
Individual and Business Income Tax

Minnesota Income Tax Short Course

2025 Filing Season

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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.



For more information about this course, see the University of Minnesota [Income Tax Short Course](#) page. This manual may be distributed electronically to the public domain after January 8, 2025 and will be available on the Minnesota Department of Revenue website under Tax Professional Resources.



If you have questions about educational offerings provided to tax professionals, if you need clarification on this manual's information, or you would like to report an error or provide feedback about this manual, please email us at taxpro.outreach@state.mn.us or call 651-556-6606.

Department of Revenue Contact Information

Address: 600 N. Robert St.
St. Paul, MN 55101

General Phone: 651-556-3000 or 1-800-657-3666

Website: www.revenue.state.mn.us

Division	Phone Number	Email Address
Business Income Taxes	651-556-3075	businessincome.tax@state.mn.us
Business Registration	651-282-5225 1-800-6574-3605	business.registration@state.mn.us
Collection	651-556-3003 1-800-657-3909	mdor.collection@state.mn.us
Criminal Investigation	651-296-0811	tax.fraud@state.mn.us
Electronic Filing Technical Support	651-556-4818	efile.prepsupport@state.mn.us
Individual Income Tax and Property Tax Refund	651-296-3781 1-800-652-9094	individual.incometax@state.mn.us
Power of Attorney	651-556-3003 1-800-657-3909	mndor.poa@state.mn.us
Sales and Use Tax	651-296-6181 1-800-657-3777	salesuse.tax@state.mn.us
Special Taxes		special.taxes@state.mn.us
Alcohol	651-556-3036	
Cigarette and Tobacco	651-556-3035	
Environmental	651-282-5770	
Lawful Gambling	651-297-1772	
Insurance	651-556-3024	
Mortgage and Deed	651-556-4721	
Minerals	218-744-7424	
MinnesotaCare	651-282-5533	
Petroleum	651-296-0889	
Unrelated Business Income Tax	651-297-5199	
Taxpayer Rights Advocate	651-556-6013	dor.tra@state.mn.us
Tip Line	651-297-5195 1-800-657-3500	tax.fraud@state.mn.us
Withholding Tax	651-282-9999 1-800-657-3594	withholding.tax@state.mn.us

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 that this change will 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 that 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,



Chapter 1. Revenue Updates

Public Pension Subtraction Guidance Improvements

We made improvements to our [Public Pension Subtraction page](#) to provide more helpful information to determine if your client qualifies for this tax benefit. We created the new Schedule M1QPEN, Public Pension Subtraction, to help us process this subtraction more efficiently.

Renter's Credit Moving from M1PR to M1

Renters will no longer be required to file a separate return to receive a credit for rent paid. That credit will be part of their income tax return.

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, claim the refund using Form M1PR.
- For 2024 and later, claim the credit using Form M1.
- Renters must file both a Federal 1040 and 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.

New Withholding Tax Outreach Coordinator

We have a new withholding tax outreach coordinator. Please call Patrick Smith at 651-556-3180 or email him at withholdingtax.outreach.mdor@state.mn.us if you have requests for specific withholding tax information.

Advance Child Tax Credit Payment System

An Advance Child Tax Credit payment system is now required by legislative mandate. See chapter 2 of this manual for more information.

e-Services Pilot for Individuals

We will use a pilot program to invite some individual taxpayers to register for e-Services accounts later this year. This will allow 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

Chapter 2. Individual, Fiduciary, and Business Income Tax Updates

Minnesota Individual Income Tax Law Changes

Standard Deduction Correction

The February 2023 tax bill updated Minnesota tax law to adjust standard deduction amounts for individual income tax. The bill corrected previous legislation that increased the phase-out thresholds in subdivision 5 that inadvertently used the 2019 standard deduction amounts instead of the inflation-adjusted 2023 amounts for income tax. The standard deduction amounts used for determining withholding of individual income in 2024 were not impacted because this legislative fix was enacted.

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
- The 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

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 combined 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, then the minimum credit will be adjusted using the lesser number of children.

It is important to counsel your clients and help them make informed decisions about this program. The following scenarios could increase the likelihood that 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 advance payments are received
- Adjusted Gross Income increases substantially, and therefore, reduces the Child Tax Credit to zero (complete phase out)
- Taxpayers divorce and the qualifying children can only be claimed by one of the parents

Receiving advance payments of the 2025 child tax credit may also impact an individual's eligibility for SNAP benefits.

