, FY24, $1 million was available, and in the second year of the biennium, FY25, $1 million was available. An additional $1 million was appropriated for FY25. We have awarded all grant funds for the 2024-2025 biennium.

Is my organization eligible for grant funding?
To be eligible for grant funding, your organization must meet these minimum requirements:

- Be a nonprofit organization or federally recognized Indian Tribe
- Have experience serving demographic groups or geographic regions that have historically low rates of participation in eligible credits
- Be compliant with Minnesota tax and information reporting requirements

What are the Tax Credit Outreach Grant program goals for FY24-FY25?
The Minnesota Department of Revenue awards grants for FY24-FY25 to publicize and promote eligible Minnesota tax credits to taxpayers including but not limited to:

- Child Tax Credit
- Working Family Credit
- K-12 Education Credit
- Renter's Income Tax Credit
- Homestead Credit Refund (for Homeowners)

Our goals for this grant funding are:

- Increase awareness and claims for Minnesota tax credits among demographic groups or geographic regions with historically low rates of participation in eligible credits. Specifically:
  - Immigrant communities
  - Limited English-speaking communities
  - Senior communities
  - Low-income communities
  - Tribal reservations
  - Rural areas greater than 50 miles from a current free tax preparation site
  - Brooklyn Park
  - Brooklyn Center
  - North Minneapolis
  - Northeast Minneapolis
- Increase publicizing and promotion of eligible Minnesota tax credits to taxpayers in additional languages including but not limited to Spanish, Hmong, Oromo, Somali, and others.

When is the grant application period?
We accept grant applications from July 1 through July 31 every odd-numbered year.

Pending the next legislative budget, applications for fiscal year 2026-2027 will open on July 1, 2025.

How do I apply?

1. Go to www.revenue.state.mn.us and enter **grant** into the Search box.
2. Review the Request for Proposal (RFP) for information and requirements.
3. Apply by following the instructions in the RFP.

What if I have questions about the grant?

Email our Volunteer Grant team or call 651-556-3052 or 1-800-818-6871.

Introduction

The 2024 VITA and AARP Tax-Aide Volunteer Manual is a reference guide explaining basic tax laws and procedures for the 2024 Minnesota Individual Income Tax return and the 2024 Minnesota Homestead Credit Refund return.

Last year, the VITA and AARP Tax-Aide program prepared 55,674 Minnesota income tax returns and 40,768 property tax refund returns. Over $68.5 million in state income tax and property tax refunds were issued to these Minnesota taxpayers. By issuing refunds to those legitimately entitled to them, we ensure everyone reports, pays, and receives the right amount: no more, no less.

As you move forward into the next tax season, protect the privacy and rights of those you serve. **You work with very sensitive personal information, so keep it safe, secure, and confidential**. With identity theft on the rise, your continued diligence in this area is even more important. We all need to work together to make sure the right refund goes to the right person.

Disclaimer

The information in this manual is based on the laws in effect when it was written. It does not supersede or alter any provisions of Minnesota laws, administrative rules, court cases, or Revenue Notices. It does not provide tax advice.

The examples in this manual are fictitious. Any resemblance to real individuals is coincidental.

If you have questions or need clarification on this manual's information, contact your regional coordinator listed on Page 4.

Revenue Updates

Public Pension Subtraction Guidance Improvements

We improved our Public Pension Subtraction page with more information to help determine if your client qualifies for this tax benefit. We created the new Schedule M1QPEN, Qualified Public Pension Subtraction, to help us process this subtraction more efficiently.

Renter's Credit Moving from M1PR to M1

In response to recent legislation, beginning with tax year 2024, the Renter's Property Tax Refund is ending. Instead, renters will claim the Renter's Credit on their Minnesota Individual Income Tax Return using Schedule M1RENT. They will provide Certificate of Rent Paid (CRP) information when they file their Individual Income Tax Return. Due to this major change:

- Renters will no longer receive a separate refund later in the year. The credit will be part of the amount owed or refunded on their income tax return.
- For 2023 and earlier, renters claim the refund using Form M1PR.
- For 2024 and later, renters claim the credit using Form M1 and Schedule M1RENT.
- Renters must file both a federal Form 1040 and Minnesota Form M1 to receive the credit even if they are not required to file a Minnesota income tax return.

Certificate of Rent Paid (CRP) Electronic Filing

To claim the Renter's Credit as part of an income tax return, all property owners and managing agents must use e-Services to create and submit all Minnesota Certificates of Rent Paid (CRPs).

e-Services automatically assigns an Electronic Certificate Number (ECN) to each CRP, which renters will use when filing their income tax return. This allows us to verify rent paid information as part of the income tax return.

Advance Child Tax Credit Payment System

An Advance Child Tax Credit payment system is now required by legislative mandate. See page 38 of this manual for more information.

e-Services Pilot for Individuals

We are using a pilot program to invite some individual taxpayers to register for e-Services accounts. This allows them to register and manage their own tax account, including tasks that previously required a phone call to Revenue.

This is a gradual release but will soon be an option for all taxpayers. Future enhancements will also allow taxpayers to give third party access to their tax professional. We will share more information as we expand our technology options.

Minnesota Amended Tax Return e-Filing

After careful consideration, we have decided not to offer electronic filing of the M1X for tax year 2024.

As the project progressed to later stages of development, we discovered several issues that would have required significant time and resources to solve.

This project remains a priority for Revenue, and we plan to revisit it in the future.

Individual Income Tax Updates

This section covers the legislative impacts to individual taxpayers. This is not a complete list as some law changes do not affect items within the scope of the VITA and TCE programs.

Advance Child Tax Credit

The May 2024 tax bill required the Department of Revenue to create and administer an advance child tax credit payment system.

- Taxpayers must file a 2024 state income tax return by April 15, 2025, to elect to receive advance payments of their 2025 Child Tax Credit
- A checkbox has been added to Schedule M1CWFC, Minnesota Child and Working Family Credits, for taxpayers to elect to receive advance payment
- This election is valid for one year and must be made annually
- Maximum advance payments will be 50% of the Child Tax Credit they received on the current year return
- Taxpayers must file an income tax return the following year if they elected to receive advance payment of their Child Tax Credit

Minimum Credit

If a taxpayer’s financial situation changes or the number of qualifying dependents changes during the year, they might no longer qualify for a Child Tax Credit. To encourage taxpayers to take advantage of advance payments, a minimum credit will be implemented starting with tax year 2025 to alleviate the concern of having to pay back some or all the advance payments received.

See page 38 for more information on the advance payments of the Child Tax Credit and Minimum Credit.

Authorization to Share Information with MNsure

When filing the individual income tax return, taxpayers may elect to authorize Revenue to share necessary return information with MNsure for the purpose of contacting them with information about estimated eligibility for free or reduced-cost health insurance.

Information we share includes:

- Name and spouse's name if filing a joint return
- Number of people in the household
- Dependent's date of birth
- Address
- Adjusted gross income
- Email
- Telephone number
- County of residence

Minnesota Property Tax Refund Law Changes

Renter's Credit Moving from Form M1PR to Form M1

The May 2023 tax bill changed the Renter's Credit from a standalone credit filed on Form M1PR, Homestead Credit Refund (for Homeowners) and Renter's Property Tax Refund, to an income tax credit filed with Form M1, Individual Income Tax. This begins with tax year 2024. It is important to understand how this change will impact your clients.

- Taxpayers who rent their homestead will now receive their refundable rent credit as part of their regular income tax refund
- Schedule M1RENT, Renter's Credit, must be filed with Form M1 to claim the Renter's Credit
- Household income will be calculated differently for renters than household income for homeowners
- Non-taxable income is no longer included in the household income calculation to determine the Renter's Credit
- Ensure your clients understand they will not receive another refund check later in the year, especially taxpayers who are used to getting their Renter's Credit or rebate check after July 1

See page 41 or more information on this change.

Form M1PR Changes

There are two changes to the 2024 Form M1PR:

- Schedule M1PR-AI, Additions to Income, is no longer used. Instead, additional nontaxable income will be reported on line 6 of Form M1PR.
- The special refund will be determined on a new schedule called the Schedule M1PR-SR, Special Refund, that will flow into Form M1PR.

2024 New Tax Forms

Schedule M1QPEN, Qualified Public Pension Subtraction

The qualified public pension subtraction was a new subtraction claimed on Schedule M1M, Income Additions and Subtractions, in 2023. The Schedule M1QPEN was added for individuals to claim the subtraction in 2024. Taxpayers will determine their eligibility and the amount of their subtraction using Schedule M1QPEN, and the result will then flow to Schedule M1M.

Schedule M1RENT, Renter's Credit

The Renter's Credit was enacted in 2023. This income tax credit replaced the Renter's Property Tax Refund, which was previously claimed using Form M1PR, Homestead Credit Refund (for Homeowners) and Renter's Property Tax Refund. Beginning with tax year 2024, taxpayers will file Schedule M1RENT with their individual income tax return to claim the Renter's Credit.

Schedule M1PR-SR, Special Refund

Beginning with the 2024 Form M1PR, the special refund moved from the Schedule 1 section of Form M1PR to a separate schedule. Individuals must file Schedule M1PR-SR with Form M1PR to claim the special refund in 2024.

Minnesota Individual Income Tax

This section covers Minnesota Form M1, Individual Income Tax, and how to complete the form.

Form M1, Individual Income Tax

Filing Status

There are five filing statuses:

- Single
- Married Filing Jointly (MFJ)
- Married Filing Separately (MFS)
- Head of Household (HOH)
- Qualifying Surviving Spouse (QSS)

Your clients' 2024 Minnesota returns **must** use the same filing status as their 2024 federal returns.

Filing Requirements

If your client is a Minnesota resident and is required to file a federal income tax return, they must file a Minnesota return. If your client is not required to file a federal income tax return, use this table to determine if they must file a Minnesota return based on their filing status, situation, and income.

If your filing status is	**And**	**Then you must file a Minnesota income tax return if your income was at least**
Single	You were born on or after January 2, 1960	$14,575
	You were born before January 2, 1960	$16,525
Married Filing Jointly	You and your spouse were born on or after January 2, 1960	$29,150
	You or your spouse were born before January 2, 1960	$30,700
	You and your spouse were born before January 2, 1960	$32,250

Head of Household	You were born on or after January 2, 1960	$21,900
	You were born before January 2, 1960	$23,850
Married Filing Separately	Any age	$5
Qualifying Surviving Spouse	You were born on or after January 2, 1960	$29,150
	You were born before January 2, 1960	$30,700

If a client is only filing a federal return to receive a refund of federal tax withholding, they do not need to file a Minnesota return. This situation may apply if your client:

- Is below the filing requirement
- Has no credits to claim
- Has no difference between Minnesota and federal gross income
- Did not have Minnesota tax withheld

If a client is a dependent, they must file a Minnesota return if their gross income is greater than the standard deduction determined by their earned income, filing status, and allowable additional standard deduction amounts.

Members of the military: If your clients are military members and Minnesota residents, you may exclude active-duty military pay when determining if they meet the Minnesota filing requirement.

Nonresidents and part-year residents: If your clients are nonresidents or part-year residents, they must file a Minnesota return if their Minnesota source gross income is $14,575 or more. For details on Minnesota source income, see the table on assignability of income on page 31.

American Indians: If your clients are American Indian, are Minnesota residents, and must file a federal income tax return, they must file a Minnesota return. This is true even if all or part of their income is exempt from Minnesota tax. For more information, see the American Indians section on page 25.

State Elections Campaign Funds

Ask your clients if they wish to give $5 to the State Elections Campaign Fund to help candidates for state office pay campaign expenses. Contributing will **not reduce** their refund or increase their tax owed. The money comes from the state's general treasury fund.

If your clients wish to designate money for the campaign fund, fill in the code number for the party of their choice. If they do not wish to designate money, leave the code number blank.

Political Party	Code Number
Republican	11
Democratic/Farmer-Labor	12
Grassroots/Legalize Cannabis	14
Libertarian	16
Legal Marijuana Now	17
General Campaign Fund	99

Money assigned to specific parties is distributed to candidates after the primary election for elective state office. Money assigned to the general campaign fund is distributed after the primary election to major party candidates who meet the criteria for limiting campaign expenses.

Completing Form M1

Federal Return Information (Form M1, Lines A-D)

From the federal return, enter your clients' income information:

- Wages
- Salaries
- Tips
- Discharge of indebtedness
- Taxable IRA distributions
- Pensions
- Annuities
- Unemployment compensation
- Federal taxable income

From Your Federal Return *(see instructions)*

A. Wages, salaries, tips, etc. ______ B. IRA, pensions, and annuities ______ C. Unemployment ______ D. Federal taxable income ______

Line 1 (Form M1): Federal Adjusted Gross Income

If federal adjusted gross income is less than zero, your clients should have entered zero on the federal return. Minnesota returns require the negative number. If negative, enter the amount as a negative number.

1 **Federal adjusted gross income** *(from line 11 of federal Form 1040 and 1040-SR)* . . . . 1■ ______

Line 2 (Form M1): Additions to Income from line 10 of Schedule M1M

Complete line 2 of Form M1 using lines 1 through 10 of Schedule M1M, Income Additions and Subtractions. Even if only one addition applies, you must complete and enclose Schedule M1M with your clients' returns.

Interest from Municipal Bonds of Another State or its Governmental Units (Line 1, Schedule M1M)

You must add your clients' interest earned on out-of-state municipal bonds to their income. Of the amount you included on your clients' line 2a of federal Form 1040, add the interest they received from municipal bonds issued by:

- A state other than Minnesota
- A local government, such as a county or city, in a state other than Minnesota

Ordinarily, the federal government does not tax interest earned from debt obligations, also known as bonds, of municipalities or other governmental subdivisions, such as counties or school districts. Minnesota only exempts interest earned on Minnesota municipal bonds from state taxation.

Federally Tax-Exempt Dividends from Mutual Funds Investing in Bonds of Another State (Line 2, Schedule M1M)

You must add any federally tax-exempt interest dividends from a mutual fund attributable to interest from municipal bonds of another state or its local government units to your clients' income.

To determine the amount to include, follow these instructions:

- If **95% or more** of the federally tax-exempt dividends from a mutual fund came from bonds issued by Minnesota, include **only** the portion of the federally tax-exempt dividend generated by non-Minnesota bonds.
- If **less than 95%** of the federally tax-exempt interest dividends from a mutual fund came from bonds issued by Minnesota, include **all** the federally tax-exempt interest dividends from that fund.

Lines 3-4 (Schedule M1M)

Refer your clients to a paid preparer if they have either:

- Expenses deducted on the federal return attributable to income not taxed by Minnesota
- Capital gain portion of a lump-sum distribution

Addition from Line 7 of Schedule M1HOME (Line 5, Schedule M1M) (Schedule M1HOME)

Your clients may need to report an addition to Minnesota taxable income for nonqualified withdrawals from a first-time homebuyer savings account.

You must report this addition on your clients' returns if either of these apply:

- Your clients previously reported a subtraction on Schedule M1HOME, First-Time Homebuyer Savings Account, and a withdrawal from the account was used for anything but eligible costs
- The account balance exceeds contributions at the close of the tenth year the accounts are open

Distributions from Higher Education Savings Accounts Used for K-12 Tuition (Line 6, Schedule M1M) (Schedule M1529)

Clients may have used distributions from a higher education savings account to pay for K-12 tuition. As opposed to other uses, distributions used for K-12 tuition are taxable in Minnesota. You must include the lesser of the total distributions from the account used to pay K-12 tuition or the total earnings reported on federal Form 1099-Q for the year.

If your client claimed a credit or subtraction in a prior year for contributions to a higher education savings account, they may be subject to a recapture tax for nonqualified distributions on Schedule M1529.

Line 4 (Form M1): Itemized Deductions (Schedule M1SA) or Standard Deduction

If your client chooses the standard deduction on their Minnesota income tax return, determine the amount based on their filing status.

Filing Status	Amount
Single	$14,575
Head of Household	$21,900
Married Filing Jointly or Qualifying Surviving Spouse	$29,150
Married Filing Separately	$14,575
Additional amount for married filers who are blind and/or age 65 and older	$1,550 per instance
Additional amount for single filer who is blind and/or age 65 and older	$1,950 per instance

If your client is Married Filing Separately, they may only claim the standard deduction if their spouse did not itemize deductions. If your client can be claimed as a dependent on another person's tax return, see the instructions for line 4 to determine the standard deduction amount.

If your client chooses to itemize deductions on their Minnesota income tax return, complete and enclose Schedule M1SA, Minnesota Itemized Deductions.

Medical and Dental Expenses (Line 1, Schedule M1SA)

Minnesota allows a deduction for medical and dental expenses. The allowable expenses are the same for federal and Minnesota purposes. The amount of the Minnesota deduction is limited to amounts exceeding 10% of adjusted gross income.

If your clients filed federal Schedule A and entered an amount on line 1, enter that amount on line 1 of Schedule M1SA. If your clients did not file Schedule A or enter an amount on line 1 of Schedule A, enter the total of their medical and dental expenses after reducing these expenses by any payments they received from insurance or other sources.

Real Estate Taxes (Line 5, Schedule M1SA)

If your clients filed federal Schedule A, enter the amount from line 5b.

Include state and local taxes your clients paid on real estate they own and did not use for business. The deduction for state and local real property and personal property is limited to $10,000 or $5,000 for married clients filing separately.

Refunds and Rebates

If your client received a refund or rebate in 2024, such as from a 2023 Form M1PR, Homestead Credit Refund (for Homeowners) and Renter's Property Tax Refund, reduce their deduction by the amount of the refund or rebate.

Personal Property Taxes (Line 6, Schedule M1SA)

If your clients filed federal Schedule A, include the amount from line 5c of Schedule A on line 6 of Schedule M1SA. Enter the state and local personal property taxes they paid, but only if the taxes were based on value alone and imposed on a yearly basis.

If your clients are claiming registration tax for a vehicle registered in Minnesota, they may deduct part of their Minnesota vehicle license fee as personal property tax for passenger automobiles, pick-up trucks, and vans. They cannot deduct other amounts, such as the plate fee and filing fee.

Calculate the allowed deduction by subtracting $35 from their vehicle's registration tax for each vehicle they registered.

Other Taxes (Line 9, Schedule M1SA)

If your clients had any deductible tax not listed on lines 5 or 6, list the type and amount of tax. Include income tax they paid to a foreign country or U.S. possession. Your client cannot claim a deduction for foreign taxes if they included those taxes on federal Form 1116.

Home Mortgage Interest and Points on Federal Form 1098 (Line 11, Schedule M1SA)

Enter the mortgage interest and points reported to your clients on federal Form 1098.

If your clients filed federal Schedule A, enter the amount from line 8a that does not include home equity loan interest. The deduction for mortgage interest is limited to interest paid on the first $750,000, or $375,000 for Married Filing Separately, for loans originated on or after December 16, 2017. The deduction is limited to interest on the first $1,000,000, or $500,000 for married clients filing separate, for loans originated before December 16, 2017, with an exception to loans taken out on or before October 13, 1987.

Minnesota does not allow deductions for home equity loan interest or mortgage insurance premiums treated as interest.

Home Mortgage Interest and Points Not Reported on Federal Form 1098 (Line 12, Schedule M1SA)

If your clients filed federal Schedule A, enter the amount from line 8b.

If your clients paid mortgage interest to a recipient who did not give them a federal Form 1098, report the deductible mortgage interest.

Investment Interest Expense (Line 13, Schedule M1SA)

If your clients filed federal Schedule A, enter the amount from line 9.

Investment interest is interest paid on money borrowed that is allocable to property held for investment. It does not include any interest allocable to passive activities or to securities generating tax-exempt income.

Charitable Contributions (Lines 15 through 17, Schedule M1SA)

Minnesota allows a deduction for charitable contributions. Clients report deductions by cash or check on line 15 of Schedule M1SA, and contributions other than by cash or check on line 16 of Schedule M1SA.

If your client carried over a charitable contribution from a prior year on Line 17, enter the amount from line 13 of federal Schedule A. The same limits apply this year to your client's carryover amounts as applied to those amounts in the earlier year.

Casualty or Theft Losses (Line 19, Schedule M1SA) (Schedule M1CAT)

Refer your clients to a paid preparer.

Unreimbursed Employee Expenses (Line 20, Schedule M1SA) (Schedule M1UE)

To calculate your clients' deductible employee business expenses, complete and file Schedule M1UE, Unreimbursed Employee Business Expenses. If your clients are Married Filing Jointly, complete a separate Schedule M1UE for each spouse who incurred unreimbursed expenses as an employee. Report the total deduction from Schedule M1UE on Schedule M1SA.

Schedule M1UE is a two-part schedule. Part 1 calculates the allowable deduction, and part 2 calculates vehicle expenses.

- If your clients need to report expenses for multiple vehicles, use a separate Schedule M1UE Part 2 for each vehicle
- If your clients are married and file a joint return, and both spouses claim a deduction for unreimbursed employee expenses, complete a separate Schedule M1UE for each spouse

Other Miscellaneous Deductions (Line 24, Schedule M1SA)

Enter the amount of gambling losses to the extent of gambling winnings reported on line 8b of federal Schedule 1. Gambling losses include, but are not limited to, the cost of non-winning bingo, lottery, and raffle tickets.

Line 5 (Form M1): Exemptions

The dependent exemption amount is $5,050 for each qualifying dependent in 2024. The total exemption amount depends on income and filing status:

Filing Status	Threshold
Married Filing Jointly and Qualifying Widow(er)	$348,850
Head of Household	$290,700
Single	$232,550
Married Filing Separately	$174,425

A worksheet in the Form M1 instructions will calculate this subtraction and phaseout. You will enter the result on line 5 of Form M1.

Line 6 (Form M1): State Income Tax Refund

Enter the amount of state income tax refund from line 1 of federal Schedule 1. If the clients did not file a federal return or did not have an amount on line 1 of federal Schedule 1, do not enter an amount on line 6 of Form M1.

Line 7 (Form M1): Subtractions from Line 35 of Schedule M1M (Schedule M1M)

Complete line 7 of Form M1 using lines 11 through 35 of Schedule M1M, Income Additions and Subtractions. Even if only one subtraction applies, you must complete and enclose Schedule M1M with your clients' returns.

Charitable Contributions Over $500 (Line 11, Schedule M1M)

If your clients did not file Schedule M1SA and made more than $500 of allowable charitable contributions during the year, they may subtract some of their contributions. They may subtract 50% of their total contributions for the year over $500.

Note: Your clients must keep receipts and other documentation in case of an audit.

Social Security Benefit Subtraction (Line 12, Schedule M1M)

If you entered an amount on line 6b of federal Form 1040 or 1040-SR, complete the Worksheet for Line 12.

The May 2023 tax bill expanded Minnesota's Social Security subtraction to allow taxpayers to subtract the greater of a new "Simplified Method" of calculating the subtraction or an "Alternative Method." The Alternate Method is similar to the subtraction calculation under prior law.

For the new Simplified Method, taxpayers with adjusted gross income below $105,380 for Married Filing Jointly or $82,190 for Single or Head of Household are eligible, and the subtraction is phased out by 10% for each $4,000 of adjusted gross income (AGI) over the phaseouts mentioned. For Married Filing Separately, the phaseout is 10% for each $2,000 of AGI over $52,690.

The thresholds are indexed to inflation. Taxpayers can continue to claim the state subtraction amounts with a calculation similar to prior law, now known as the Alternative Method, if those amounts are greater than the new Simplified Method established in the bill.

K-12 Education Expense Subtraction (Line 13, Schedule M1M)

Your clients may claim a subtraction for qualifying K-12 education expenses from their taxable income. Unlike the K-12 Education Credit (Schedule M1ED), this subtraction has no income limit. See the list of qualifying expenses in the Form M1 instructions.

To qualify for the subtraction, the child must:

- Be your client's child, adopted child, stepchild, grandchild, or foster child who lived with them in the United States for more than half the year
- Have been in grades K-12 during 2024
- Have attended a public, private, or qualifying home school in Minnesota, Iowa, North Dakota, South Dakota, or Wisconsin
- Not be claimed as a qualifying child on another individual's return
- Have had educational services or required materials purchased for them in 2024

Private school tuition and tuition for college courses used to satisfy a high school graduation requirement are only eligible for the subtraction and not for the credit.

For 2024, the maximum amounts for the subtraction are:

- **$1,625** per child in grades K-6
- **$2,500** per child in grades 7-12

If a child was in both grades 6 and 7 during the tax year, use grade 7 to determine the limit.

If a child is in grade 12 and starts college during the tax year, use grade 12 to determine the limit.

Important: Your clients may not reuse expenses claimed on Schedule M1ED for the K-12 Education Subtraction.

Your clients must keep receipts. We may ask for this information before allowing the K-12 Education Subtraction. We may also request this information during an audit.

For more information about this subtraction, see Income Tax Fact Sheet 8, K-12 Education Subtraction and Credit, and Income Tax Fact Sheet 8a, Qualifying Home School Expenses for K-12 Education Subtraction and Credit.

Net Interest or Mutual Fund Dividends from U.S. Bonds (Line 14, Schedule M1M)

The interest income your clients earned on certain qualified federal obligations, which are more commonly called U.S. Bond Interest, is taxable on their federal return. It is not taxable on the state return.

It can be confusing to determine if the debt obligations of a federal agency or government-sponsored organization are taxable. For instance, the Federal Home Loan Bank and Sallie Mae ordinarily issue **tax-exempt** debt obligations while Ginnie Mae, Fannie Mae, and Freddie Mac ordinarily issue **taxable** obligations.

The mutual fund reports the amount of tax-exempt interest and dividends to your clients.

> **Note:** Before subtracting any U.S. bond interest or dividends from mutual funds, reduce the subtraction by any related investment interest and other expenses deducted on the federal return.

When your clients may claim this subtraction

These types of income may qualify for this subtraction:

- Income from federal obligations purchased by a mutual fund or money market account
- Interest or dividends received from a mutual fund attributable to direct obligations of the federal government

(U.S. Treasury notes and bonds)

- Obligations issued by these agencies:
  - Bank for Cooperatives
  - Commodity Credit Corporation
  - Federal Credit System Financial Assistance Corporation
  - Federal Deposit Insurance Corporation
  - Federal Farm Credit Administration
  - Federal Home Loan Banks
  - Federal Intermediate Credit Banks
  - Federal Land Bank Associations
  - Federal Land Banks
  - Federal Savings and Loan Insurance Corporation
  - Financing Corporation
  - General Insurance Fund of the Department of Housing and Urban Development, including:
    - Armed Services Housing
    - National Defense Housing Insurance
    - Neighborhood Conservation Housing Insurance
    - Production Credit Associations
    - Rental Housing Insurance
    - Rental Housing Project
    - Resolution Funding Corporations
    - Student Loan Marketing Association (Sallie Mae)
    - Tennessee Valley Authority
    - U.S. Postal Service
    - U.S. Treasury Department (notes, bonds, bills, savings bonds, freedom shares, certificates of indebtedness, and Treasury Inflation-Protected Securities or TIPS)
    - War Housing Insurance

Note: Zero coupon treasury bonds with names like CATS, LIONS, TIGRS, and STRIPS, and Original Issue Discount (OID) income from U.S. securities are exempt from Minnesota income tax.

When your clients may NOT claim this subtraction

These types of income **DO NOT** qualify for this subtraction:

- Interest or dividends received from a mutual fund for obligations that are merely guaranteed by the federal government
- Capital gain recognized from the sale of a federal obligation by a mutual fund, even if the interest paid on those obligations is exempt from state tax
- Income from repurchase agreements
- Obligations issued by these agencies:
  - Asian Development Bank
  - College Construction Loan Insurance Association
  - District of Columbia Armory Board
  - Environmental Financing Authority
  - Export-Import Bank
  - Farmers Home Administration (FHA)
  - Federal Agricultural Mortgage Corporation

- Federal Financing Bank
- Federal Home Loan Mortgage Corporation (Freddie Mac)
- Federal National Mortgage Association (FNMA) (Fannie Mae)
- Federal Reserve Banks
- Government National Mortgage Association (GNMA) (Ginnie Maes)
- Inter-American Development Bank
- International Bank for Reconstruction and Development (World Bank)
- International Monetary Fund (IMF)
- Maritime Administration Merchant Marine
- National Consumer Cooperative Bank
- New Community Development Corporations
- Small Business Administration
- Small Business Investment Companies

If your clients received interest from a government source not listed, see Income Tax Fact Sheet 13, U.S. Government Interest. You may call us to determine its taxable status. When you call, be sure to have the exact names of the issuing agency and the obligation.

Subtraction for Contributions to a Qualified Education Savings Plan (Line 15, Schedule M1M) (Schedule M1529)

If your clients contribute to a section 529 college savings plan, they may be eligible for a subtraction from income up to $1,500 or $3,000 if Married Filing Jointly). There are no income limits for the subtraction, and it is available to residents and nonresidents.

To determine the amount of the subtraction, complete Schedule M1529, Education Savings Account Contribution Credit or Subtraction. If your clients claim the subtraction, they may not claim the credit.

Subtraction for Persons Age 65 or Older, or Permanently and Totally Disabled (Line 16, Schedule M1M) (Schedule M1R)

To qualify, your client, or their spouse if Married Filing Jointly, must be either:

- Born before January 2, 1960
- Permanently and totally disabled and receiving federally taxable disability income in 2024

Your clients must also meet certain income requirements. See instructions for Schedule M1R, Age 65 or Older/Disabled Subtraction.

Married couples filing separate returns are eligible for the subtraction **only** if they did not live together for any portion of 2024.

Note: If your client is under 65 and disabled, the subtraction is limited to the amount of disability income.

Railroad Retirement Board Benefits (Line 17, Schedule M1M)

If your client included unemployment, sick pay, or retirement benefits from the Railroad Retirement Board (RRB) in their 2024 federal adjusted gross income, they can subtract these amounts. If line 6b of Form 1040 or 1040-SR included RRB Benefits and your client subtracted this amount on line 12 of Schedule M1M, do not include these benefits here.

Under federal law, states cannot tax retirement, unemployment, or sick pay benefits from the RRB. To the extent your clients included these benefits in Federal Adjusted Gross Income (FAGI), they are allowed to subtract that income on the Minnesota return.

Railroad employees do not participate in the Social Security program. They receive a Social Security equivalent benefit as part of their railroad retirement pension, commonly called Tier 1 benefits or Social Security Equivalent Benefits (SSEB). Report Tier 1 benefits on federal Form RRB-1099, similar to the Social Security Administration's SSA-1099. Tier 1 benefits are taxable on the federal return under the Social Security benefit rules.

Tier 2 benefits are traditional pension benefits reported to your clients on federal Form RRB-1099-R. Generally, at least a portion of these benefits is taxable at the federal level under the pension and annuity rules. See examples of these forms on the next two pages.

Example: Brady and Phyllis, both over 65, file Married Filing Jointly (MFJ). Their total income consists of $33,000 of taxable pension, interest and dividends, Phyllis' Social Security benefits of $8,000, and Brady's Tier 1 Railroad Retirement benefit of $6,000.

The amount of taxable Social Security and Railroad Retirement income included in federal adjusted gross income is $4,000, calculated as follows:

Pension and Investment	$33,000
½ Social Security	$4,000
½ Railroad Retirement (Tier 1)	+ $3,000
Subtotal	**$40,000**
Federal Base Amt for MFJ	($32,000)
Excess	**$8,000**

Under federal rules, because Brady and Phyllis' subtotal (half of their benefits, plus all of their other income) does not exceed $44,000 (85% taxability threshold for clients filing jointly), they include in their federal adjusted gross income $4,000 of Social Security and RRB benefits. The amount is the lesser of the following:

- One-half of the "Excess" ($4,000)
- One-half of their Social Security and Tier 1 Railroad Retirement benefits ($7,000)

Tier 1 - Equivalent to Social Security (Blue Form)

UNFOLD TO SEE ALL TAX STATEMENT FORMS - SEE REVERSE SIDE FOR GENERAL INFORMATION

PAYER'S NAME, STREET ADDRESS, CITY, STATE, AND ZIP CODE
UNITED STATES RAILROAD RETIREMENT BOARD
844 N RUSH ST CHICAGO IL 60611-1275

20XX

PAYMENTS BY THE RAILROAD RETIREMENT BOARD

PAYER'S FEDERAL IDENTIFYING NO.

1. Claim Number and Payee Code

2. Recipient's Identification Number

Recipient's Name, Street Address, City, State, and Zip Code

3. Gross Social Security Equivalent Benefit Portion of Tier 1 Paid in 2015
4. Social Security Equivalent Benefit Portion of Tier 1 Repaid to RRB in 2015
5. Net Social Security Equivalent Benefit Portion of Tier 1 Paid in 2015
6. Workers' Compensation Offset in 2015
7. Social Security Equivalent Benefit Portion of Tier 1 Paid for 2014
8. Social Security Equivalent Benefit Portion of Tier 1 Paid for 2013
9. Social Security Equivalent Benefit Portion of Tier 1 Paid for Years Prior to 2013
10. Federal Income Tax Withheld
11. Medicare Premium Total

COPY C -

FOR RECIPIENT'S RECORDS.

THIS INFORMATION IS BEING FURNISHED TO THE INTERNAL REVENUE SERVICE.

SAMPLE

FORM RRB-1099 DO NOT ATTACH TO YOUR INCOME TAX RETURN

Tier 2 - Equivalent to Pension (Green Form)

PAYER'S NAME, STREET ADDRESS, CITY, STATE, AND ZIP CODE
UNITED STATES RAILROAD RETIREMENT BOARD
844 N RUSH ST CHICAGO IL 60611-2092

20XX

ANNUITIES OR PENSIONS BY THE RAILROAD RETIREMENT BOARD

PAYER'S FEDERAL IDENTIFYING NO.

1. Claim Number and Payee Code

2. Recipient's Identification Number

Recipient's Name, Street Address, City, State, and Zip Code

3. Employee Contributions
4. Contributory Amount Paid
5. Vested Dual Benefit
6. Supplemental Annuity
7. Total Gross Paid (Sum of boxes 4, 5, and 6)
8. Repayments
9. Federal Income Tax Withheld
10. Rate of Tax
11. Country
12. Medicare Premium Total

COPY B -

REPORT THIS INCOME ON YOUR FEDERAL TAX RETURN. IF THIS FORM SHOWS FEDERAL INCOME TAX WITHHELD IN BOX 9 ATTACH THIS COPY TO YOUR RETURN.

THIS INFORMATION IS BEING FURNISHED TO THE INTERNAL REVENUE SERVICE.

Sample

FORM RRB-1099-R

Residents of Michigan or North Dakota Filing Form M1 Only to Receive a Refund of All Minnesota Tax Withheld (Line 18, Schedule M1M)
Minnesota has income tax reciprocity agreements with Michigan and North Dakota. Under these agreements, wages, salaries, tips, commissions, fees, and bonuses, knowns as personal service income, are not subject to Minnesota tax for residents of those states. Minnesota residents do not pay state tax to a reciprocity state on personal service income earned in that state. In either instance, your clients only pay tax to their state of residence.

Your clients must return to their permanent residence at least once a month to qualify for reciprocity.

Reciprocity for Michigan and North Dakota Residents
If a reciprocity state resident's only Minnesota income was for personal services as an employee or self-employed person, it is not subject to Minnesota income tax. If your client's employer withheld Minnesota income tax from personal service income, they must file Form M1 and complete Schedules M1W and M1M for them to receive a refund of the tax withheld.

Form MWR, Reciprocity Exemption/Affidavit of Residency
If Michigan or North Dakota residents work in Minnesota and want to prevent withholding of Minnesota income tax from their pay, they must file Form MWR with their employer each year.

Note: If your client is a Minnesota resident working in a reciprocity state, and their employer does not withhold Minnesota state tax, your client should make quarterly estimated tax payments if they expect to owe more than $500 in tax for the year.

Other Situations
Reciprocity state residents must pay Minnesota income tax if their gross income assignable to Minnesota from sources other than personal services, such as rental income or gambling winnings, is over $14,575. They must file Form M1 and Schedule M1NR, Nonresidents/Part-Year Residents.

If a married couple files jointly, and only one spouse works in Minnesota under a reciprocity agreement, include the names of both spouses and both Social Security Numbers on Form M1.

Subtraction of Reservation Income for American Indians (Line 19, Schedule M1M)
If your client is a member of an American Indian tribe who receives income **from the reservation where they live and work and is an enrolled member**, you **must** subtract this income from Minnesota income.

Examples of nontaxable income include:
- Wages for services or employment performed on the reservation
- Interest from a bank located on the reservation
- Distributions from casino profits, if the casino is located on the reservation
- Pension income from an employee pension plan, if the contributions to the pension plan came from wages paid for working on the reservation
- Military pension income based on pay that was exempt from state tax because they entered the military while residing on the reservation
- Social Security pension, if the contributions to Social Security came from wages paid for working on the reservation
- Rent and royalty income from real property or personal property located on the reservation
- Net gain from the sale of real property or personal property sold on the reservation
- Dividend income from a corporation located on the reservation
- Income from a sole proprietorship or ordinary income from partnerships or S corporations doing business on

the reservation

- Farm income from a farm located on the reservation
- Unemployment compensation that is based on employment performed on the reservation
- Gambling winnings won on the reservation where your client resides

If your client lives off the reservation, all federally taxable income is taxable to Minnesota and cannot be subtracted.

> **Important:** If an American Indian is a Minnesota resident and is required to file a federal return, they must file a Minnesota return even if all or part of the income is exempt.

Minnesota Chippewa Tribe (MCT) members in these bands can exclude income regardless of which reservations they live and work on:

- Mille Lacs (including Hinckley)
- Nett Lake (Bois Forte)
- Fond du Lac
- Leech Lake
- White Earth
- Grand Portage

The Red Lake Tribe, although Chippewa, is not a member of the Minnesota Chippewa Tribe. Red Lake members must live and work on the Red Lake Reservation to claim the subtraction.

American Indians' Eligibility for Credits

American Indians with exempt reservation income are eligible for the Child Tax Credit, Child and Dependent Care Credit, Working Family Credit, and K-12 Education Credit.

An American Indian with exempt reservation income **must** determine the Child and Dependent Care Credit based on taxable Minnesota income. Multiply your client's credit amount by the percentage of their earned income taxable to Minnesota. The credit amount is calculated using their income and number of qualifying individuals. If all their income is exempt from Minnesota income tax, they are not eligible for the Child and Dependent Care Credit. They may still be eligible for the Child and Working Family and K-12 Education Credits.

American Indians **may not** refuse to take a subtraction for their exempt income to receive a larger credit or refund.

The Child Tax Credit and the Child and Working Family Credit are based on all income, including nontaxable income. They are not reduced based on the percentage of an American Indian's income that is not taxed by Minnesota.

> **Note:** American Indians living on a reservation who pay real estate taxes on their home are eligible to claim the property tax refund if they meet all other qualifications. This is true even if all their income is exempt from Minnesota income tax.

Federal Active-Duty Military Pay Received for Services Performed While a Minnesota Resident (Line 20, Schedule M1M)

Minnesota residents serving in the United States or United Nations Armed Forces, such as the Army, Navy, Air Force, and Marines, may subtract their federally taxable U.S. Code, Title 10 active duty pay.

> **Note:** Combat pay and hazardous duty pay are not federally taxable and cannot be subtracted.