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.

Net Investment Income Tax

The May 2023 tax bill enacted a new tax on net investment income starting with tax year 2024. Net investment income includes but is not limited to interest, dividends, capital gains, most rental and royalty income, and other similar income. It is reduced by deductions properly allocable to gross investment income, like investment interest expenses, investment advisory and brokerage fees, and similar expenses.

This new tax is imposed on individuals, estates, and trusts with more than \$1 million of net investment income in the tax year. The tax is at a rate of 1% on the net investment income over \$1 million.

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 to be filed with Form M1, Individual Income Tax, beginning in tax year 2024. It is important to be aware of how this change will impact your clients:

- Taxpayers that rent their homestead will now receive their refundable rent credit as part of their regular income tax refund
- Schedule M1RENT, Renter's Credit, will 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 will no longer be included in the household income calculation to determine the Renter's Credit
- Taxpayers who are accustomed to receiving their Renter's Credit or rebate check after July 1 should be made aware of this major change
- Set the expectation with your clients now that they will not be receiving another refund check later in the year

See Chapter 3 for more information on this change.

Form M1PR Changes

On the 2024 Form M1PR, there are two functional changes to the return:

- The Schedule M1PR-AI, Additions to Income, will no longer be 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.

Minnesota Business Income Tax Law Changes

Cannabis Income Tax Subtraction

The May 2024 cannabis bill modified the income tax subtractions for disallowed section 280E expenses in two ways:

- The reference to “medical cannabis business” was removed and replaced with “license holder.” This was necessary to allow the subtraction for taxpayers in the medicinal and non-medicinal cannabis industries who are licensed by the Office of Cannabis Management.
- It’s clarified that license holders qualify for the subtraction for cannabis or hemp business expenses.

This change is effective May 25, 2024.

Corporate Net Operating Loss (NOL) Limit

The May 2023 tax bill changed the corporate NOL deduction limitation from 80% to 70% of taxable net income for tax years beginning after December 31, 2022. The effective date was amended in April 2024 to be effective for tax years beginning after December 31, 2023.

Sustainable Aviation Fuel Tax Credit

The 2023 transportation finance and policy bill included a new refundable tax credit for \$1.50 per gallon of sustainable aviation fuel produced or blended in Minnesota and sold in Minnesota for use in planes departing Minnesota airports. This tax credit will be available for fuel sold beginning July 2024.

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 was 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.

Schedule NIIT, Net Investment Income Tax

The Minnesota Net Investment Income Tax is imposed on individuals, estates, and trusts with more than \$1 million of net investment income in the tax year. See Schedule NIIT for more information about the new tax.

Chapter 3. Information about Filing Tax Returns

Filing Amended Individual Income Tax Returns

Amended Tax Returns

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

Deadline for Amending

To claim an income tax refund, you must file the amended return within 3 ½ 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 the amended return by October 15, 2025.

Reporting Federal Changes

If you amend your client's federal return or the IRS changes it, you must notify 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.

- **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 55145-1060
- **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

Prevent Processing Delays

To help prevent general processing delays, follow these guidelines for each topic.

Individual Income Tax

- 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 qualifying children's Social Security Number or Individual Taxpayer Identification Number is not masked on any forms or corresponding schedules.
- 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

- 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 or Schedule M1MB, Business 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.
- When claiming the Pass-Through Entity (PTE) Tax credit on the Schedule M1REF, you will need to provide the Minnesota Tax Identification Number for the pass-through entities that the credit is associated with.
- When claiming the Alternative Minimum Tax Credit (Schedule M1MTC), complete Schedule M1MT, Alternative Minimum Tax, and Schedule M1MTC for every taxable year since your client paid alternative minimum tax.
- When claiming the Credit for Increasing Research Activities ("R&D Credit") from a pass-through entity, submit Schedule KS or Schedule KPI with Form M1.
- 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 opt in 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.