Minnesota National Guard Members and Reservists (Line 21, Schedule M1M)

Your clients may subtract federally taxable income earned for service in the Minnesota National Guard or Reserves. This includes income received under U.S. Code, Title 10 and 32, such as:

- Annual training
- Drill weekends
- State or federal active service for natural disaster emergency response
- Called to state active service in aid of state civil authority or in case of actual or threatened public disaster, war, riot, tumult, breach of the peace, or resistance of process
- Missing person searches
- Airport security duty
- Active Duty Operational Support (ADOS)
- Re-enlistment bonuses
- Tuition and student loan payments
- Compensation for serving while assigned to Active Guard Reserves (AGR)

If you have clients who are National Guard dual-status military technicians, they may qualify for this subtraction if both of these apply:

- They are a member of the National Guard.
- They received paid compensation for Service or duty under U.S. Code, title 32 (1983), and travel to or from that service or duty. If their regular (civilian) pay portion does not fall under title 32, it would not qualify for the subtraction.

Important: Guard members will receive a unique federal Form W-2 from Minnesota Management and Budget for State Active Duty (SAD) compensation. SAD compensation will not be reflected on the Form W-2 from Defense Finance and Accounting Services (DFAS).

Active-Duty Residents of Another State (Line 22, Schedule M1M)

Enter your clients' federal active service military pay to the extent their income is federally taxed. **Do not** include military pensions.

Organ Donor (Line 23, Schedule M1M)

To qualify for this subtraction, all of these must be true:

- Your client, their spouse if filing a joint return, or their dependent made the donation
- The donor made a living donation to another person of all or part of a liver, pancreas, kidney, intestine, lung, or bone marrow
- Your client or the donor did not receive reimbursement for travel, lodging, or lost wages net of sick pay

Enter unreimbursed expenses for travel, lodging, and lost wages net of sick pay. The subtraction is equal to your clients' actual expenses or $10,000, whichever is less.

Volunteer Mileage Reimbursement (Line 24, Schedule M1M)

If your client received mileage reimbursement in volunteer service for an organization eligible for a charitable contribution under Internal Revenue Code, section 170(c), they may subtract the amount they received which exceeded the volunteer mileage rate of 14 cents per mile. They may only subtract amounts included in federal adjusted gross income. There is a maximum of 67 cents per mile for 2024. Complete the worksheet for Line 24 to determine the subtraction amount.

A volunteer driver transports persons or goods on behalf of a nonprofit entity or governmental unit in a private passenger vehicle and is not compensated for services provided other than reimbursement of actual expenses.

Employees who receive wage compensation are not considered volunteer drivers if they provide the same type of services they are employed to provide.

If your client receives mileage reimbursement for charitable activities, they may need to include the payments on their income tax return.

- Report mileage reimbursements above the exclusion amounts as income
- Report any other taxable payments as income

A volunteer driver can be reimbursed for mileage at any rate. The volunteer may owe tax if the reimbursement rate is more than 14 cents per mile.

A volunteer will receive a Form 1099-MISC if both of these apply:

- They received more than the 14 cents per mile
- They were paid $600 or more during the calendar year

Military Pension or Other Military Retirement Pay (Line 25, Schedule M1M)

If your clients receive certain types of military pensions or other military retirement pay, they may subtract these amounts from their Minnesota taxable income. To qualify for the subtraction, the retirement pay must be taxable on their federal return and received for one of these:

- Service in the active component of the military (U.S. Code, title 10, sections 1401 to 1414)
- Retirement Pay for service in the reserve component (U.S. Code, title 10, section 12733)
- Survivor benefit plan payments (U.S. Code, title 10, sections 1447 to 1455)
- A divorcee who receives a portion of their former spouse's military pension through their divorce settlement is eligible to subtract that income to the extent it is included in FAGI

Income that qualifies for this subtraction is generally reported on federal Form 1099-R issued by the U.S. Department of Defense (DoD or DFAS).

If your clients claim this subtraction, they may not claim the nonrefundable Credit for Past Military Service on Schedule M1C, Other Nonrefundable Credits.

If your clients received Post-9/11 Veteran Service Bonus payment, enter the payment amount included in their federal adjusted gross income.

To determine whether the subtraction will be more beneficial than the nonrefundable Credit for Past Military Service, use this table:

If your client qualifies for this subtraction, and	Then
Their federal adjusted gross income is $37,500 or more (found on line 1 of federal Form 1040)	The subtraction will provide a greater benefit.
Their federal taxable income is less than their qualifying military pension or retirement pay (found on line D of Form M1)	Generally, the subtraction will provide an equal or greater benefit.
They received $14,018 or more in qualifying military pension or retirement pay	Generally, the subtraction will provide an equal or greater benefit.

Post-Service Education Awards Received for Service in an AmeriCorps National Service Program (Line 26, Schedule M1M)

Enter the post-service education award, such as tuition reimbursement or student loan payments, received from the federal government and included in federal adjusted gross income for service in the AmeriCorps program. Enter the amount received after leaving the program. Do not include your clients' stipend while working in the program.

If your client's education award was used to repay a student loan, and they deducted the student loan interest on line 21 of federal Schedule 1, they must reduce the subtraction by the interest attributable to the award.

Subtraction for Interest Earned from a Designated First-Time Homebuyer Savings Account (Line 27, Schedule M1M) (Schedule M1HOME)

If your clients opened and contributed to a designated first-time homebuyer's account since 2017, they may be eligible to subtract the interest and dividends earned on the account. Complete Schedule M1HOME, First-Time Homebuyer Savings Account, to determine the subtraction amount.

Subtraction for Discharge of Indebtedness of Educational Loans (Line 28, Schedule M1M)

If your clients had a qualifying education loan forgiven following the completion of a federal income-driven repayment plan, enter the amount of debt discharged and included in federal adjusted gross income.

Qualified Public Pension Subtraction (Line 29, Schedule M1M) (Schedule M1QPEN)

If your client received certain pension pay for public service, they may be able to reduce their taxable income. To qualify, their pension pay must be taxable on their federal return and paid to them as a member, or for survivor benefits, under plans governed by:

- Chapter 353 (former basic member of the Public Employees Retirement Association)
- Chapter 353, sections 353.63 to 353.666 (former basic member of the Public Employees Police and Fire plan)
- Chapter 353E (former basic member of the Local Government Correctional Service Retirement Plan)
- Chapter 354 or 354A (former basic member of the Teachers' Retirement Association)
- Chapter 3A (former basic member of the Legislators plan)
- Chapter 352B (former basic member of the State agency law enforcement retirement fund)
- Any federal government plan based on service for which no Social Security benefits were earned
- A plan created by another state or its political subdivisions or District of Columbia, if the other state allows a similar or reciprocal subtraction or exemption for the plans mentioned above

Note: Your client cannot receive this subtraction for pension payments based on service for which they, or the member if a survivor benefit, also earned credit toward Social Security benefits and are eligible to receive Social Security benefits on the same service. Complete Schedule M1QPEN, Qualified Public Pension Subtraction, to determine the subtraction amount.

If your clients' adjusted gross income is greater than these amounts based on their filing status, they do not qualify for this subtraction:

- Married Filing Jointly or Qualifying Surviving Spouse - $124,380
- Single or Head of Household - $101,190
- Married Filing Separately - $71,690

Line 11 (Form M1): Alternative Minimum Tax (Schedule M1MT)

Refer your clients to a paid preparer.

Line 13a and 13b (Form M1)

Part-Year Residents and Nonresidents (Schedule M1NR)

Enter the amount from line 32 of Schedule M1NR, Nonresidents/Part-Year Residents, on line 13 of Form M1. Enter the amount from line 28 of Schedule M1NR on line 13a of Form M1 and the amount from line 29 of Schedule M1NR on line 13b of Form M1.

Minnesota defines residency according to two rules:

- The 183-day rule
- Domicile: the place your clients intend to make their home permanently or for an indefinite period of time

The 183-Day Rule

If your client is a resident of another state, they may be required to file a Minnesota income tax return as a Minnesota resident if both of these conditions applied:

- **Condition 1:** Your client spent at least 183 days in Minnesota during the year. Any part of a day counts as a full day.
- **Condition 2:** Your client or their spouse rented, owned, maintained, or occupied an abode. Abode is a residence in Minnesota suitable for year-round use and equipped with its own cooking and bathing facilities.

Applying the 183-Day Rule

- If **conditions 1 and 2** applied to your client, they are considered a Minnesota resident for the days that the second condition applies.
  - If condition 2 applied for the entire year, your client is considered a **full-year Minnesota** resident for tax purposes
  - If condition 2 applied for less than the full year, your client is considered a **part-year resident** for tax purposes and must file Form M1 along with Schedule M1NR.
- If **neither conditions 1 nor 2** applied, then your client is a nonresident of Minnesota for tax purposes. Your client must file a Minnesota income tax return (Form M1 along with Schedule M1NR) if they meet Minnesota's filing requirements.
- If your clients do not meet the 183-day rule, they may be considered Minnesota residents for tax purposes under the domicile rules. Refer these clients to a paid preparer.

If your clients are not required to file a 2024 Minnesota income tax return but had Minnesota tax withheld or made Minnesota estimated tax payments, they must file a Minnesota income tax return to receive a refund.

Nonresidents and Part-year Residents Filing Requirements

Follow these steps to determine if a Minnesota nonresident or part-year resident must file:

1. Calculate clients' total income from all sources **while a Minnesota resident**. Include non-Minnesota sources.
2. Calculate clients' total income received **while a Minnesota nonresident**, including:
   - Wages, salaries, fees, commissions, tips, and bonuses for work done in Minnesota
   - Gross rents and royalties received from Minnesota property
   - Gains from the sale of land or other tangible property in Minnesota
   - Gross income from a business or profession conducted partly or entirely in Minnesota

  - Gross winnings from gambling in Minnesota
  - Gain from sale of goodwill or income from a “non-compete” agreement connected with a business operating in Minnesota
3. Combine the totals from steps 1 and 2. If the total is $14,575 or more, they must file Form M1 and Schedule M1NR. If the amount was less than $14,575, but your clients had amounts withheld or paid estimated tax or qualify for certain Minnesota refundable credits, they must file Form M1 and Schedule M1NR to receive a refund.

Minnesota Source Income

Income is Minnesota source income if it is assignable to Minnesota. Assignability is determined by the type of income and your clients’ residency status. All of a part-year resident’s income is assignable to Minnesota during their period of residency in Minnesota.

How Minnesota Taxes Nonresident Income

Type of Income	Taxable to Minnesota?
Wages, salaries, tips, commissions, bonuses, severance pay, annual leave, stock options	Yes, for services performed or income earned in Minnesota
Interest, dividends	No
State refunds, alimony received, unemployment compensation	No
Capital gains and losses from the sale of intangible assets (such as stock)	No
Capital Gains and losses from the sale of tangible assets not used in a trade or business	Yes, for property located in Minnesota
Covenant not to compete, goodwill	Generally, yes
Qualified pensions, IRA distributions, annuities, deferred compensation plans	No
Gain on the sale of a partnership interest	Yes, for partnerships located in Minnesota
Business income from a sole proprietorship	Yes, to the extent activities are conducted in Minnesota
Nonqualified plans (such as stock options)	Yes, if earned in Minnesota
Rent and Royalty income	Yes, for property located in Minnesota
Installment sales	Yes, for capital assets located in Minnesota, but only if the gain on the sale was assigned to Minnesota, not the interest
Like-kind exchanges	No
Partnership, S Corporation income or loss	Yes, to the extent the activities were conducted in Minnesota

Farm Income or loss	Yes, to the extent activities were conducted in Minnesota
Social Security Income	No
Other Income	Yes, if earned in Minnesota (including gambling winnings)

Nonresidents and part-year residents must complete Schedule M1NR, Nonresidents/Part-Year Residents. This schedule determines the amounts of income, losses, and expenses reported federally that are from working or other sources in Minnesota.

M1NR Examples

Moving to Minnesota

- Arriana is single and moves to Minnesota from Hawaii. She earned half of her income in Hawaii and the rest in Minnesota. Arriana files Form M1 and Schedule M1NR. On Schedule M1NR, column B, Arriana includes:
  - Income earned after she becomes a Minnesota resident
  - Income earned as a nonresident prior to moving to Minnesota, if assignable to Minnesota

Military

- Dalton is a single Vermont resident serving in Minnesota with the military. He has a W-2 showing income from the U.S. Army. Since Minnesota will not tax his income received from military service, Dalton does not need to file a Minnesota return.
- Amelia is a Minnesota resident serving in South Carolina with the military. Unless she takes the necessary steps to change her state of residency, Amelia remains a Minnesota resident and will not file Schedule M1NR. She will file Schedule M1M to claim a subtraction for her active-duty military pay.
- Ezra and Isabella file a joint federal return, so they must file a joint Minnesota return. Ezra is a nonresident serving in Minnesota with the military, and his only income is military pay. Isabella is a part-year Minnesota resident. They will file a Form M1 and Schedules M1M and M1NR. Their joint income must be listed in column A on Schedule M1NR. Only Isabella's Minnesota source income must be listed in Column B on Schedule M1NR.

Nonresident Alien

- Hector is a nonresident alien who lived in Minnesota the entire tax year. He files Form M1 as a full-year resident.

Line 14 (Form M1, Page 2): Other Taxes (Schedules M1HOME, M1529, and M1LS)

Additional taxes may be required if your client received a lump-sum distribution from a certain qualified plan and filed a federal Form 4972, withdrew funds from a first-time homebuyer or 529 accounts, and did not use those withdrawn funds for their respective qualified expenses.

- **Schedule M1HOME:** Complete this schedule if your clients withdrew funds from a savings account designated as a first-time homebuyer account and funds were not used for qualified expenses such as a down payment, closing costs, costs of construction, or financing the construction of a single-family residence. If your clients had an addition to income on line 8 of Schedule M1HOME, they must pay a recapture tax equal to 10% of the addition.
- **Schedule M1529:** If a withdrawal from a qualified account is used for anything other than to pay for qualified higher education expenses (such as K-12 tuition expenses), the account owner must pay additional state tax on:
  - The amount of the distribution

  - Amounts previously claimed as a subtraction or credit

Refer your clients to a paid preparer if they have tax on a lump-sum distribution.

Line 16 (Form M1, Page 2) Nonrefundable Credits (Schedule M1C)

Marriage Credit (Line 1, Schedule M1C) (Schedule M1MA)
When both spouses have taxable earned income, taxable pension, or taxable Social Security income on a joint return, they may qualify for the Marriage Credit. To be eligible, your clients' Minnesota taxable income on line 9 of Form M1 must be at least $47,000 and the lesser-earning spouse's income must be at least $30,000. Complete Schedule M1MA and fill in the credit amount on line 1 of Schedule M1C.

> **Note:** For the Marriage Credit, wages, self-employment income, taxable pensions, taxable IRA distributions, and taxable Social Security are earned income. Railroad retirement is not taxable income to Minnesota and is not earned income.

Credit for Long-Term Care Insurance Premiums Paid (Line, 2, Schedule M1C) (Schedule M1LTI)
If your clients paid qualifying long-term care insurance premiums for a qualified long-term care insurance policy for which they did not receive a full deduction on Schedule M1SA, Minnesota Itemized Deductions, they should complete Schedule M1LTI to claim a nonrefundable credit of up to $100 or $200 for Married Filing Jointly.

To qualify, the long-term care insurance policy must:

- Qualify as a deduction (see Schedule M1SA), disregarding the income test
- Have a lifetime long-term care benefit limit of $100,000 or more

Credit for Taxes Paid to Another State (Line 3, Schedule M1C) (Schedules M1CR and M1RCR)
Minnesota taxes all the income of a Minnesota resident, regardless of where it is earned. Other states, a Canadian province or territory, and the District of Columbia may also tax this income. To prevent double taxation, your clients may file Schedule M1CR, Credit for Income Tax Paid to Another State, or Schedule M1RCR, Credit for Tax Paid to Wisconsin, if they are Minnesota residents.

> **Note:** These credits are not available for taxes paid to the government of a city, county, school district, or foreign country.

Your client may be a resident of another state but are also a Minnesota resident for income tax purposes because of the 183-day rule discussed on page 30. If this applies, your client can file Schedule M1CR only if the other state does not allow them a credit for taxes paid to Minnesota. Your client must get a statement from the other state's tax department stating ineligibility to receive a credit on that state's return for income tax paid to Minnesota. Include this statement with the Form M1.

You must complete Schedule M1CR for **each** state that your clients are eligible to receive the credit. The amount claimed for the credit should match the tax amount from the other state's return.

Do not use Schedule M1CR to report taxes paid to Wisconsin. Instead, use Schedule M1RCR.

> **Important:** You must complete the other state's return before completing Schedules M1CR or M1RCR.

Credit for Past Military Service (Line 4, Schedule M1C)

If your clients are U.S. military veterans, including the National Guard and Reserves, they may qualify for a tax credit of up to $750 for their past service.

To qualify, your clients must have separated from military service before the end of the year, have adjusted gross income under $37,500, have not claimed a subtraction for military pension or other military retirement pay on line 25 of Schedule M1M, and at least one of these is true:

- They served in the military for at least 20 years
- They were honorably discharged and receive a military pension or other retirement pay for their service in the military
- They have a service-related disability rated by the U.S. Department of Veterans' Affairs as being 100% total and permanent

To determine the amount of the credit, complete the worksheet in the Schedule M1C instructions.

Lines 5 and 6 (Schedule M1C)

Refer your clients to a paid preparer if they have either:

- Employer Transit Pass Credit (Schedule ETP)
- SEED Capital Investment Credit

Education Savings Account Contribution Credit (Line 7, Schedule M1C) (Schedule M1529)

Your clients are not eligible for this credit if they claim the Education Savings Account Subtraction.

If your clients contributed to a qualified education savings account (section 529 plan) in 2024, they may be eligible for a nonrefundable credit. Complete Schedule M1529, Education Savings Account Contribution Credit or Subtraction and enter the credit on line 7 of Schedule M1C.

To complete Schedule M1529, your clients will need to report the financial institution, account number, and contribution amount for each qualified education savings account they contributed to. They will also need to report total distributions from qualified education savings accounts they contributed to.

Contributions to any qualifying account under Internal Revenue Code, section 529, are eligible regardless of which state administers the plan. The beneficiary of the account does not need to be your clients' dependent.

Credit for Attaining Master's Degree in Teacher's Licensure Field (Line 8, Schedule M1C) (Schedule M1CMD)

If your client is a licensed Minnesota teacher who completed a master's degree program during 2024, they may be eligible for a nonrefundable credit up to $2,500.

Your clients may qualify for this credit if all of these are true:

- They began a Master of Arts or science degree program after June 30, 2017
- Their master's degree program did not include pedagogy or a pedagogy component; pedagogy is the art, occupation, or practice of teaching
- They completed the master's degree program in 2024 in a core content area directly related to their licensure field such as reading, English or language arts, mathematics, science, foreign languages, civics and government, economics, arts, history, or geography
- They held a teaching license from the Minnesota Professional Educator Licensing and Standards Board (PELSB) when they began and completed the master's degree program
- They paid for tuition, required fees, books, or instructional materials for their master's degree program

Nonresidents or part-year residents may be eligible for this credit based on their percentage of earned income that is taxable to Minnesota.

Your clients may only claim the credit once per qualifying degree. They must save detailed records of payments for tuition and required fees, books, and instructional materials to claim the credit. To complete Schedule M1CMD, you will need their teaching license number, the total amount your clients paid toward the master's degree program, and their total amount of scholarships and employer reimbursements received.

If your clients complete more than one qualifying master's degree program per year, they must complete a separate Schedule M1CMD for each program completed.

Complete Schedule M1CMD and enter the credit on line 8 of Schedule M1C.

Student Loan Credit (Line 9, Schedule M1C) (Schedule M1SLC)

Your clients may be eligible for a nonrefundable credit up to $500 if:

- They are full- or part-year Minnesota residents
- They made eligible loan payments on principal or interest on their own qualified education loans during the year
- They had taxable earned income

For married couples, each spouse may be eligible for this credit.

When calculating this credit, your clients may not include payments on education loans used to pay for someone else's education. For example, a parent making payments towards their child's education loans may not include those payments. This is true regardless of who took out the original loan. Your clients are only eligible for this credit based on payments they made towards loans used for their own education.

Complete Schedule M1SLC, Student Loan Credit, and enter the credit from the schedule on line 9 of Schedule M1C. Include both schedules with the return.