Certain Forms and Schedules

- 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.”
- When claiming withholding from one of these schedules, include all pages:
 - Schedule KS, Shareholder’s Share of Income, Credits and Modifications
 - Schedule KPI, Partner’s Share of Income, Credits and Modifications
 - Schedule KF, Beneficiary’s Share of Minnesota Taxable Income

Property Tax Refund

New for 2024: The credit available for renters and residents of care facilities will be claimed with your client’s Form M1. The credit will be calculated on Schedule M1RENT, Renter’s Credit, which flows to Schedule M1REF, Refundable Credits. Clients eligible for a renter’s credit will no longer receive a separate refund for this credit, and instead, any allowable credit will be included with your clients M1 return.

Note: To claim a renter’s credit, you must file Form M1 for your client even if they do not have an individual income tax return filing requirement.

Homeowners and mobile homeowners will continue to use Form M1PR, Homestead Credit Refund to claim their allowable credit. Homeowners and mobile homeowners will receive their property tax refund in mid-August if eligible for early release or mid-September for regular release.

New for 2024: Schedule M1PR-AI, Additions to Income is now obsolete since there is room for three types of non-taxable income on page 1 of Form M1PR.

New for 2024: Homeowners claiming a special refund will need to complete Schedule M1PR-SR, Special Refund. When completing this schedule, ensure you are using the amounts from line 1 and 2 of your client’s Statement of Property Taxes Payable in 2025.

To help prevent general processing delays:

- When using software to prepare paper returns, make sure your client’s Social Security Number is not masked on the return.

For homeowners:

- 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.

For renters:

- If your client has multiple Certificates of Rent Paid (CRPs), only file one Schedule M1RENT, Renter's Credit, and combine the line 3 amounts from the CRPs.

S Corporation and Partnership Returns

If the activity of the business is 100% in Minnesota, you must complete the Minnesota and everywhere columns on the apportionment schedule.

Form M99, Credit for Military Service in a Combat Zone

To help prevent processing delays:

- File Form M99 within 3 ½ years of the original due date of your income tax return.
- Include the [required documentation](#) with your return.

Form M99 will now be 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.

Electronic Filing Threshold

As a tax preparer, you must file Minnesota individual income, corporate franchise, S corporation, partnership, and fiduciary income tax returns electronically if both of these apply:

- You are required to file federal returns electronically
- You reasonably expect to prepare more than 10 Minnesota tax returns of the types listed above in any combination

If you do not file electronically when required, you must pay a filing fee of \$5 per paper return. This fee does not apply to returns we require you to file by paper. For more information, see [Income Tax Fact Sheet 17, Preparer's Paper-Filing Fee](#) or [Minnesota Statutes, section 289A.08, subdivision 16](#).

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.

Payment Options

We encourage you and your clients to pay electronically.

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.

If your clients pay estimated income tax, they can set up all four payments using our [e-Services system](#).

You and your clients can also pay:

- Online from a bank account
- Online with a credit or debit card (third-party processing fees apply)
- With a check and payment voucher
 - When your clients provide a check, it is considered an authorization to make a one-time electronic fund transfer from that account.

For more information, visit [Make a Payment](#) on our website or call 1-800-570-3329.

Copies of Returns

To request a copy of a client's return, use [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.

Note: Taxpayers are no longer required to pay a \$5 processing fee per copy of a return. Tax preparers and third parties must pay a \$5 processing fee per copy of return by check or money order before we send copies.

If your clients want to authorize you to receive their tax return information, you must include a completed [Form REV185i, Authorization to Release Individual or Sole Proprietor Tax Information](#), with the request. [Federal Form 8821](#) is also acceptable if it specifies the state tax information being released.

Make your check or money order payable to Minnesota Revenue. Send your request to:

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

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.

Filing Situations for the Property Tax Refund

Here are some special situations you may encounter when [filing for a property tax refund](#).

Renters

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 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.

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. 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.

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 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 (on Line 1 of the property tax statement) is limited to the taxes on the house, garage, and immediate surrounding one acre of land.

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 this property and retains an ownership interest in the home, they may qualify for the property tax refund.

Your client has an Individual Income Tax 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.

Mobile Homeowners or Mobile Home Occupants

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.

1. Add the Line 3 amounts from the CRPs and list the total on Line 10 of Schedule M1RENT, Renter's Credit.
2. Attach a statement providing an explanation so we do not disallow one of the CRPs due to rent paid for an overlapping period.

Your client owns a mobile home and rents the lot on which it's located.

Your client will file 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.

For Renters and Homeowners

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 should file one Property Tax Refund and check both the renter and homeowner boxes.