Line 18 (Form M1, Page 2) Nongame Wildlife Fund Contribution

Your clients can donate to help preserve Minnesota's nongame wildlife, such as bald eagles and loons. The Minnesota Nongame Wildlife Program uses this amount to help wildlife species that are not hunted or harvested.

A donation on this line **will reduce your clients' refund or increase their amount owed.**

Payments

Line 20 (Form M1, Page 2) Minnesota Income Tax Withheld (Schedule M1W)

If your clients have wages from more than one employer, they should have a federal Form W-2 from each employer. Your clients should also report Minnesota withholding on federal Form W-2G (gambling winnings) in the 1099 section on Schedule M1W.

Report only W-2s and 1099s showing Minnesota income tax withheld on Schedule M1W.

> **Note:** Do not send in Forms W-2, 1099, or W-2G. Your clients should keep these forms with their tax records, as we may ask to review them.

Read your clients' Forms W-2 and 1099 carefully. Do not include amounts withheld for other states, federal tax, FICA tax, city taxes, or other amounts.

Line 21 (Form M1, Page 2) Minnesota Estimated Tax and Extension Payments Made for 2024

Enter the total amount of estimated payments your clients made to Minnesota for tax year 2024. Include any 2023 refund credited to 2024 estimated tax.

For information about making estimated payments, see page 63.

Refundable Credits

Line 22 (Form M1, Page 2) (Schedule M1REF)

Complete Schedule M1REF, Refundable Credits, if your clients are claiming any refundable credits.

Child and Dependent Care Credit (Line 1, Schedule M1REF) (Schedule M1CD)

Beginning in tax year 2023, your client does not have to be Married Filing Jointly to claim the credit for a child born during the year.

To claim the refundable Child and Dependent Care Credit, all of these must be true:

- Your client's filing status may be Single, Head of Household, Qualifying Surviving Spouse with dependent child, or Married Filing Jointly. If your client's filing status is Married Filing Separately, they must meet the requirements listed in the instructions under **Married Persons Filing Separately** in the Schedule M1CD instructions.
- Your client's adjusted gross income is less than $74,410 with one qualifying person or $86,410 with two or more qualifying persons.
- The care was provided so your client, and their spouse if filing jointly, could work or look for work. If your clients did not find a job and have no earned income for the year, they cannot take the credit.
- The care must be for one or more qualifying persons.
- The person who provided the care was not your client's spouse, the parent of your client's qualifying child, or a person your clients could claim as a dependent. If your client's child provided the care, they must have been age 19 or older by the end of 2024, and they cannot be your client's dependent.
- Your clients report the required information about the care provider and the information about the qualifying person in Tables 1 and 2 of the Schedule M1CD.

Also, at least one of these must apply to your client:

- They paid someone (other than their dependent child or stepchild younger than age 19) to care for a qualifying person so they could work or look for work. A qualifying person and qualifying expenses are the same as for the federal credit for child and dependent care expenses.
- They are a licensed family day care operator caring for their own dependent child who had not reached age six by the end of the year. (See **Licensed Family Day Care Operators**.)
- Their child or adopted child was born in the tax year and your client did not participate in a pre-tax dependent care assistance program. (See **Child Born During 2024**.)

When determining if your clients' child qualifies as a dependent, you do not have to include payments from Minnesota Family Investment Program (MFIP) grant or allowance made to, or on behalf of, the child. For the Minnesota credit, a child may be a dependent even though that child does not qualify as a dependent for the federal credit due to program benefits received.

The Minnesota credit is **refundable**, meaning your clients can receive a refund even if they do not need to file a return or do not have a state tax liability.

Part-year residents, nonresidents, and American Indians living on a reservation may also be eligible for this credit based on the percentage of their earned income taxable to Minnesota.

Licensed Family Day Care Operators

If your client operates a licensed family day care home, they can claim the credit for care of their own child if the child is younger than age six at the end of 2024.

If the child is 16 months or younger at the end of 2024, the credit is based on $3,000 of qualifying expenses or $6,000 if there are two or more children age 16 months or younger. If a child is over 16 months but younger than age six, the credit is based on the amount your client would charge to care for a child of the same age for the same number of hours up to the maximum amount of $3,000 per qualifying child.

Use the amounts in the previous paragraph for entering qualifying expenses in column (d) of Table 2 on the Schedule M1CD. Do not enter more than $3,000 of qualifying expenses for each child. Place an X in the appropriate box above Part 1.

Child Born During 2024

Your client may qualify for this credit if all of these are true:

- They had or adopted a child born in 2024
- Your client, or their spouse if they are married and filing a joint return, are not participating in a pretax dependent care assistance program (generally through an employer, with benefits listed in box 10 of Form W-2)
- Your client had less than $3,000 in childcare expenses for the child born in 2024 or your client, or their spouse if Married Filing Jointly, earned less than $3,000

They may be eligible even without any actual childcare expenses.

The credit is based on $3,000 of qualifying expenses (even if their actual expenses are less) or your clients' combined earned income, whichever is less. In the case of multiple births in the tax year, the couple's credit is the lesser of $6,000 or their combined earned income.

Minnesota Child and Working Family Credits (Line 2, Schedule M1REF) (Schedule M1CWFC)

The Working Family Credit is 4% of your client's first $9,220 of earned income plus an additional amount for up to three qualifying older children. See Schedule M1DQC, Dependents and Qualifying Children, to determine who is a qualifying older child.

For 2024, the maximum Working Family Credit is:

- $369 with zero qualifying older children
- $1339 with one qualifying older child
- $2,579 with two qualifying older children
- $2,999 with three or more qualifying older children

The Minnesota Child Tax Credit is $1,750 for each qualifying child under the age of 18. See Schedule M1DQC to determine who your clients may claim as a qualifying child for the Child Tax Credit.

The Working Family Credit and Child Tax Credit are reduced when your client's adjusted gross income (AGI) exceeds $31,090 or $36,880 if Married Filing Jointly. The amount of the credit is reduced by 12% of AGI that exceeds the limit. If your clients had at least one qualifying older child but no qualifying child for the Child Tax Credit, their credit is reduced by nine percent of AGI exceeding the limit.

If your clients or their qualifying children do not have a Social Security Number (SSN), they may use an Individual Taxpayer Identification Number (ITIN) to claim these credits. We recommend clients wait to receive their ITIN before filing.

A client may be eligible for the Minnesota Child and Working Family Credits if all of these are true:

- They were a full-year or part-year resident of Minnesota in 2024. If your client is a member of the military, see the M1CWFC instructions.
- Your clients have investment income less than $11,600. If the investment income is greater than $11,600, complete step 2 in the instructions for line 27 of Form 1040 to determine if they are eligible to claim the credits on this schedule.
- They are not a dependent of another person.
- If your clients do not have any qualifying children on rows 10 and 11 of Schedule M1DQC, the client or their spouse must be between the ages of 19 and 64.
- If your clients do not have qualifying children on rows 10 and 11 of Schedule M1DQC, and the client and their spouse's main residence was in the United States for more than half of 2024.
- If your clients are married and either of them are a nonresident alien, their filing status must be Married Filing Jointly.

Your clients are **not** eligible if any of these apply:

- Your clients have a 2-year or 10-year IRS ban on claiming the federal Earned Income Credit (EIC)
- They are the dependent or qualifying child of another person
- Their filing status is Married Filing Separately

Enrolled members of an American Indian reservation who live and work on the reservation must include their nontaxable income when calculating the Working Family Credit.

Federal Earned Income Credit Qualification Information

Review your clients' Social Security cards to see if they qualify for the Earned Income Credit.

If your client has	Then
A Social Security card	They may qualify for the Earned Income Credit
A Social Security card that reads "VALID FOR WORK ONLY WITH INS AUTHORIZATION"	
A Social Security card that reads "VALID FOR WORK ONLY WITH DHS AUTHORIZATION"	
A Social Security card that reads "NOT VALID FOR EMPLOYMENT"	They do not qualify for the Earned Income Credit

To learn more about who qualifies for the federal Earned Income Credit, review federal Form 8867.

NEW: Advance Child Tax Credit

When you claim the Child Tax Credit on your income tax return, you can choose to receive part of your Child Tax Credit for the next year in three advance payments before you file your next income tax return.

If you choose to receive advance payments on your 2024 income tax return, you will receive:

- Your full Child Tax Credit for 2024
- Part of your 2025 Child Tax Credit divided into three equal payments in the second half of 2025
- The remaining part of your 2025 Child Tax Credit when you file your 2025 income tax return

If you choose not to receive advance payments on your 2024 income tax return, you will receive:

- Your full Child Tax Credit for 2024
- Your full 2025 Child Tax Credit when you file your 2025 income tax return

We will start sending payments at the end of the July, September, and November. Based on the payment type you can expect to receive your payments by the dates listed.

- **Direct Deposit:** August 1, October 1, December 1
- **Check:** August 15, October 15, December 15

Choosing advance payments may impact Supplemental Nutrition Assistance Program (SNAP) benefits. SNAP benefits are not impacted if you claim the Child Tax Credit without advance payments. Starting in January 2025, Minnesota Department of Children, Youth, and Families will have an estimator available on their website to see if your advance payments will impact your SNAP benefits.

If you choose to receive advance payments of your Child Tax Credit, you must file a Minnesota Individual Income Tax return the next year. We will send a letter at the end of the year with information about the payments you received. Use this information when you file your next income tax return.

Minimum Credit

Sometimes, taxpayers worry they may have to return advance payments if their financial situation changes or the number of qualifying dependents changes suddenly during the year. These changes may cause them to no longer qualify for a Child Tax Credit. To encourage taxpayers to take advantage of advance payments, a minimum credit will be implemented starting with tax year 2025 to alleviate the concern of having to pay back some or all the advance payments received.

Taxpayers will be eligible for the minimum credit on their 2025 return if:

- The taxpayer received advance child tax credit payments in 2025
- Their Child Tax Credit and Working Family Credit combined on their 2025 return is greater than $0

The minimum credit will be 50% of the Child Tax Credit received in the prior taxable year. If there are fewer qualifying children on the tax return than the year before, the minimum credit is adjusted using the lesser number of children.

It is important to counsel your clients and help them make informed decisions about this program. These scenarios could increase the likelihood any advance payments received may need to be repaid partially or in full:

- Qualifying children become too old and are no longer qualified for Child Tax Credit purposes
- Taxpayers move out of Minnesota during the year they received advance payments
- Adjusted Gross Income increases substantially, and therefore, reduces the Child Tax Credit to zero or complete phase out
- Taxpayers divorce and the qualifying children can only be claimed by one of the parents

Clients' eligibility for Supplemental Nutrition Assistance Program (SNAP) benefits may be impacted if they receive advance payments of the 2025 child tax credit.

If your client has a balance due on their 2024 return or a prior year tax year, the advance payments will be used to offset those debts before any remaining amounts are advanced.

Minnesota K-12 Education Credit (Line 3, Schedule M1REF) (Schedule M1ED)

To claim this refundable credit, all of these must be true:

- Your client's adjusted gross income meets the limits based on their number of qualifying children in grades K-12
- Your client's filing status is not Married Filing Separately
- Your client's child must be a "qualifying child" as defined for purposes of the federal Earned Income Credit
- The qualifying children must be enrolled in grades K-12 and attend a public, private, or qualifying home school

- Your client must have paid expenses for helping a child improve or expand their knowledge and skills of subjects normally taught in grades K-12 of public schools

Part-year and nonresidents may be eligible for a prorated credit based on income taxable to Minnesota.

You can find a list of qualifying expenses in the Form M1 instructions or Income Tax Fact Sheet 8, K-12 Education Subtraction and Credit.

Limit on Qualifying Expenses
The maximum K-12 Education Credit is $1,500 per qualifying child. Your clients' credit is reduced when adjusted gross income is more than $73,760. (See the Worksheet for Line 12 of Schedule M1ED.)

> **Note:** Your clients cannot use the remaining 25% of qualifying expenses not allowed as a credit to claim the subtraction. They may claim a subtraction for any additional qualifying expenses.
>
> **Example 1.** Expenses for one child = $800
> The amount claimed for the credit is 75% of the total expenses, $600. ($800 x .75 = $600) Your client cannot use the $200 not allowed as a credit to claim the subtraction.
>
> **Example 2.** Expenses for one child = $2,100
> To get the maximum credit of $1,500 for one child, use $2,000 of expenses x .75 (75%) = $1,500. Your clients may use the remainder of expenses ($100) to claim the education subtraction. They cannot use $500 to claim the subtraction.

Limit on Computer Hardware and Educational Software
Your clients can claim up to $200 for computer hardware and educational software **per family** for the K-12 Education Credit. They may also claim an additional $200 **subtraction** per family for any additional qualifying computer hardware and educational software expenses.

Adjusted Gross Income Limit
The adjusted gross income limit is based on the number of your clients' qualifying children in grades K–12.

If the number of qualifying children in K-12 is:	**Adjusted gross income must be less than:**
1 or 2	$79,760
3	$82,760
More than 3	$85,760 plus $3,000 for each additional child

Year of Payment
Your clients' expenses qualify in the tax year they made the payment, not the year the educational service occurred or the year they received the material. The only exception is if the seller financed the purchase. In this case, each payment made to the seller during the tax year may qualify.

NEW! Renter's Credit (Line 4, Schedule M1REF) (Schedule M1RENT)
Your client may be eligible for a credit based on rent paid on their primary residence in Minnesota.

To qualify, all of these must be true for your clients:
- Full-year or part-year residents of Minnesota
- Must have paid rent and lived in a building where either property taxes were payable or payments in lieu of property taxes, such as special assessments, were payable

- Not a dependent and nobody can claim them as a dependent on their income tax return
- Must have paid at least part of their rent from their own funds

Your client will need a copy of their Certificate of Rent Paid (CRP) form issued by their property owner or manager to complete this schedule.

Generally speaking, household income for the renter's credit is AGI minus subtractions for:

- Those over 65 or disabled
- Dependents claimed on Schedule M1DQC

Renters will no longer receive a separate refund later in the year. The credit will be part of the amount owed or refunded on their income tax return.

Renters must file both a federal Form 1040 and Minnesota Form M1 to receive the credit even if they are not required to file a Minnesota income tax return.

Property Tax Refund Filing Status

Use this table to determine if your client needs to file Form M1PR, Schedule M1RENT, or both.

If your clients	**File Form M1PR**	**File Schedule M1RENT**
Lived in a rental unit for all of 2024		X
Owned and lived in a home on January 2, 2025	X	
Rented during 2024, then owned and lived in a home on January 2, 2025	X	X
Received a Certificate of Rent Paid from one of these: • Nursing home • Adult foster care provider • Intermediate care facility • Assisted living facility • Other health care facility		**X**
Owned and lived in a mobile home on January 2, 2025, and paid rent for the property on which it is located	X	
On January 2, 2025, owned and lived in a mobile home and the property on which it is located	X	

Renter's Credit Information

If your clients are renters, they must use the Certificate of Rent Paid (CRP) the property owner or managing agent issued. They use the amount from line 3 of the CRP to file Form M1RENT.

If your clients have more than one CRP, you may add the line 3 amounts together if the CRPs do not cover more than twelve months. If your clients' CRPs have overlapping months, they must prorate the rent based on where they lived during those months.

Property owners or managing agents must give renters completed CRPs no later than January 31, 2025. If a unit has more than one renter, each renter receives a separate CRP splitting the rent equally between each adult. These renters will file separately using their own income and CRPs.

In 2024, all property owners and managing agents are required to generate and submit CRPs electronically through our e-Services system. This feature allows users to create, print, and submit CRPs to Revenue. The Electronic Certificate Number (ECN) field automatically generates when using e-Services.

Nursing home, adult foster care, or health care facility residents may be eligible for property tax refunds if they:

- Pay a portion of the rent from their own funds
- Live in the home as a **permanent** resident (not a temporary recuperative period)
- Reside in a home in which the owner is assessed property taxes or makes payments in lieu of property taxes

Important: These residents are **not eligible** for the refund if Medical Assistance or a supplemental assistance program pays their total rent. These programs may include SSI (Supplemental Security Income), MSA (Minnesota Supplemental Aid), or Minnesota Housing Support (formerly GRH, or Group Residential Housing).

Note: Dorms and nonprofit nursing homes do not qualify because neither are assessed property taxes.

Rent Paid Affidavit (RPA)

The Minnesota Department of Revenue may issue your clients a Rent Paid Affidavit (RPA) after February 1, 2025, if a property owner or managing agent:

- Refuses to issue your client a CRP
- Issues a CRP showing incorrect information and refuses to correct it

If your clients are unable to get a CRP from their property owner or managing agent by **February 1, 2025,** they should request an RPA by contacting us at 651-296-3781 or 1-800-652-9094. Your clients should make every attempt to get a correct CRP from their property owner or managing agent **before** contacting us.

If your clients need an RPA, **they must have all this information before calling:**

- Property owner's or managing agent's name, address, and phone number
- Rental address, including the county
- Renter's Social Security Number (SSN) or Individual Taxpayer Identification Number (ITIN)
- Renter's name and current address
- Spouse's name and SSN or ITIN
- Renter's daytime phone number
- Beginning and ending rental dates
- Number of adult renters in the unit
- Whether or not the rent was subsidized (Section 8, HUD, etc.)
- Amount of rent paid per month by the renter

If your clients include an RPA to file their return, they **must** provide proof of rent payments such as cancelled checks or receipts. They can e-file returns with RPAs, but they must include proof of rent payments. If the software does not allow attachments, they must file on paper and include documentation.

Filing Situations for the Renter's Credit

These are some special situations you may encounter when filing for a renter's credit.

Unusual Filing Situations:

- **Your client wants to claim rent paid for more than 12 months.** Your client rents two units during 2024, and the CRPs show rent paid in both units during the same period. You should include rent for only one of the units in the overlapping time. Use the CRP for where your client lived at the time.

- **Your client owns a home, sells it, and becomes a renter during the same year.** Your client may only claim the Renter's Credit using their total income for the year and rent paid during the rental period. Your client cannot claim the homestead credit because they did not own and occupy the home on January 2 of the following year.
- **Your client rents and then buys a homestead during the year.** Your client may claim both the Renter's Credit on Schedule M1RENT and the homestead credit on Form M1PR.
  - Calculate the Renter's Credit using Schedule M1RENT when filing your client's M1 return
  - Calculate the Homestead Credit Refund using Form M1PR, Homestead Credit Refund
  - Your clients will receive separate credits as a renter and a homeowner
- **Your client rents a mobile home and mobile lot from two different property owners or managing agents and received two CRPs for the same period.** Your client should file one Renter's Credit claiming the total rent paid for the year.
  - Add the Line 3 amounts from the CRPs and list the total on Line 10 of Schedule M1RENT, Renter's Credit
  - Attach a statement providing an explanation so we do not disallow one of the CRPs due to rent paid for an overlapping period
- **A third party paid rent on behalf of your client.** Your client may receive credit for the rent on a CRP if the other party, such as a parent, church, or nonprofit organization, paid the funds to your client first. If the other party paid the rent directly to the property owner or managing agent and your client did not control the funds, your client may not receive credit on a CRP. Keep in mind that dependents are not allowed to claim the Renter's Credit.
- **Multiple tenants occupy your client's rental unit.** A property owner or managing agent must give each tenant a separate CRP and split rent equally among them, regardless of how much rent each tenant pays.