- 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.

Married Couples Living Separately

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 Owns or Manages Rental Property

Your client owns rental property and is required to issue CRPs to their tenants.

New for 2024: Property owners and managing agents are required to create and submit CRPs using e-Services, Minnesota Department of Revenue's online filing and payment system, by January 31 of the following year. Refer to [Create a Certificate of Rent Paid \(CRP\)](#) on our website for more information on how to help your clients who need to issue CRPs.

Multiple tenants occupy your client's rental unit.

A property owner must give each tenant, usually those listed on the lease, a separate CRP and split the 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 who come and go during the year (transient renters), CRPs should be issued to only the known tenants, usually those listed on the lease.

Chapter 4. Tax Professional Enforcement

What's new in Tax Professional Enforcement?

Tax Professional Enforcement will begin issuing tax orders to paid tax professionals who have received two warning letters for filing returns with an invalid Preparer Tax Identification Number (PTIN). The penalty is \$500 for each verified return they file for tax year 2023 without a valid PTIN. We may reach out to clients to verify payment for returns filed and schedule a meeting with the preparer.

Nonfiler income tax preparers began receiving demands to file missing income tax returns in 2024. Late filed returns are subject to late file and late pay penalties, and may be subject to additional penalties, including a fraud penalty of 50% for returns not accurately filed.

Tax professionals who represent taxpayers before Revenue are subject to additional sanctions if they fail to file, including and up to the prohibition of representing taxpayers before Revenue. For more information, see [Minnesota Rule 8052.0300](#).

Oversight of Tax Professionals

[Minnesota Statute 270C.445](#) establishes high standards of conduct for paid tax preparers and imposes civil penalties when these standards are not met.

Preparers regulated by licensing agencies—including attorneys, certified public accountants, and enrolled agents—are generally not subject to penalties under this section of the law. Instead, these individuals are subject to penalties for willful or reckless disregard of the law. More information about these penalties is available in [Minnesota Statute 289A.60, subdivision 13](#).

The standards of conduct—and the penalties to enforce them—will apply to tax preparers who are licensed professionals if they have:

- Had a professional license suspended or revoked for cause
- Been convicted of any crime of dishonesty or breach of trust
- Been censured, suspended, disbarred under United States Treasury Department Circular 230
- Been sanctioned by a court relating to any client's tax liability or their own liability for:
 - Instituting or maintaining proceedings primarily for delay
 - Advancing frivolous or groundless arguments
 - Failing to pursue available administrative remedies
- Failed to file either:
 - A required annual return for two of the three preceding tax periods
 - A required return for three of the six preceding tax periods

Taxpayer representatives are also held to high standards when representing taxpayers before the Minnesota Department of Revenue. [Minnesota Rule 8052.0300](#) and [Minnesota Rule 8052.0400](#) establish those standards and the consequences for violating them. Consequences range up to suspension from representing taxpayers before Revenue. These rules regulate attorneys, accountants, agents, and preparers who represent taxpayers before Revenue.

Representative Standards of Conduct

These standards of conduct apply to taxpayer representatives practicing before Revenue under [Minnesota Rule 8052.0300](#).

Representatives must be authorized by the taxpayer through a valid, written Power of Attorney on file with Revenue unless the taxpayer is present during the interaction. Certain people are not eligible to act as a taxpayer's representative. This includes anyone who is:

- Barred or suspended from practice before the Department of Revenue
- Barred or suspended from practice as an attorney or CPA in the state of Minnesota
- Barred or suspended from practice before the IRS
- An employee of the Department of Revenue
- A former employee of the Department of Revenue within one year of terminating employment or any matter they handled as an employee of Revenue

Representatives must submit records or information to Revenue if provided with a legal request, unless the representative has a good faith belief that the information is privileged.

Representatives must act in good faith and exercise due diligence in determining the accuracy of all representations they make to, and with respect to any matters before, Revenue.

Representatives may not unreasonably delay the prompt disposition of any matter before Revenue.