  Note: Married couples must receive separate CRPs showing they each paid an equal portion of the rent. They are not considered one person when completing a CRP.
- **Your client rents a unit with transient renters.** If your client rents a unit but has additional people staying there who come and go during the year (transient renters), the property owner or managing agent should issue a CRP to only the known tenants – usually your client or others listed on the lease.
  - Transient renters who did not receive a CRP should request one from the tenants on the lease because it is a sublease situation.
  - If your client issued a CRP to the transient renter, you must reduce their CRP by the amount of rent the transient renter paid. Write this amount in the lower figure on the CRP.
- **Your client is a renter with an adult dependent.** If your client's dependent received a CRP splitting the amount of rent, your client should ask the property owner or managing agent to reissue a corrected CRP. If the property owner or managing agent will not issue a corrected CRP, add the dependent's CRP information to your client's CRP and include an explanation with their return.
- **Your client resides in campgrounds, travel trailers, or campers.** Your client is not eligible for the Renter's Credit because residents of campgrounds, travel trailers, and campers do not receive a CRP. This is true even if your client does not have a permanent residence elsewhere. Clients do not receive CRPs for the land rented for a trailer.
- **Your client is a part-year resident renter.** Include only the income your client received while a Minnesota resident. Renters only include their part-year income because the CRP will only reflect part-year rent. Include a statement showing how the income received during the period your client lived in Minnesota was calculated. Line 1 of Schedule M1RENT, Renter's Credit, should be the full amount listed on Line 1 of Form M1. Line 4 and 5 of Schedule M1RENT will subtract income received while a non-resident of Minnesota.

Note: If your client rented for part of the year and bought and homesteaded a home by January 2 of the following year, you will calculate their eligible credit for the rent they paid on Schedule M1RENT and use Form M1PR to calculate their eligible credit for their homestead.

Nursing Home, Adult Foster Care, Intermediate Care Facilities, or Group Homes

If your clients lived in one of these facilities, but paid the entire rent themselves, they should file as a **renter**. They must file as **Nursing Home or Adult Foster Care Resident**, if the resident received any of these types of public assistance:

- Supplemental Security Income (SSI)
- Minnesota Supplemental Aid (MSA)
- If the resident has an entry on line A of Form CRP for Medical Assistance (Medicaid) or the line B checkbox for Minnesota Housing Support (formerly Group Residential Housing, or GRH) payments is checked

If public assistance paid for the entire rent and your clients did not contribute their own funds, they cannot claim a property tax refund.

Nursing Home Filing Situations for Married Couples

These are some common nursing home situations you may encounter:

- **One spouse permanently lives in a nursing home while the other resides in a separate rental unit all year**
  - They may only claim a credit for their separate homes if they are filing separate income tax returns. If they are filing jointly, they may only claim the credit for one rental unit using one spouse's CRP and income. You should enclose an explanation if line 1 of Schedule M1RENT is not the same as line 1 of Form M1.
- **One spouse permanently lives in a nursing home while the other resides in their homestead all year**
  - One spouse may claim the Renter's Credit for the nursing home, and the other may claim the homestead credit on Form M1PR using their own respective incomes
  - Do not include the other spouse's name or Social Security Number on Form M1PR if you lived apart all year
- **Both spouses live in the same nursing home unit**
  - Your clients may only file one Schedule M1RENT if they are married filing jointly and lived together the entire year. They may only claim the credit for one rental unit using one spouse's CRP and income.

Divorced, Separated, or Widowed During the Tax Year

Clients will use their income for the entire year plus their spouse's income for the time they were married and living together. Each person will use line 3 of the CRP for the unit they rented after the divorce or separation. Only one person may include the amounts from line 3 of the CRPs for the rental unit lived in together prior to the divorce or separation.

Credit for Parents of Stillborn Children (Line 5, Schedule M1REF) (Schedule M1PSC)

Parents who experience the stillbirth of a child in Minnesota may be eligible for a refundable credit of $2,000.

Your clients may qualify for this credit if all of these are true:

- They experienced the birth of a stillborn child during the tax year
- They received a Certificate of Birth Resulting in Stillbirth from the Minnesota Department of Health, Office of Vital Records
- They would have claimed the child as a dependent if the child were born alive

If your clients experienced more than one stillbirth in the tax year, they would need to complete a separate Schedule M1PSC for each stillborn child.

If your clients are a part-year or nonresident, they may be eligible for this credit based on the percentage of their income taxable to Minnesota.

Refundable Credit for Taxes Paid to Wisconsin (Line 6, Schedule M1REF) (Schedule M1RCR)

If your client is a Minnesota resident who works in Wisconsin, they may be eligible for this credit if all of these are true:

- They were domiciled (lived permanently) in Minnesota for all or part of 2024
- They incurred 2024 income tax for Minnesota and for Wisconsin on the same income
- They filed a 2024 Wisconsin Form 1NPR
- They were a Minnesota resident when they received the income taxed by both states

Part-year residents of Minnesota may also be eligible, but they must have been a Minnesota resident when they received the income taxed by both states.

To complete Schedule M1RCR, Credit for Tax Paid to Wisconsin, you will need to identify the adjusted gross income your clients received while a Minnesota resident. Of that amount, you will need to determine the income taxed by Wisconsin.

You will report amounts from Schedule M1RCR on both Form M1 and Schedule M1REF.

Do not use Schedule M1CR to report taxes paid to Wisconsin.

Line 24 (Form M1, Page 2) Refund

If your clients have a refund, check to see if they have a bank account to direct deposit the refund.

Line 25 (Form M1, Page 2) Direct Deposit

For direct deposit of the full refund amount on line 24, fill in the:

- Account type, either checking or savings
- Routing number
- Account number

This is the safest and most secure way for your clients to receive their refund.

Note: Your clients’ bank account must not be associated with a foreign bank.

If your clients want the refund directly deposited into a savings account, have them verify the routing and account numbers. The numbers on savings account deposit slips are not always complete.

Note: We will only deposit up to five Minnesota tax refunds into a single bank account.

Line 26 (Form M1, Page 2) Amount You Owe

You can find payment information for a balance due on page 62.

Line 27 (Form M1, Page 2) Penalty for Underpayment of Estimated Income Tax (Schedule M15)

Your clients are **not** subject to the underpayment penalty if any of these apply:

- Tax due with the income tax return is less than $500, after subtracting withholding and refundable credits.
- Withholding, refundable credits, and required, timely estimated tax payments equal 90% of their current-year tax liability.

- Withholding, refundable credits, and required, timely estimated tax payments equal 100% of their prior-year tax liability or 110%, if last year's federal adjusted gross income was more than $150,000.
    - Part-year and nonresidents must have had at least $1 in Minnesota tax liability on their prior year return to use this clause.
- Your client was a full-year resident of Minnesota in 2024 with no Minnesota liability that year.
- Your client retired after reaching age 62 or became disabled in 2023 or 2024 and the underpayment was due to reasonable cause.
- They meet the IRS exceptions to the penalty. In this case, attach a copy of federal request to Form M1, and do not file Schedule M15.

If your clients are subject to the underpayment penalty, discuss how they can either make estimated payments or increase their withholding to avoid the penalty next year.

Line 29 (Form M1, Page 2)

Enter the amount from line 24 that your clients want sent to them.

Line 30 (Form M1, Page 2)

Only complete this line if your clients want all of part of their refund applied to next year's estimated tax. Enter the amount from line 24 that your clients want applied to their 2025 estimated tax.

Once your clients apply this amount to next year, they cannot change their mind and have the money refunded to them. They must file a 2025 Minnesota income tax return to get a refund.

Individual Income Tax Wrap-Up

Signatures

Your clients, and spouses if filing jointly, must sign and date the return on the back of the form. They should also list a daytime phone number in case we have questions about their return.

- Volunteers **do not** sign the return
- The site number consists of **S** followed by an eight-digit number, which will automatically populate in the boxes at the bottom of the return

Note: Do **not** check the box at the bottom of Form M1 authorizing a tax preparer to discuss filed returns with us. It is only for paid preparers, not volunteers.

Quality Review

Once a volunteer completes the return, it **must** go through the proper quality review process. Pay special attention to common filing errors. This is important because your clients' returns may be delayed if you do not check for these errors ahead of time. Here are some important items to check:

Preventing Processing Delays

- The last name for the clients and all dependents matches their Social Security cards or Individual Taxpayer Identification Number (ITIN) letters.
- Double check Social Security Numbers and ITINs used on tax forms.
- Double check bank routing and account numbers used on tax forms.
- The employers' Minnesota Tax ID Number and Minnesota withholding amounts are correct.

- Confirm the amount of estimated taxes your clients are claiming. Do not assume your clients paid what they were told to pay.
- If you carried forward your clients' prior year refunds to the current year, ask them if we adjusted this refund. If so, our adjustment may affect the refund carried forward to the current year. Our adjustment notice would indicate if the changes affected the refund carried forward.
- When using software to prepare a paper return, make sure your client, their spouse, dependent, or any qualifying children's Social Security Number or Individual Taxpayer Identification Number (ITIN) is **not** masked on any forms or corresponding schedules. This is especially important if the return contains Schedule M1CWFC, Minnesota Child and Working Family Credits.
- When claiming a deduction for exemptions on Form M1, ensure you include a Schedule M1DQC, Dependents and Qualifying Children. Check the appropriate boxes on the schedule to indicate if your client is claiming a dependent, qualifying child, or both. Dependents and qualifying children can be claimed on only one income tax return, so confirm with your client they are eligible to make this claim and no one else is claiming the same dependent or qualifying child.

Credits and Subtractions

- Confirm that clients qualify for the K-12 Education Credit, if appropriate.
- Confirm that clients qualify for the Child and Dependent Care Credit, if appropriate.
- Check the box for a child born in 2024 on the Child and Dependent Care Credit, if appropriate. Ensure the total additions on line 2 and total subtractions on line 7 of Form M1 match the total amounts claimed on Schedule M1M, Income Additions and Subtractions.
- Use Schedule M1QPEN, Qualified Public Pension Subtraction, to claim a subtraction for any taxable payments from a qualified public pension plan. Ensure any payments you are claiming for the subtraction do not derive from income that your client was also earning credit toward Social Security.
- When claiming the Credit for Income Tax Paid to Another State (Schedule M1CR), include the income taxed by the other state in Minnesota source income on Schedule M1NR, Nonresidents/Part-Year Residents.
- When claiming the Credit for Attaining a Master's Degree in Teacher's Licensure Field (Schedule M1CMD), ensure your client's master's degree program meets all the requirements to claim the credit, specifically the requirement that the master's degree program did not include pedagogy or a pedagogy component.
- The subtraction for military pay should not be more than the total military pay. Do not subtract National Guard pay and then subtract it again as federal active duty pay.
- **New for 2024:** Your clients may elect to receive an advance payment of their Child Tax Credit for 2025. To elect to receive an advance payment, check the box on the 2024 Schedule M1CWFC, Minnesota Child and Working Family Credits that says, "Check this box if you are electing to receive advance payments of your 2025 child tax credit." Complete section 2, Advance Payment of Child Tax Credit, on Schedule M1CWFC to determine what your client's advance payment will be.

Schedules and Forms

- When Form M1 has amounts coming from a Minnesota schedule, be sure to attach the schedule or include it with the electronic return.
- On Schedule M1M, Income Additions and Subtractions, enter the amount on the correct line of the schedule. Do not enter notations, such as "see statement," "other subtraction," or "K1 subtraction."

Paper Filing

If you file a return by paper, do not staple or tape enclosures to the return. You may use a paperclip.

Place a copy of your clients' federal return and schedules behind their Minnesota forms. Do not send copies of federal Forms W-2 and 1099 with the return. Have your clients keep them with their tax records, as we may ask to review them.

Mail to:

Minnesota Department of Revenue
Mail Station 0010
600 N. Robert St.
St. Paul, MN 55146-0010

Tax Return Acknowledgements and Error Rejection Codes

Software providers send an acknowledgement of acceptance as evidence of receiving and accepting your clients' returns.

If a return is rejected, you'll receive a rejection notice, including the Error Rejection Code (ERC) explaining why the return was not accepted.

For more information, go to www.revenue.state.mn.us, and enter **ERCs** into the Search box or call 651-556-4818.

Driver's Licenses and State ID Cards

Minnesota does not require state driver's license or state ID card information on income tax returns. This information does not affect return processing times.

Refund Timing and Direct Deposit

Check the status of your client's refund online using our Where's My Refund? system. Our system is updated overnight, Monday through Friday, and provides the most accurate and timely information available.

Each tax return is different. We review every return to verify the information on the return and take the time necessary to make sure the right refund goes to the right person.

Direct deposit is the easiest and most secure way for your clients to get their refunds.

Note: We issue paper checks if a bank rejects the direct deposit.

Extensions

There is no late filing penalty if your clients file by October 15, 2025. There is no form to request an extension for a Minnesota income tax return.

If your clients believe they will have a Minnesota balance due, but are unable to file their returns by April 15, 2025, they should make an extension tax payment by April 15, 2025, to avoid or minimize late payment penalties.

Members of the military have more extensions for filing and paying. See page 73 for details.

Return Verification Letters

When reviewing returns, we may take extra steps to protect an individual's identity. To confirm the identity on some returns filed, we may send your clients a letter asking them to verify their return before processing can continue.

The letter directs your clients to our website where they enter the last name on the tax return and a verification code provided in the letter. They also must indicate whether you filed the return we received.

Minnesota Property Tax Refund

This section covers Minnesota Form M1PR, Homestead Credit Refund (for Homeowners), and how to complete the form. Most people call this their property tax refund.

Form M1PR

General Qualifications

To qualify for a Homestead Credit Refund (for Homeowners), your clients:

- Household income for 2024 must be less than $139,320. The maximum refund is $3,410.
- Must be full- or part-year residents of Minnesota for the year.
- Must have owned and occupied their home on January 2, 2025, with the exception of a temporary absence. Acceptable absences include medical issues, job assignments, or spending winter in a warmer location. Your clients must intend to return to Minnesota.
- Property must be classified as their homestead, or they must have applied for homestead classification and had it approved.
- Your clients cannot owe delinquent property tax on the homestead. If delinquent taxes are due on their property, your clients must have signed a Confession of Judgement with their county auditor and be current on payments.
- Cannot be eligible to be claimed as a dependent by another individual.

Homestead Credit Refund Information

If your clients are homeowners, you will file Form M1PR using information from their Statement of Property Taxes Payable in 2025. The 2025 statement reflects the taxes levied in 2024 but payable in 2025.

Properties classified as a relative homestead do not qualify.

A homeowner may also be eligible for a special property tax refund if all these are true:

- They owned and lived in the home on January 2, 2024, and January 2, 2025
- Their net property tax on their homestead increased by more than 12% from 2024 to 2025
- The increase was at least $100

There is no income limit for the special refund. The maximum special property tax refund is $1,000.

Information on Property Tax Statement Differs from Form M1PR

The information on your clients' Statement of Property Taxes Payable in 2025 may differ from information on their Form M1PR. Here are some common differences and how to handle them:

- **The name on the tax statement is not your client's**
  Attach a note explaining the situation, such as:
  - A contract for deed has the previous owner's name on it
  - A life estate has a different name on it
  - A multiple dwelling or joint ownership has a different name on it
- **Your client's current name or address is different from the statement because they sold the residence after January 2, 2025**
  Attach a note explaining the sale, and provide the date your client moved.

Note: If your clients owned and occupied the residence on January 2, 2025, they may claim the property tax refund based on all the taxes payable in 2025. This is true regardless of who paid the taxes.

- **The address on the tax statement is not the same as your client's**
  Attach an explanation, such as:
  - The county still has an old address on record
  - The mailing address for a refund is different from the property's address
  - A city changed the address when rezoning
- **The line 1 property tax amount on the property tax statement differs from the line 14 amount on Form M1PR**
  Attach an explanation, such as:
  - Your client lives in a multiple-unit dwelling. They would only use the percentage owned and occupied; enclose a note explaining the percentage used.
  - The county made an error computing the line 1 property tax amount. Enclose an explanation on county letterhead or obtain a new statement from the county.
  - Your client did not have the property homesteaded in time. They must get a letter from the county stating that they were granted homestead status.

Dwelling Owned by More than One Person

One or more people may occupy your clients' home. These situations can affect who may file for the refund and what should be included in household income. Common scenarios include:

- **Two or more persons, who are not married, own and occupy a single-family dwelling**
  - One of the owner-occupants files for a property tax refund using the total qualifying tax amount
  - Your client files the return including all the occupants' income in household income
- **Two or more persons own a single-family dwelling, but not all owners reside in it**
  - The owners who do not reside in the unit do not qualify for the property tax refund
  - Only show the occupants' income
- **Two or more persons own and occupy separate sections of a multiple family dwelling**
  - Each person who owns and occupies a unit in the multiple dwelling can file for a property tax refund using their own income.
  - Your client must use a proportionate share of the tax on line 1 of the property tax statement to the percent of the dwelling owned and occupied by them. Enclose an explanation.

Filing Situations for the Property Tax Refund

These are some special situations you may encounter when filing for a property tax refund.

Unusual Filing Situations: Homeowners

- **Your client owns or lives in a "relative homestead"**
  Neither the owner nor the related occupants of a "relative homestead" property are eligible for a property tax refund. The occupants are not eligible because they do not own the property. The owner is not eligible because they do not live on the property.
- **Your client owns a home, sells it, and becomes a renter during the same year**
  Your client must file as a renter using their total income for the year and rent paid during the rental period. Your client cannot file as a homeowner because they did not own and occupy the home on January 2 of the following year.
- **Your client rents and then buys a homestead during the year**

Your client may claim the Renter's Credit on Schedule M1RENT and the homestead credit on Form M1PR.

- Calculate the Renter's Credit using Schedule M1RENT when filing your client's M1 return
- Calculate the Homestead Credit Refund using Form M1PR, Homestead Credit Refund
- Your clients will receive separate credits as a renter and a homeowner

- **Your client lives in a cooperative (co-op)**
  Residents of co-ops are considered homeowners for the purpose of this credit. Your client will file as a homeowner, and they should receive a statement from their association allocating the property taxes to each resident. Your client must contact their association if they have not received a statement.
- **Your client has an agricultural homestead**
  For this credit, your client's qualifying tax on an agricultural homestead, found on line 1 of the property tax statement, is limited to the taxes on the house, garage, and the immediately surrounding one acre of land. The county calculates this amount when preparing the property tax statement, so you should not need to do any adjustment or calculation when completing Form M1PR.
- **Your client has a life estate**
  Elderly homeowners may transfer their property to a relative or friend but continue to occupy the property under a life estate. If your client occupies the property and retains an ownership interest in the home, they may qualify for the property tax refund as long as the claimant or estate pays the property tax. They must also meet the normal qualifications.
- **Your client is married but maintains a separate household**
  If a married couple lives apart and maintains separate households for an indefinite period, they may each file their own property tax refund using only their own income. You must include the other spouse's income for any time the couple lived together. The couple should also include letters with their returns explaining the situation.
- **Your client has an Individual Taxpayer Identification Number (ITIN)**
  Your client may qualify for a Homestead Credit Refund if the home they own and occupy on January 2, 2025, is homesteaded by the county their home is located in. It is no longer a requirement that at least one spouse have a Social Security Number.
- **Your client is a part-year resident homeowner**
  You must include your client's household income for the entire year because the Statement of Property Taxes Payable reflects the entire year's taxes.

Unusual Filing Situations: Mobile Homeowners

- **Your client owns a mobile home and rents the lot on which it's located**
  They receive both a property tax statement and a Certificate of Rent Paid. Your client will file the return as a mobile homeowner. Complete Worksheet 1 in the Form M1PR instructions to determine the amount for line 14.
- **Your client co-owns a mobile home**
  Mobile homeowners are treated as homeowners. If there are two co-owners, they cannot split the CRP and property tax statement. Only one may file for the property tax refund, and the filer must include the other owner's income on Form M1PR, Homestead Credit Refund. If each owner received a CRP for half of the lot rent, the filer must combine both CRPs and include an explanation.

Completing Form M1PR

State Elections Campaign Fund

If your clients wish to contribute to the State Elections Campaign Fund, fill in the appropriate code number.

Clients who made a designation on Form M1 may not make a designation on Form M1PR.

Property Tax Refund Filing Status

Use this table to determine if your client needs to file Form M1PR, Schedule M1RENT, or both.

If your clients	File Form M1PR	File Schedule M1RENT
Lived in a rental unit for all of 2024		X
Owned and lived in a home on January 2, 2025	X	
Rented during 2024, then owned and lived in a home on January 2, 2025	X	X
Received a Certificate of Rent Paid (CRP) from one of these: • Nursing home • Adult foster care provider • Intermediate care facility • Assisted living facility • Other health care facility		**X**
Owned and lived in a mobile home on January 2, 2025, and paid lot rent where the property is located	X	
On January 2, 2025, owned and lived in a mobile home and the property on which it is located	X	

Income of Others Living with You

If your client is a homeowner, include their spouse's income while the couple lived together.

Homeowners must include the income of any other person in the home for the period of time the other person lived in the home, except boarders, roomers, renters, dependents, or the parents of the owner, or their spouse's parents, if the parent is not a co-owner. Include the parents' income if they are co-owners of the home, live in the home, and are not your client's dependents.

Do not include income for people who are boarders on contract, renters on contract, or dependents. Do not include parents' income if they lived with the client and did not co-own the home. For each person living with your client, complete the worksheet for line 5 in the M1PR instructional booklet to determine the amount of co-occupant income to enter on line 5 of Form M1PR.

> **Example.** A mother and daughter co-own and live in the same home. Only one of them may file for the Homestead Credit Refund. The filer must use the full value of the Statement of Property Taxes Payable and include both of their incomes.

Note: Only use income of others living with the homeowner to determine household income on Form M1PR.

Married During the Tax Year

Clients who marry during the tax year should use both incomes for the year to apply for one refund.

Divorced, Separated, or Widowed During the Tax Year

For renters, use your income for the entire year plus your spouse's income for the time you were married and living together. Each person will use line 3 of the CRP for the unit they rented after the divorce or separation. Only one person may include the amounts from line 3 of the CRPs for the rental unit lived in together prior to the divorce or separation.

Clients will file separate returns and use their income for the entire year plus their spouse's income for the time they were married and living together during the year. Only the spouse who owned and lived in the home on January 2, 2025, can apply as the homeowner for the home. They will enter the full amount from line 1 of their 2025 Statement of Property Taxes Payable on line 14 of Form M1PR.

Part-Year Residents

List your client's household income for all of 2024, including before their move to Minnesota.

> **Note:** Always include a written explanation when these situations occur. Doing so may prevent processing delays.

Household Income (Lines 1 through 13)

Household income is based on federal adjusted gross income (FAGI) plus other types of nontaxable income.

Line 1: Federal Adjusted Gross Income

If your client is not required to file a federal return, complete federal Form 1040 to calculate FAGI, but do not file it.

Line 2: Nontaxable Social Security and/or Railroad Retirement Board Benefits

On line 2 of Form M1PR, your clients must add Social Security and/or Railroad Retirement Board benefits **not** included in line 1. Also, include Social Security Disability Income (SSDI) and amounts deducted for Medicare Premium payments and Retirement Survivors Disability Insurance (RSDI).

If no Social Security or Railroad Retirement Board benefits income is included in FAGI on line 1, use the amount listed from box 5 of Form SSA-1099 or RRB-1099.

Do not include Social Security income for dependents.

Line 3: Deduction for Contributions to a Qualified Retirement Plan

List all your clients' payments to a qualified retirement plan if they deducted these payments on lines 16 or 20 of federal Schedule 1. Qualified retirement plans may include:

- IRA
- Keogh
- Simplified Employee Pension (SEP) Plan
- SIMPLE Plan

Line 4: Total Government Assistance Payments Received from Programs

Include nontaxable payments your clients received from these programs not included on line 1 of Form M1PR:

- MFIP (Minnesota Family Investment Program)
- MSA (Minnesota Supplemental Aid)

- SSI (Supplemental Security Income)
- GA (General Assistance)
- Minnesota Housing Support (formerly Group Residential Housing, or GRH)
- DWP (Diversionary Work Program)
- Pay-for-Performance Success Payments under the federal Home Affordable Modification Program (HAMP)
- Refugee cash assistance
- Emergency assistance

Recipients do **not** include Medicaid payments or non-cash benefits, such as:

- Dollar value of food and food stamps, clothing, and medical supplies from government agencies
- Fuel assistance
- Childcare assistance or vendor-received childcare payments

If your clients repaid program payments during the year, they may subtract these repayment amounts reported on line 4. Do not subtract any repayments they made in other years.

> **Note:** Your clients usually receive a statement from the Minnesota Department of Human Services showing their cash assistance. The statement has their name, case number, month, and amount. The amount can vary each month.

Line 5: Co-Occupant Income

Use Worksheet 5 in the M1PR Instructions to determine the total income for each co-occupant living with your client. If the total co-occupant income is a negative number, enter the total as a negative. If your client had multiple co-occupants, have each of them complete a separate worksheet. Include any worksheets with your client's return.

Line 6: Additional Nontaxable Income

Use the table on page 1 of the Form M1PR to report your clients' total nontaxable income received in 2024 and not included on lines 1 through 5. Enter the types of income received in Column A and the amount of income in Column B.

> **Note:** Do not include Minnesota's one-time tax rebate payments in household income.

Examples include:

- Acquisition or abandonment of property gain, reported on federal Form 1099-A, not included in your federal income
- Adoption assistance, including subsidy payments and employer-paid expenses
- Alimony received to the extent not included in adjusted gross income
- Canceled, discharged, or forgiven debt that was not included in your federal adjusted gross income
- Community Access for Disability Inclusion Waivers
- Contributions to deferred compensation plans such as 401(k), 403(b), 457 deferred compensation, or SIMPLE/SEP plan
- Contributions to dependent care accounts and medical expense accounts
- Disability benefits (do not include veteran's disability benefits)
- Distributions from a ROTH or traditional IRA not included on line 1, including distributions made to charity
- Employer paid education expenses
- Federal adjustments to income for contributions to IRA, Keogh, and SIMPLE/SEP plans
- Federally nontaxed interest and mutual fund dividends
- Foreign earned income exclusion

- Foster care payments, including adult foster care
- Gain on the sale of your home excluded from your federal income
- G.I. Bill funding, including scholarships
- Housing allowance for military or clergy
- Income excluded by tax treaty
- Long-term care benefits not used for medical expenses
- Medicaid Home & Community-Based Services Waiver program payments from Line 8s of federal Schedule 1
- Medicare Part B Premiums not included in lines 1 or 2
- Nontaxable Compensated Work Therapy (CWT) payments
- Nontaxable employee transit and parking expenses
- Nontaxable military earned income, such as combat zone pay
- Nontaxable pension and annuity payments, including disability payments
- Nontaxable personal injury or settlement income (to the extent not used for medical expenses)
- Nontaxable scholarships, fellowships, grants for education, including those from foreign sources, and tuition waivers or reductions
- Post-9/11 Veteran Service Bonus payments
- Public Safety Officer medical insurance exclusion
- Reduction in rent for caretaking responsibilities (include the amount shown on your CRP)
- Sick pay (to the extent not used for medical expenses)
- Strike benefits
- Voluntary Employees' Beneficiary Association (VEBA) contributions made by the employee
- Worker's compensation benefits (to the extent not used for medical expenses)

Also include any of these losses and deductions to the extent they reduced federal adjusted gross income:

- Capital loss carryforward (use Worksheet 4 to compute amount)
- Educator expenses
- Health savings account and Archer MSA deductions
- Net operating loss carryforward and carryback
- Passive activity losses in current year in excess of current year passive activity income, including rental losses, even if actively involved in real estate
- Prior year passive activity loss carryforward claimed in 2024 for federal purposes

Capital loss carryforward

Worksheet 4: For Calculating Capital Losses

1. Combined net gain/loss (line 16 of federal Schedule D) . . . . 1_____________
2. Short-term capital loss carryforward (line 6 of Schedule D)
   Enter as positive number. . . . . 2_____________
3. Long-term capital loss carryforward (line 14 of Schedule D)
   Enter as a positive number . . . . 3_____________
4. Add steps 2 and 3. If step 1 is a positive number,
   skip steps 5 and 6 and enter this amount on step 7 . . . . 4_____________
5. Add steps 1 and 4 . . . . 5 _____________
6. Capital loss from line 7 of federal Form 1040 or 1040-SR (allowable loss).

Enter as a positive number . . . . 6____________

7. Add steps 5 and 6 (if less than zero, enter 0).

   Enter total here and include with other nontaxable income on the table for line 6 of Form M1PR

   7____________

Example: Margaret has:

Current year capital loss	$(2,000)
Current year capital gain	$3000
Prior year loss carryforward	$(7,000)
Net capital loss	$(6,000)
Less: Federal loss allowed	$(3,000)
Current year loss carryforward	$(3,000)

You do not add back Margaret's $2,000 current year capital loss deduction. You must add back to income Margaret's **reduction** in the loss carryforward of $4,000 ($7,000 prior year loss carryforward minus $3,000 current year loss carryforward). Margaret used the $4,000 of loss carryforward to:

- Reduce capital gain income by $1,000
- Reduce other income on her federal Form 1040 by $3,000

Do not include:

- After-tax contributions to annuities
- Amounts from a Section 1035 annuity exchange
- Car insurance settlement payments used to pay medical bills
- Certain federal adjustments to income such as moving expenses, student loan interest deduction, penalty on early withdrawal, ½ self-employment tax, self-employment health insurance, and alimony paid
- Childcare assistance
- Child support payments
- COVID-19 federal economic stimulus payments
- Dependent's income, including Social Security
- Dependents indemnity compensation
- Employee's mandatory contributions to a retirement plan
- Employer's contributions to filer's deferred compensation or pension plan
- FEMA emergency grants for disaster victims
- Foster care adoption bonus
- Gifts and inheritances
- Gulf War bonus
- Health and dental insurance contributions paid by employee or employer
- HSA funding distributions, such as distributions from a traditional IRA or a ROTH IRA, made to an individual's Health Savings Account as a contribution
- IRA rollovers
- IRS stimulus or rebate
- Long-term care benefits used to pay medical expenses
- Loss on sale of rental property
- Minnesota property tax refunds

- Nontaxable Holocaust settlement payments
- Payments by someone else for your care by a nurse, nursing home, or hospital
- Payments from life insurance policies
- Premium tax credit
- Reimbursements by employer for expenses paid, such as gas, meals, and lodging
- Return of capital or return of investment
- Reverse mortgage proceeds
- Special needs welfare benefits
- Spouse's Social Security income when filing separately
- State income tax refunds not included on line 1 of Form M1PR
- Survivor benefits
- Veteran's disability compensation paid under U.S. Code, title 38

Line 8: Subtraction for 65 or Older or Disabled

If your clients are 65 or older as of January 1, 2025, or disabled, fill in $5,050 on line 8 of Form M1PR and check the appropriate boxes. This subtraction is the same, even if both spouses are over 65 or disabled.

Line 9: Dependent Subtraction

A person must meet the federal qualifications for your clients to claim them as a dependent for Form M1PR.

> **Important:** In some cases, a dependent may be claimed on more than one return. Minnesota follows federal tie-breaker rules to determine who may claim this subtraction.

A parent is not a dependent for purposes of Form M1PR unless they are a dependent for income tax purposes.

If your clients have qualifying dependents, use the appropriate table in the Form M1PR instructions to determine their line 9 amount. Write in the names and tax identification numbers of the dependents in the space provided on line 9. Also, fill in the number of dependents.

Line 10: Retirement Account Subtraction

You may enter your clients' retirement account contributions to nontaxable and taxable accounts, up to a total of $7,000 or $14,000 for Married Filing Jointly. You must add your clients' pretax retirement account contributions to household income on line 3 or line 6. You may then deduct these contributions on line 10 up to the maximum amount.

Line 11: Other Subtractions

Use this line to report other subtractions from the list of eligible subtractions. List the subtractions your clients claim in the blank space under line 11. A subtraction may be denied if your client does not indicate the subtractions they are claiming. The subtractions that may be claimed on line 11 include:

- **Non-deductible alimony payments:** Include alimony payments your client made which were non-deductible from line 19a of federal Schedule 1.

- **One-time rebates for tax year 2021:** Enter the amount of your client's one-time rebate for tax year 2021 reported on 2024 Form 1099-MISC.

- **Workforce incentive grants**: Your clients may subtract compensation received through the Nursing Facility and Long-term Service and Support Workforce Incentive Grants from their Minnesota income.

Line 14: Amount from the Statement of Property Taxes Payable in 2025 (Page 2, Form M1PR)

Enter the property tax amount from line 1 of the Statement of Property Taxes Payable in 2025. If there is no amount on line 1, use the amount on line 5 or line 6, depending on the county, in the 2024 Column.

> **Note:** We will adjust returns if you file them using your clients' Proposed Property Tax Statement or the Statement of Estimated Market Values. These statements do not provide the correct figures for the property tax refund.

Mobile Homeowners: Owns the Mobile Home and Rents the Lot

Complete Worksheet 1 in the Form M1PR instructions. Then, use the Homestead Credit Refund table in the instructions to determine your clients' refund amount.

> **Note:** Mobile homeowners cannot file until they receive their Statement of Property Taxes Payable in 2025.

Business Use of Home or Rental of Home

If your clients' rent out part of their home or use it for business, complete Worksheet 2 in the Form M1PR instructions. Do not complete Worksheet 2 if line 1 of the property tax statement is less than line 6.

> **Note:** If the statement indicates a residential homestead and another classification, such as commercial or rental property, line 1 of the statement should include the taxes payable only on the homesteaded portion.

Line 15: Special Property Tax Refund (Page 2, Form M1PR)

The amount shown on this line is from the special property tax refund calculation on Schedule 1.

If your clients do not qualify for the 2024 regular property tax refund, they may still be eligible for the special property tax refund. **There is no income limitation for the special refund.**

Your clients may be eligible for the special property tax refund if all these apply:

- They owned and lived in the same home on January 2, 2024, and on January 2, 2025
- The net property tax on the homestead increased by more than 12% from 2024 to 2025
- The increase was at least $100

The maximum special property tax refund amount is $1,000.

If your clients qualify, complete Schedule M1PR-SR, Special Refund, and include the result on line 15 of Form M1PR. Any special refund will be included in the total refund on line 23. Attach Schedule M1PR-SR to Form M1PR.

Special Property Tax Refund is Optional

Your clients may receive a larger refund by claiming only the regular property tax refund and not calculating the special property tax refund. The special refund may provide your clients with a larger refund. If it does not, your clients do not need to claim it.

Line 27: New Improvements or Expired Exclusions (Schedule M1PR-SR, Special Refund)

If your clients improved their home, or built a new home, they must complete Worksheet 3 in the Form M1PR instructions to determine the percentage to enter on line 2.

For the special property tax refund, your clients' increase in property taxes cannot be based on improvements to the property or expired exclusions, such as building a home or adding on to the property.

> **Note:** In the case of a new house, the first year's property taxes are usually based on the lot, and the second year's tax is based on the lot and the house. In this case, the entire value of the house is a **new improvement**, and you must factor that out on Worksheet 3 in the Form M1PR instructions.

Line 19: Nongame Wildlife Fund Contribution (Page 2, Form M1PR)

Your clients can donate to help preserve Minnesota's nongame wildlife. The Minnesota Nongame Wildlife Program uses this amount to help wildlife species that are not hunted or harvested. A donation on this line **will reduce your clients' refund**.

Line 20: Property Tax Refund (Page 2, Form M1PR)

If your clients have a refund, check to see if they have a bank account to direct deposit the refund.

The refund will be delayed or denied if line 20 is not completed.

Line 21: Direct Deposit (Page 2, Form M1PR)

For direct deposit of the full refund amount on line 20, fill in the:

- Account type (checking or savings)
- Routing number
- Account number

This is the safest and most secure way for your clients to receive their refund. They should use an account that will be valid until the end of the year, since property tax refunds are sent later in the year. If the bank account is closed or direct deposit is rejected, we will send the refund as a check.

Note: Your clients' bank account must not be associated with a foreign bank.

If your clients wish to direct deposit the refund into a savings account, have them verify the routing and account numbers. The numbers on savings account deposit slips are not always complete.

Note: We will only deposit up to five Minnesota tax refunds into a single bank account.

Property Tax Refund Wrap-Up

Signatures

Your client, and spouse if filing jointly, must sign and date the return on the back of the form. They should also list a daytime phone number, in case we have questions about their return.

- Volunteers **do not** sign the return
- The site number consists of **S** followed by an eight-digit number, which will automatically populate in the boxes at the bottom of the return

Note: Do **not** check the box at the bottom of Form M1PR authorizing a tax preparer to discuss filed returns with us. It is only for paid preparers, not volunteers.

Quality Review

Once a volunteer completes the return, it **must** go through the proper quality review process. Pay special attention to common filing errors for Form M1PR. This is important because your clients' returns may be delayed if you do not check for these errors ahead of time. Here are some important items to check:

Preventing Processing Delays

- All information from the CRP and property tax statement is entered correctly.
- Homeowner clients included the income of individuals living with them, when required.
- Double check bank routing and account numbers used on tax forms.

- When using software to prepare a paper return, make sure your client's Social Security Number or Individual Taxpayer Identification Number (ITIN) is **not** masked on the return.
- Use the correct property tax statement. For 2024 returns, use your client's Statement of Property Taxes Payable in 2025. Statements of Property Taxes Payable are typically available from their county of residence in mid-March. Ensure you are not using your client's Proposed Statements of Property Taxes Payable.
- If your client's Statement of Property Taxes Payable has a Property Classification of "Non-Homestead," and your client believes this is an error, contact their county's property tax division before filing their M1PR, Homestead Credit Refund. Your client's home must be homesteaded to qualify for a credit.
- When computing the special property tax refund on Schedule M1PR-SR, only use the previous year's special refund on line 6.

Important: Do not use the 2024 Property Tax Statement or 2025 Notice of Proposed Taxes. Processing will be delayed if you file your clients' returns using incorrect statements. Wait until your clients receive the Statement of Property Taxes Payable in 2025 to complete the 2024 Form M1PR.

Paper Filing

If you file a return by paper, do not staple or tape enclosures to the return. You may use a paperclip.

Do not include a copy of the property tax statement for paper filed returns.

Any attachment or letter of explanation must be on a full sheet of paper.

Mail to:

> Minnesota Property Tax Refund
> Mail Station 0020
> 600 N. Robert St.
> St. Paul, MN 55146-0020

Refund Information

Your clients can check the status of their refund by using our [Where's My Refund?] system after July 1. Property tax refund returns will not show in our system before July 1. The system will show where in the process your clients' refunds are. When their return is finished, they will see the date we sent their refund. Each return is different, so processing times will vary.

Your clients must cash property tax refund checks within two years of the issue date or the right to payment expires. If your clients can show reasonable cause for not cashing the check within two years, we may reissue the check within five years of the original issue date. We issue paper checks if a bank rejects the direct deposit information. Clients should contact us to update their address.

Additional Information for Federal Return

Reporting the Homestead Credit Refund on the Federal Return

If your clients itemize their deductions, they must subtract the Homestead Credit Refund amount from their real estate taxes on federal Schedule A, line 6.

> **Example.** Beverly is a homeowner and received her Homestead Credit Refund in September 2024, of $400. She paid $2,000 in property taxes in October 2024. On her 2024 federal Schedule A and Minnesota Schedule M1SA, she deducts $1,600 ($2,000 - $400) for real estate taxes.

Note: If your clients itemize deductions, encourage them to bring in their prior year property tax refund return. If they do not, call us at 651-296-3781 or 1-800-652-9094 to find out the amount of their prior year refund.

Payment Information

If your clients do not pay their amount owed by April 15, 2025, penalty and interest will accrue on their unpaid balance. If they are unable to pay in full, they should still file their return by the due date to avoid further penalties. Your clients should also pay as much as they can before the due date to reduce penalties and interest.

If your clients receive a bill from us, they may set up a payment agreement by going to our Payments Agreements webpage or by calling us at 651-556-3003 or 1-800-657-3909. We will add a $50 nonrefundable fee for all payment agreements. If your clients cannot afford a payment agreement, they may contact us to discuss other options.

Paying Individual Income Tax Liability

Pay Electronically with e-Services

Your clients can pay their Minnesota taxes electronically from their bank account, even if they file a paper return, using the Minnesota Department of Revenue's e-Services system. There is no charge for using this service. Your client cannot use a foreign bank account.

To make a payment electronically through a bank account, your clients will need their:

- SSN or ITIN, and their spouse's, if filing a joint return
- Date of birth, and their spouse's, if filing a joint return
- Email address
- Bank routing and account numbers
- Date they want the amount withdrawn from the account

Your clients can also call 1-800-570-3329 to pay by phone using the same information.

If the payment is successful, they will receive a confirmation number and a date and time stamp. Make sure they save this information with their tax records.

Pay Electronically in TaxSlayer

We encourage you and your clients to pay electronically.

You can set up tax payments in the e-file section of TaxSlayer.

If your clients have a balance due, you may file their returns electronically with a direct debit authorization for electronic payment. Funds are withdrawn in the amount and on the date your clients specify. This is a convenient way for your clients to postpone payment until April 15 while ensuring they pay their balance on time. Clients should ensure they have sufficient funds to make the payment on April 15.

Pay by Check or Money Order

Send an Individual Income Tax return payment voucher, generated by your tax software or on our website, and check separate from the Minnesota return. Checks should be made payable to the Minnesota Department of Revenue.

Mail payments to:

Minnesota Department of Revenue
P.O. Box 64054
St. Paul, MN 55164-0054

Note: When your clients provide a check, it authorizes us to make a one-time electronic fund transfer from that account. After the funds transfer is complete, we will destroy the physical check.

Pay by Credit or Debit Card

Your clients can pay the amount owed using their credit or debit card. To pay by card, visit our Make a Payment webpage.

We use a third-party vendor, U.S. Bank, to process credit and debit card payments.

This service allows you to pay your Minnesota taxes electronically and is a service of US Bank in agreement with the State of Minnesota. **US Bank charges a fee for this service.** The fee amount is a percentage of your payment amount, 1.25% for debit cards and 2.15% for credit cards.

Information on Estimated Payments

Who Should Make Estimated Tax Payments

Generally, if your clients' Minnesota income tax liability is $500 or more after withholding and refundable credits, they must make estimated tax payments.

> **Note:** For federal purposes, your clients generally must make estimated tax payments if they are going to owe $1,000 or more in tax.

Married couples can make joint or separate estimated tax payments. If your clients are Married Filing Jointly, they should make joint estimated tax payments. If they plan to file separate tax returns, they should make separate estimated tax payments by only including one person's name and Social Security Number or ITIN. Filing status of estimated payments does not preclude your clients from later using another filing status for their return.

When and How to Make Estimated Payments

Your clients make estimated tax payments on or before April 15, June 15, and September 15 of the current year, and January 15 of the following year. If they file a Minnesota income tax return and pay the balance due by January 31, they may skip the January 15 installment without penalty.

You can set up estimated tax payments for your clients in the TaxSlayer software.

Pay Estimated Tax Electronically

If your clients want to pay estimated taxes electronically, refer them to our Estimated Tax webpage or have them call 1-800-570-3329 to pay by phone.

Pay Estimated Tax by Check

- Write the last four digits of your client's Social Security Number or ITIN on all checks. Include their spouses if paying jointly.
- Make checks payable to the Minnesota Department of Revenue.
- Go to our website to create an estimated tax payment voucher or generate a voucher through TaxSlayer.
- Mail the voucher with the amount due to:

Minnesota Department of Revenue
P.O. Box 64037
St. Paul, MN 55164-0037

Penalties

Late Payment Penalty

If your clients pay all or part of the Individual Income Tax due after the due date we can assess a penalty of 4% of the unpaid tax. The due date is April 15, 2025, for individuals filing returns annually. We will not assess a late payment penalty if your Individual Income Tax clients do both of these:

- Pay at least 90% of their tax liability on or before the due date. This amount is after credits other than withholding and estimated payments.
- File their return and pay any remaining balance due by October 15, 2025.

Late Filing Penalty

There is no late filing penalty if your clients file their tax return within six months of the due date. If they do not file within six months, we can assess a late filing penalty equal to 5% of their unpaid tax.

Extended Delinquency Penalty

For Individual Income Tax returns (including Commissioner Filed Returns), if your clients do not pay the tax due within 180 days after the date of filing the return, assessment date, or final resolution of an appeal, we can assess a 5% extended delinquency penalty.

We impose an additional penalty for failure to file a tax return within 30 days after providing your clients with written requests for missing returns. The penalty is $100 or 5% of the tax not paid prior to our written request, whichever is greater. This penalty also applies to requests resulting in a refund.

Other Penalties

We can assess a penalty for fraudulently claiming a credit or refund on income tax or property tax refund returns. The penalty is 50% of the claimed refund attributable to the fraud, plus 50% of any understated tax. We can also assess other civil penalties, including those for substantial understatement of tax, negligence, and other fraud penalties.

Interest

We charge interest on any amount of tax and penalty not paid by April 15, 2025, and we continue to charge it until your clients pay their balance in full. The interest rate for 2024 is 8%. This rate changes annually based on market interest rates.

Abatement of Penalty and Interest

An abatement is a reduction or cancellation of a penalty or interest. Examples of penalties your client can ask us to abate include:

- Filing tax returns late
- Paying tax debts late
- Failing to make estimated deposits as required
- Failing to file or pay by electronic funds transfer

We generally abate penalties for reasonable cause. Reasonable cause is considered circumstances beyond your clients' control, preventing them from filing or paying tax on time.

You must submit abatement requests in writing and postmark them within 60 days of our first written notice of penalty. Include an explanation of the specific events or circumstances preventing your clients from filing or paying on time.

You may request an abatement after we notify you of a penalty. For more information, see Penalty Abatement for Individuals or Penalty Abatement for Businesses on our website.

Clients must pay their tax by the due date or contact us to set up a payment agreement even if we approve an abatement.

> **Note:** The Homestead Credit Refund is not considered payment toward your clients' Minnesota income tax liability, even if filed before April 15, 2025.

Programs and Procedures

Getting Copies of Prior Year Returns

Your client can request a copy of a previously filed tax return, if needed. They should file Form M100, Request for Copy of Tax Return.

We can provide a copy of the state return and all submitted attachments for the past six years. If you need a certified copy, you must check the appropriate box on Form M100.

Send your request to:

> Minnesota Department of Revenue
> Mail Station 7703
> 600 N. Robert St.
> St. Paul, MN 55146-7703

Senior Citizens Property Tax Deferral Program

The Senior Citizens Property Tax Deferral Program allows certain individuals to defer a portion of the property taxes they owe.

You or your clients can now apply for the Senior Citizens' Property Tax Deferral Program more efficiently using our online application. By completing the application process online, clients will receive an email confirming receipt and providing their next steps. The filing deadline is November 1.

Eligibility Requirements
To participate in this program, your clients must meet all of these requirements:

- Be 65 or older in the year they apply. If married, one of them is 65 or older and the other is at least 62.
- Have household income of $96,000 or less. This is calculated on Form M1PR for the year preceding the initial application.
- Have owned and lived in their home for the last 5 years.
- Home has been homesteaded for 5 years.
- Do not have a reverse mortgage, a life estate, or any state or federal liens on the property.
- Other liens against the property are less than 75% of the estimated market value.

This program is voluntary. Clients who participate will have a tax lien placed on their property. Your clients must satisfy this lien before they can sell the property. If the owner dies, the heirs must satisfy the lien before they can acquire a clear title. Your clients may want to consult an attorney, estate planner, or family member before enrolling.

> **Note:** Your clients may still claim the property tax refund if they qualify. We will apply their property tax refunds and income tax refunds to their deferred homestead property taxes.

For more details on this program, call us at 651-556-6091.

Taxpayer Rights Advocate

History and Purpose

Established in 1990, the Taxpayer Rights Advocate Office is a place for your clients to have an independent review of their tax situation while promoting and upholding the Minnesota Department of Revenue's fair and equitable application of tax laws. The Advocate Office also reviews policy and procedure issues affecting your clients.

If your client has a problem resolving a tax issue with Revenue and has exhausted all other administrative options, the Taxpayer Rights Advocate may be able to help.

Contact the Taxpayer Rights Advocate Office:

Phone: 651-556-6013 or 1-855-452-0767

Email: dor.tra@state.mn.us

Mail: Taxpayer Rights Advocate
Mail Station 7102
600 N. Robert St.
St. Paul, MN 55146-7102

Website: www.revenue.state.mn.us/contact-TRA

The advocate can:

- Help ensure fair and consistent application of Minnesota tax law and department policies
- Promote taxpayer issues and concerns to department policymakers and state legislators
- Provide a fresh look at individual tax situations when all other administrative options are exhausted
- Help provide options to solve taxpayer issues, problems, and concerns
- Provide an alternative point of contact if standard lines of communication within the department did not answer all your questions
- Advocate for individual taxpayer concerns when significant financial hardship occurs
- Intervene if department actions create or will create an unjust and inequitable result for your client

The advocate cannot:

- Change Minnesota tax law for individual situations
- Interfere with normal processing unless a documented hardship exists
- Change time limits for filing, payment, or refunds
- Act as legal counsel
- Help with federal income tax or tax paid to other states

Acting as Case Reviewer

Minnesota law assigns the Taxpayer Rights Advocate the duties of a case reviewer for the collection of nontax debts. The advocate may issue debtor assistance orders if they determine the way the state debt collection laws are administered will create an unjust and inequitable result for your client.

Assisting with Significant Financial Hardship

A significant financial hardship is the imminent inability for your client to pay for basic necessities. Examples include the inability to:

- Secure or maintain appropriate shelter
- Pay for utilities in the home
- Buy essential medication
- Get critical medical treatment for the client or the client's immediate family member

If your client is experiencing a significant financial hardship, and a collection action is about to take place, your client may ask for a prompt review of their situation by the Taxpayer Rights Advocate Office.

Enforcement actions by the department, such as deducting money from wages or bank accounts, do not necessarily create a significant financial hardship. This is true even if these actions might prevent your client from paying bills they consider as important as the tax bill.

Generally, assistance for a significant financial hardship is limited to once per lifetime for your client.

Compromise and Installment Agreement Reconsideration

Minnesota Law says a taxpayer may request administrative review of a written rejection of a proposed compromise or installment agreement. If your client's compromise or installment agreement application was denied, they may request reconsideration by the Taxpayer Rights Advocate Office. Requests for reconsideration are reviewed in the order they are received.

Separation of Liability, Innocent Spouse, and Nonliable (Injured) Spouse Programs

Separation of Liability Program

Spouses who file a joint income tax return are both responsible for the full amount of tax, penalty, and interest owed. If your clients are now divorced, legally separated, or widowed, they can ask us to adjust their income tax debt under the Separation of Liability Program.

If your clients qualify for the program, we divide the income tax debt based on each spouse's income, deductions, credits, exemptions, payments, and refunds. We also divide any items applying to both spouses jointly. If we audited (changed) your clients' joint return, we divide the debt based on our assessment. Your clients are responsible only for their portion of the debt.

Limitations on Requests for Recalculation of Separate Liability

The Separation of Liability Program only applies to income tax debts, not property tax refund debts. We will not separate unpaid liabilities of $100 or less. If your clients made payments prior to the allocation request, they are refundable only within 60 days of us receiving written notice of the marriage dissolution, legal separation, or death of a spouse from the surviving spouse.

Applying for the Separation of Liability Program

Your clients may send us a signed letter asking for help under the state's Separation of Liability Program. They must include:

- A signed letter including their name, the last four digits of their Social Security Number or ITIN, their phone number, and the tax years they are requesting relief.
- A copy of the final divorce decree, final separation agreement, or the spouse's death certificate. If your clients are divorced, send the first page of the decree that lists the parties involved and is stamped by the courts, and the page where the judge signed the order.

Once we receive your clients' application, we will review it and may contact them for more information. If we ask for more information and your clients do not provide it, we will close the request and both spouses will remain responsible for the total debt.

Note: We do not honor divorce decrees, even if they state that your client is not liable for tax debt.

Proposed Calculation and Final Determination

After we review the application, we will notify your clients if they qualify for the program. If they do not qualify, the letter will explain why. If they do qualify, we will send a letter to both spouses explaining our proposal to calculate their portion of the debt. Each will have 30 days to respond to the letter. If the former spouse disagrees with the information, we will notify the claimant.

If the spouses agree with the information or do not contact us within 30 days, we will make our final determination. We will change the spouses' tax records to reflect their portions of the debt and send information based on the adjustment amounts. Each will have 60 days from the notice date to appeal the final determination to the Minnesota Tax Court. If the changes are for a refund claim, you may appeal to the Minnesota Tax Court within 60 days from the notice date or sue in the Minnesota District Court within 18 months of the notice date.

Innocent Spouse Program

Innocent Spouse relief is available when, on a jointly filed return, one spouse is unaware of and did not benefit from income excluded from the original income tax return. If your client's spouse has done something that results in an underpayment of tax and additional tax is assessed, your client may qualify for Innocent Spouse status.

Your clients do not have to be divorced, legally separated, or widowed to be eligible for Innocent Spouse relief. They can use this program to avoid paying the tax liabilities resulting from their spouse's actions. Your clients may only apply for relief on audited income tax returns.

To qualify for innocent spouse relief, your clients must meet these requirements:

- Your client owes additional tax because we changed (audited) a joint Minnesota income tax return
- The underpayment of tax resulted from their spouse's or former spouse's actions
- Your client did not know about, or benefit from, their spouse's or former spouse's actions
- Your client qualifies for relief under Section 6015(b) or 6015(f) of the Internal Revenue Code and only applies to tax years 2019 and later

Note: The Innocent Spouse program does not apply to debt due to an audit of the property tax return. It only applies to debt due to an income tax audit.

How to Participate in the Innocent Spouse Program

Your clients may send us a signed letter asking for help under the state's Innocent Spouse Program. They must include:

- A signed letter including their name, the last four digits of their Social Security Number or ITIN, their phone number, and the tax years they are requesting relief.
- An explanation of how they meet the program requirements.
- A copy of the IRS order, knowns as "determination," granting relief of their federal tax debt, if applicable. The determination must include the IRS provision used to grant the relief.

Note: While Minnesota's Innocent Spouse Program is not the same as the federal innocent spouse program, our determinations are consistent with those made at the federal level.

How to apply

Submit applications for both the Separation of Liability and Innocent Spouse programs to:

Minnesota Department of Revenue
Income Tax and Withholding Division
Attn: Separation of Liability/Innocent Spouse Program
Mail Station 7701
600 N. Robert St.
St. Paul, MN 55146-7701

Questions?

Call 651-556-6994

Nonliable (Injured) Spouse Program

The IRS administers an Injured Spouse program using federal Form 8379, which allows a nonliable spouse to receive their portion of the federal refund by filing this form with the federal income tax return.

We also have an Injured Spouse program and handle requests differently based on who recaptured the refund.

<table>
<tr><th>If your clients file a joint tax return, and their refund is applied to pay one spouse’s</th><th>Then your client should contact</th></tr>
<tr><td>State agency debt (such as child support)</td><td>The claimant agency to request their portion of the refund</td></tr>
<tr><td>Federal nontax agency debt (such as education loans)</td><td rowspan="4">Our Collection Division to request their portion of the refund
• Phone: 651-556-3003 or 1-800-657-3909
• Email: CD.Offset.program.mdor@state.mn.us</td></tr>
<tr><td>Prior-year income tax debt</td></tr>
<tr><td>Prior-year business tax debt</td></tr>
<tr><td>State agency debt referred to Revenue (such as parking tickets or unpaid tuition)</td></tr>
</table>

Questions?

Call 651-556-4803.

Individual Taxpayer Identification Number

If your clients cannot get a valid Social Security Number, they must apply for an Individual Taxpayer Identification Number (ITIN) for tax purposes. The ITIN is **only** available to people who are not eligible for a Social Security Number. Anyone can apply for an ITIN, regardless of nationality. ITINs have nine digits and always start with a 9.

The IRS issues ITINs to help people comply with U.S. tax laws and to enable your clients to file income tax returns. **Your clients cannot use an ITIN for employment purposes.** The IRS issues ITINs regardless of immigration status, since both resident and nonresident aliens may have a federal filing or reporting requirement with the United States. Your clients must have a filing requirement and file a valid federal income tax return to receive an ITIN.

An ITIN allows your clients to file a tax return and claim many credits and exemptions, including the Working Family Credit, Homestead Credit Refund, and the Child Tax Credit.

If your clients have ITINs and are employed, their federal Forms W-2, 1099, and other tax documents will have a different Social Security Number and possibly a different name. Use the ITIN on both federal Form 1040 and Minnesota Form M1 where it asks for the Social Security Number. **Do not** use the Social Security Number or names that appear on Forms W-2 or 1099.

If your clients do not have an ITIN, give them federal Form W-7 or Form W-7SP (Spanish version). You can do the same for their spouse, children, and any other dependents living in the United States, Canada, and Mexico. Your clients complete this form with supporting documentation and mail it to the IRS.

Once you have completed the return, print copies of both the federal and state returns and cross out the temporary ITIN with an ink pen. Doing this notifies both us and the IRS this person is applying for an ITIN.

Your clients must send in their federal return with the ITIN application and supporting documentation. If your clients applied and have not received their ITIN or other correspondence, they may call the IRS at 1-800-908-9982 to request their application status.

Do not complete the Minnesota return until your clients receive an ITIN.

Note: The ITIN will be valid for tax filing in future years.

Protecting Americans from Tax Hikes (PATH) Act: ITIN Changes and Renewals

Provisions in the PATH Act require some of your clients to renew their ITINs. Your clients' ITINs will no longer be valid if they have not used it on a federal tax return at least once in the last three years. In this case, your clients will need to renew their ITINs.

If your client has an ITIN assigned prior to 2013 and if it has not already been renewed, they may need to renew it before it expires on December 31, 2024. They should receive a letter from the IRS with instructions on how to do so.

Your clients with affected ITIN numbers should receive a notice from the IRS titled "CP48: You must renew your Individual Taxpayer Identification Number (ITIN) to file your U.S. tax return." They should renew their ITINs before the filing season starts to avoid errors in processing their refund. They may be ineligible for certain tax credits if they use an expired ITIN. Once their ITIN is renewed, your client will keep using the same number.

To renew an expired ITIN, your clients must submit a completed federal Form W-7 and all required identification documents to the IRS. See federal Publication 1915 for acceptable identification documents. Be sure to use the most recent revision for the Form W-7 (revision 8-2019) when renewing an ITIN.

If a U.S. tax return is filed with an expired ITIN, there may be a delay in processing the tax return.

Your clients can renew ITINs at any time if they expired in years 2016 through 2024. For assistance renewing an ITIN, your clients may visit a Certified Acceptance Agent at any of these locations. We recommend contacting them first.

- Prepare + Prosper
- Comunidades Latinas Unidas en Servicio (CLUES)
- NonResident Tax Help Group (NoRTH)
- An IRS Tax Assistance Center

Military Personnel

This section summarizes some Minnesota tax credits, subtractions, filing extensions, and resources for military service members.

You and your clients can find more information by reviewing these pages:

- Military Service Members webpage
- Income Tax Fact Sheet 5, Military Personnel – Residency
- Income Tax Fact Sheet 5a, Military Personnel - Subtractions, Credits, and Extensions

2024 Form M99, Credit for Military Service in a Combat Zone

Your clients may be eligible for the Credit for Military Service in a Combat Zone if:

- They served in a combat zone or qualified hazardous duty area anytime during 2024
- Their combat pay is excluded from federal gross income under Internal Revenue Code, section 112
- They were a Minnesota resident during their months of service

Online Filing for Form M99

Form M99 is available for your clients to electronically file for free on our website.

If your client made an error and needs to amend Form M99, they should complete the paper form for the year they served and mail it to us. They cannot amend Form M99 through our online services.

To check the status of this refund, call us at 651-296-3781 or 1-800-652-9094. The Where's My Refund? application cannot give you an update on the status of this refund.

Clients must have these documents to apply for the credit:

- **National Guard, Reservists, and retired or discharged active-duty members**: For each period of qualifying service, attach a copy of Form DD-214, Certificate of Release or Discharge from Active Duty.
- **Active-duty members**: Attach a copy of the Leave and Earnings Statement for each qualifying month. Include the first page only.

The Form M99 is available at the beginning of the calendar year. For example, the 2025 Form M99 will be available in January of 2025. This will allow you to file and claim a credit for your client as soon as they return home from deployment.

To Claim the Credit for Prior Years

This credit is also available for 2021, 2022, and 2023. To apply for prior year credits, file the appropriate year's Form M99. You can find and complete prior-year forms on our website or file them electronically.

Note: Minnesota law allows your clients to claim this credit within 3.5 years from the original due date of the income tax return for the year of the combat zone service. If your clients need to amend Form M99, use the same form and check the box at the top of the page. We only accept amended Forms M99 by mail.

Filing for a Deceased Person

If your clients are deceased and were eligible for the Credit for Military Service in a Combat Zone, their surviving spouse or personal representative may file to claim the refund. If there is no surviving spouse or personal representative, these relatives of the decedent may claim the credit in the order listed here:

- Children
- Grandchildren
- Parents
- Siblings
- Children of the decedent's siblings

To claim the credit, file Form M99 with Form M23, Claim for Refund for a Deceased Taxpayer. This must be done by paper and will not be an option electronically.

If more than one person may claim the credit, all eligible persons must agree on who will receive it. The designated person must get a signed waiver of consent from the others who are eligible. This waiver is included with Form M23.

Military Subtractions

These subtractions are for clients who are members of the military. For more detailed information, refer to Schedule M1M, Subtractions from Income, on pages 26-28 of the manual.

Schedule M1M, Line 20: Federal Active-Duty Military Pay
Schedule M1M, Line 21: National Guard Members or Reservists
Schedule M1M, Line 22: Active-Duty Residents of Another State
Schedule M1M, Line 25: Military Pension or other Military Retirement Pay

Members of the military and their spouses remain domiciled in the state in which they have established permanent residency, regardless of where they were stationed during the year. They must take certain steps to change their residency.

Example: Jaden entered the armed forces as a Minnesota resident. He remains domiciled in Minnesota until he takes action to abandon his Minnesota residency and establish a domicile in another state. If Jaden was stationed in Arizona, he would not file Schedule M1NR as a part-year or nonresident. He is allowed a subtraction for the active-duty income earned in Arizona on Schedule M1M, line 20.

Military Pensions

Minnesota residents' military pensions and military retirement pay are not taxable by Minnesota.

If your clients moved to Minnesota, their military pension is not taxable once they become a Minnesota resident, even if they earned the pension prior to moving.

If your clients move out of Minnesota and establish a new state of domicile, the new state may tax their military pension. They should check with their new state's tax department.

Military Filing Extensions

When filing the Minnesota income tax return, enclose a sheet of paper stating that your client is filing the return under a combat zone or military extension.

Extensions for Federal Active-Duty Members

If military personnel serve in a presidentially designated combat zone or contingency operation, they have the same extensions to file and pay their state income taxes as for their federal taxes.

The deadline for filing and paying state income taxes without penalty or interest is whichever is later:

- 180 days after the last day in a combat zone
- the last day of continuous hospitalization for injuries sustained while serving in a combat zone

Clients stationed outside the United States on the due date, but not in combat zone operations, may file their state income tax return without penalty by October 15, 2025. To avoid a late payment penalty and interest, your client must pay at least 90% of their Minnesota income tax liability by April 15, 2025. They must pay any remaining tax by October 15, 2025.

Extensions for National Guard and Reservists

If members of the National Guard and Reserves are called to active service in a designated combat zone, they have the same extensions to file and pay as active-duty personnel in a combat zone.

Those not called to combat zone service are allowed this extension to file and pay without interest or penalty:

- If called to active service **in the United States**, your client has until October 15, 2025
- If called to active service **abroad**, your client has 180 days after they return from abroad

Amended Returns

Form M1X

If you find errors on your client's Form M1, Individual Income Tax, after filing, you must file Form M1X, Amended Minnesota Income Tax, to correct it.

Do not write "amended" on the top of Form M1, Individual Income Tax, and use it to amend a return.

> **Note:** Your clients may not change their filing status from Married Filing Jointly to Married Filing Separately after the due date which is April 15 for most people.

Deadline for Amending

To claim an income tax refund, you must file Form M1X within 3.5 years of the original due date of the return. For example, to receive a refund for amending a 2021 income tax return, you must file a 2021 Form M1X by October 15, 2025.

Reporting Federal Changes

If you amend your client's federal return or the IRS changes it, you must notify The Minnesota Department of Revenue or amend the Minnesota return within 180 days. If you do not, we may charge a 10% penalty on any additional tax your client owes. This also extends the statute of limitations, providing us an additional six years to audit the return.

- **If the federal changes affect your client's Minnesota tax return:** File Form M1X and include a copy of the federal amended return or correction notice. Mail to:

  Minnesota Amended Individual Income Tax
  Mail Station 1060
  600 N. Robert St.
  St. Paul, MN 55146-1060

- **If the changes do not affect your client's Minnesota tax return:** Send us a letter of explanation and include a copy of the federal amended return or correction notice. Mail to:

  Minnesota Department of Revenue
  Mail Station 7703
  600 N. Robert St.

St. Paul, MN 55146-7703

Important: If your clients file Form M1X, check if the change affects their Form M1PR.

Form M1PRX

If you find errors on your client's Property Tax Refund return, amend it by filing Form M1PRX, Amended Homestead Credit Refund (for Homeowners).

Common reasons to amend your client's return include:

- Their household income changed
- They received a corrected Statement of Property Taxes Payable
- They received an abatement that reduced their property taxes

The deadline for filing Form M1PRX is 3.5 years from the due date of the original Form M1PR for the same year.

For example, if your client's property tax refund return is due August 15, 2024, then Form M1PRX is due February 15, 2028.

If your client's file Form M1PRX to change income or property tax amounts, they must enclose the appropriate schedules, lists, or forms to support the changes.

Your clients may need to file Form M1PRX before receiving their refund on Form M1PR. They may submit Form M1PRX before they receive their Form M1PR refund. We will hold the original refund until we process the amended return, and we will only issue the correct refund amount on the amended return.

Filing on Behalf of a Deceased Person

Individual Income Tax

If a person died before filing a 2024 tax return and had income that meets the minimum filing requirement for 2024, the spouse or personal representative must file a Minnesota income tax return for the deceased person. The return must have the same filing status used to file the deceased person's federal return.

To file a Minnesota income tax return for a deceased person, enter the deceased person's name and your client's name on the return and print "DECD" and the date of death after the deceased person's last name.

If the deceased person's spouse is filing and they are using the joint filing method, we will send the refund to the surviving spouse. If the personal representative is filing, they must include a copy of the court document appointing them as personal representative. The personal representative will receive the deceased person's refund on behalf of the estate.

If no personal representative has been appointed for the deceased person and there is no spouse, your clients must complete Form M23, Claim for a Refund for a Deceased Taxpayer, and include it with the deceased person's Minnesota income tax return.

For more information, see Income Tax Fact Sheet 9, Filing on Behalf of a Deceased Taxpayer.

Property Tax Refund

Died before filing Form M1PR

If a person eligible to claim a property tax refund dies before applying for the refund, the surviving spouse may apply. If there is no surviving spouse, a surviving dependent may apply for the refund. No one else, including the personal representative of the estate, may apply for the refund.

Died in 2024

If a person died in 2024, the surviving spouse may apply for the refund using both names, their income, plus the deceased person's income (if living together) up to the date of death. The spouses do not need to have been living together for the surviving spouse to claim the decedent's refund.

If there is no surviving spouse, a surviving dependent may apply for the refund.

Died in 2025

If a person died in 2025, but before filing for the refund, the surviving spouse must apply using both names and all income for the year. The surviving spouse should print "DECD" and the date of death after the deceased person's last name and enclose a copy of the death certificate. If the refund check lists both names, the spouse must return it to us with an explanation to reissue the check with only their name on it.

If there is no surviving spouse, a surviving dependent may apply for the refund. The dependent must complete and enclose Form M23, Claim for a Refund for a Deceased Taxpayer, along with a copy of the death certificate. If there is no surviving spouse or surviving dependent to claim the refund, no one else may apply for it.

Died after filing Form M1PR

If a person died after filing Form M1PR, the date we issued the refund determines who may claim it. If we issued the refund after the date of death, only a surviving spouse or surviving dependent may claim it. If we issued an uncashed check on or before the date of the death, a personal representative of the estate may claim it. If there is no personal representative appointed, another claiming party may claim it.

> **Important:** Enclose Form M23, Claim for a Refund for a Deceased Taxpayer, and a copy of the death certificate. If the property was jointly owned or rented, the surviving spouse does not have to file Form M23. They may apply for the refund in his or her own name.

Definitions

Individual Income Tax

Blind: A person is legally blind when the sharpness of a person's central vision does not exceed 20/200 in the better eye with correcting lenses, or if the sharpness is greater than 20/200, but is accompanied by a limitation in the fields of vision such that a person's peripheral vision is no greater than 20 degrees.

Credits: Amounts applied directly against the tax to decrease or eliminate the amount an individual owes. Examples include the Credit for Taxes Paid to Another State, Child and Dependent Care Credit, Working Family Credit, Child Tax Credit, K-12 Education Credit, and Credit for Parents of Stillborn Children. A refundable credit reduces or eliminates the amount an individual owes, and any leftover amount generally creates a refund for the individual.

Disabled: An individual is certified as disabled by the Social Security Administration or is unable to work for at least one year because of a severe mental or physical disability, blindness, or a condition expected to result in death or has lasted or can be expected to last for a continuous period of not less than 12 months. See Internal Revenue Code, section 22(e)(3).

Exempt income: Income excluded from Minnesota gross income, such as U.S. Savings Bond interest, or dividends from mutual funds attributable to interest from U.S. Treasury notes or bonds.

Federal adjusted gross income (FAGI): FAGI is located on line 11 of the federal Form 1040 and 1040-SR.

Filing status:

- Single
- Head of Household
- Married Filing Jointly
- Married Filing Separately
- Qualifying Surviving Spouse with Dependent Child

An individual's status on the last day of the tax year determines if they are single or married. Minnesota requires individuals to use the same filing status used for federal filing purposes.

Gross income (Minnesota): For filing requirements, Minnesota gross income is all income before deductions that is subject to Minnesota tax.

Penalty: We impose a penalty for either improper or late filing of a return or for late payment of tax liability. We can also apply penalties in other specific circumstances.

Personal service income: Personal service income is income earned in exchange for services or work performed by the individual. Examples of personal service income include:

- Wages
- Salaries
- Tips
- Commissions
- Bonuses earned by employees during their employment
- Scholarship income that requires personal service for students receiving a Form W-2
- Compensation to sole proprietors providing personal services

Personal service income does not include capital gains from the sale of tangible property, gross winnings from gambling, rents and royalties, S corporation income (other than wages), and business income from the sale of goods or services of others.

Provisional income: FAGI plus tax-exempt interest and half of an individual's total Social Security and Tier 1 Railroad Retirement benefits.

Reciprocity agreement: Minnesota has reciprocity agreements with North Dakota and Michigan. Under these agreements, each state does not tax the personal service income of persons who work in their state, but reside in the other state, as long as your client returns to their home state at least once per month.

Senior citizen: A person age 65 or older. For income tax purposes, a person must be 65 on or before the last day of the tax year.

Tax liability: The amount of tax owed before applying withholding, estimated payments, and refundable credits.

Minnesota taxable income: The amount of income taxed by Minnesota after additions and subtractions.

Property Tax Refund

Agricultural Homestead: The property tax refund on agricultural homesteads is limited to the tax on the house, garage, and immediately surrounding one acre of land.

Boarder: A person who, under contract, is provided with regular meals or lodging at another's home for a predetermined amount of pay.

Dependent: A dependent is a person who meets at least one of these three requirements, regardless of whether or not someone claims them:

- Could be claimed as a dependent on someone else's federal income tax return
- Lived with a parent, grandparent, sibling, aunt or uncle, for more than half the year and either
    - Was under age 19 at the end of the year (age 24 if a full-time student)
    - Did not provide more than 50% of their own support
- Had gross income of less than $5,050 in 2024 and had more than 50% of their support provided by either:
    - A person they lived with for the entire year
    - A parent, grandparent, child, grandchild, aunt, uncle, sibling, niece, or nephew

Dependents are not eligible to file for a property tax refund.

Person with a disability: A person is considered to be disabled, as defined by the Social Security Administration, if any of these apply:

- They have a physical or mental impairment as of December 31, 2024, which has lasted or can be expected to last at least 12 continuous months
- They have a disability that has lasted or is expected to last for at least one year or will result in death
- They are blind

The physical or mental impairment or illness must be so severe that it prohibits the person from engaging in any substantial gainful employment.

When claiming disability status, a person should have one of these documents, in case we request additional information:

- Letter from the Social Security Administration certifying the disability
- Certificate of 100% disability from the Veterans' Administration
- Letter of explanation from any organization paying the person's workers' compensation or some other disability compensation
- Letter from the person's physician stating:
  - The date the disability commenced
  - The nature of the disability
  - The reason that the person cannot be gainfully employed

To be eligible to claim disabled status on Form M1PR, the person must be disabled on or before December 31.

Contact Information

Division	Phone Number	Email Address
Individual Income Tax		
Individual Income Tax and Property Tax Refund	651-296-3781 1-800-652-9094	individual.incometax@state.mn.us
Outreach and Education	651-556-6606	region4.mdor@state.mn.us
VITA/TCE Hotline	651-556-3050 1-800-657-3829	individual.incometax@state.mn.us
Other Divisions		
Collections (bills, payment plans)	651-556-3003 1-800-657-3909	mdor.collection@state.mn.us
Electronic Filing Technical Support	651-556-4818	efile.prepsupport@state.mn.us
Taxpayer Rights Advocate	651-556-6013 1-855-452-0767	dor.tra@state.mn.us
Additional Resources	**Phone Number**	**Websites and Email Address**
Internal Revenue Service	1-800-829-1040	www.irs.gov
Minnesota Tax Court	651-539-3260	info@taxcourt.mn.us
Social Security Administration	1-800-772-1213	www.ssa.gov
Unemployment Insurance	651-296-3644 1-877-898-9090	ui.mn@state.mn.us
MN Secretary of State	651-296-2803	www.sos.state.mn.us

Income Tax Fact Sheets

The Minnesota Department of Revenue publishes Individual Income Tax fact sheets on our website. We update these pages annually.

You can print a fact sheet as a PDF by using the Print Page icon on the webpage.

Income Tax Webpage Title	Fact Sheet Number
Aliens	16
Credit for Parents of Stillborn Children	24
Filing on Behalf of a Deceased Taxpayer	9
Filing Past-Due Returns	12
K-12 Education Subtraction and Credit	8
Military Personnel – Residency	5
Military Personnel – Subtractions, Credits, and Extensions	5a
Municipal Bond Payment Reporting Information	19
Nonresidents	3
Part-Year Residents	2
Preparer's Paper Filing Fee	17
Qualifying Home School Expenses for K-12 Education Subtraction and Credit	8a
Reciprocity	4
Residency	1
Seniors	6
Taxpayers with Disabilities	20
U.S. Government Interest	13

Other Webpages

- Assigning Employee Income to Minnesota (Withholding Fact Sheet 19)
- Household Employees (Withholding Fact Sheet 7)

Outreach Toolkit

We prepared promotional materials for you and your clients covering many individual income tax and property tax refund benefits and credits. You'll find all these materials on our Promotional Materials webpage.

Informational Handouts Available in Other Languages

We have handouts available in Spanish, Hmong, and Somali on our website, which include topics like:

- Minnesota Child Tax Credit
- Working Family Credit
- I owe the Minnesota Department of Revenue. Now What?
- How do I make a payment?
- What are my rights as a taxpayer?
- Free Tax Preparation Sites
- K-12 Education Subtraction and Credit
- W-4MN Instructions

To access the handouts, select your preferred language under Tax Information.

Supplemental Questions for 2024 Minnesota Taxes

Tennessen Warning (Minnesota Statute 13.04, subdivision 2)

Preparer must read before asking these questions:

The information you provide us in your responses is private under state law. We may provide it to certain other government entities if allowed by law. We use this information to create income tax returns and to help determine your eligibility for tax refunds. Participation in this program is voluntary. You are not required to provide the information requested, but we are unable to prepare your tax returns unless you provide us complete information.

Federal Income Tax

Y N Did you receive a 2023 Minnesota property tax refund as a homeowner or mobile homeowner?

Y N Did you itemize deductions on your 2023 federal tax return?

Minnesota Income Tax

Part-year and Nonresidents

Y N Were you a resident of another state during any part of 2024?

Y N Did you work in a state other than your state of residence?

  Y N If yes, did you pay state income taxes or have state income taxes withheld?

Interest and Dividends

Y N Do you have any interest from out-of-state municipal bonds?

Y N Do you have interest or dividends from mutual funds investing in bonds from another state?

Y N Do you have net interest or mutual fund dividends from U.S. bonds, bills, or notes?

Military

Y N Are you (or your spouse) a member or veteran of the military?

Y N Do you (or your spouse) have 20 years of military service (active or reserve component)?

Y N Do you (or your spouse) have a military pension or other military retirement pay?

Y N Do you (or your spouse) have a service-related disability rated as permanent and total?

Y N Do you (or your spouse) receive a veteran disability benefit?

General

Y N Did you work and live on an Indian reservation of which you are an enrolled member?

Y N Did you pay any education expenses for your qualifying child(ren) attending grades K-12, and have receipts for these expenses?

Y N Did you make more than $500 in charitable contributions?

Y N Did you have any dependent child care expenses?

Y N Did you make any student loan payments in 2024?

Y N Did you make any payments for long-term care insurance?

Y N Did you have a child born in 2024?

Y N Did you experience a stillbirth in 2024?

Y N Did you make any estimated state income tax payments or apply last year's state income tax refund to your 2024 state taxes?

Y N Did you (or your spouse) open a savings account in 2018 to 2024 and designate it as a first-time homebuyer savings account?

Y N Did you (or your spouse) contribute to an education savings account (529 college savings plan)?

Y N Did you receive federal student loan forgiveness?

Y N Are you (or your spouse) a licensed Minnesota teacher who began and completed a master's program after June 30, 2017?

Renter's Credit

Y N Did you pay rent for your personal residence during any part of 2024?

- **Y N** If yes, do you have a copy of your Certificate of Rent Paid (CRP)?

Property Tax

Homestead Credit

Y N Did you own your personal residence in 2024 through January 2, 2025?

- **Y N** If yes, do you have your 2025 Property Tax Statement (not the estimate)?
- **Y N** Did you share the residence with any other adults who are not your dependents?

Mobile Homeowners

Y N Was your residence a mobile home during any part of 2024?

- **Y N** If yes, did you own the mobile home?
  - **Y N** If yes, do you have your Statement of Property Taxes Payable in 2025 (not the estimate)?
- **Y N** Did you pay lot rent?
  - **Y N** If yes, do you have a copy of your Certificate of Rent Paid (CRP)?

Retirement Account Contributions

Y N Did you contribute to a retirement account in 2024?

Nontaxable Income

Did you receive:

Y N A Post-9/11 Veteran Service Bonus payment?

Y N Program payments (SSI, MFIP, MSA, GA, EA, DWP, Minnesota Housing Support – formerly GRH)

Y N Veterans benefits (other than pensions, medical care, or lowered real estate taxes)

Y N Nontaxable scholarships, fellowships, grants, or tuition waivers or reductions

Y N Gain from the sale of a home, which was nontaxable on your federal return

Y N Workers' compensation

Y N Strike Benefits

Y N Income excluded by tax treaty (American Indians)

Y N Housing allowance for military or clergy

Y N Rent reduction for services as a caretaker

Y N Other nontaxable income? If so, please specify here:

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