A representative may be barred or suspended from practice before Revenue for incompetent or disreputable conduct, which may include:

- Not showing a familiarity with state tax laws and forms sufficient to provide adequate services
- Conviction of any criminal offense under state or federal law
- Knowingly preparing false or fraudulent returns for oneself or another
- Failing to file a state tax return for themselves or someone else
- Failing to prepare and file an amended state tax return for themselves when they are aware of a material error
- Failing to recommend a client file an amended return when they are aware of a material error
- Knowingly filing a fraudulent document with Revenue in any proceeding
- Misappropriating funds received from a client intended for the purpose of paying taxes owed to the state of Minnesota

For a complete list of violations, see [Minnesota Rule 8052.0300](#).

Disciplinary actions against a representative for violating the representative standards of conduct progresses as shown here:

- **First offense:** A warning letter
- **Second offense:** Suspension up to one year
- **Third offense:** Suspension up to five years
- **Fourth offense:** Barred from practice before Revenue

For more information about this process, see [Minnesota Rule 8052.0400](#).

Preparer Standards of Conduct

These standards of conduct in this section apply to paid preparers governed by [Minnesota Statute 270C.445](#).

The law states that tax preparers must:

- Act in the best interest of the client
- Complete a client's tax return promptly
- Sign a client's tax return when transaction is complete
- Return all original documents to clients
- Give a client a copy of returns filed

- Give a client a copy of any document requiring the client's signature
- Retain copies of income tax returns for at least four years
- Maintain a confidential relationship with clients and former clients
- Safeguard a client's nonpublic personal information
- Safeguard and account for any money handled for the client
- Disclose all information affecting the client's rights and interests
- Give clients an itemized statement of charges

Tax preparers must not:

- Have a client sign an incomplete form
- Require a client to enter a loan arrangement to complete a tax return
- Charge or accept a fee based on a percentage of an anticipated refund for tax preparation services
- Falsely claim credits or deductions on a client's tax return
- Violate any provision of [Minnesota Statute 332.37](#)
- Withhold a document provided by the client for use in preparing the client's tax return
- Take control or ownership of a client's refund by any means
- Create an account to receive a client's refund without the client's name on the account
- Fail to provide all disclosures required by U.S. Code, title 15 (the Truth in Lending Act) in a form the client can keep if making, providing, or facilitating a refund anticipation loan
- Fail to disclose all material facts of which the preparer has knowledge which might reasonably affect the client's rights and interests
- Include any of the following in any documents:
 - A hold harmless clause
 - A confession of judgment or a power of attorney to confess judgment against the client or appear as the client in any judicial proceeding
 - A waiver of the right to a jury trial in any action brought by or against a debtor
 - An assignment of or an order for payment of wages or other compensation for services
 - A provision stating the client agrees not to assert any claim or defense otherwise available
 - A waiver of any provision of these limitations or a release of any obligation required to be performed by the tax preparer
 - A waiver of the right to injunctive, declaratory, or other equitable relief or relief on a class basis

Tax Preparer Sanctions

If you prepare returns with reckless disregard of laws and rules, or willfully attempt to understate tax liabilities or overstate refund claims, we will assess a \$500 penalty per violation. Because we collect this liability like an income tax, we can collect this penalty from your income tax or property tax refund filings. **(See [Minnesota Statute 289A.60, subdivision 13.](#))**

If you violate the standards of conduct in Minnesota Statute 270C.445, subdivisions 3 or 5, or Minnesota Statute 270C.4451, we will assess a penalty of up to \$1,000 per violation.

For more information on tax preparer penalties, see [Chapter 11](#) in this manual.

Preparer Tax Identification Numbers (PTINs)

If you have a valid PTIN and do not include it on a return you have prepared, we may assess a \$50 penalty for each failure to include a PTIN. If you are required to have a PTIN but do not have one, we will assess a \$500 penalty for each failure to include a PTIN on returns you prepared. For more information, see [PTIN Requirements for Tax Return Preparers](#) on the IRS website.

We will notify preparers who file with invalid PTINs and provide them information on how to update them.

Electronic Filing Requirement

You must electronically file Individual Income, Corporation Franchise, S Corporation, Partnership, and Fiduciary tax returns you prepared if you expect to file more than 10 of these returns in any combination in a year.

You must pay a \$5 fee for each return you do not file electronically. This fee does not apply to any return that Revenue or the client expressly required to be filed on paper. Payments for this fee are due by:

- **June 15** for paper returns filed between January 1 and April 15
- **January 15 of the following year** for paper returns filed between April 16 and December 31

We created [Schedule PFF, \\$5 Paper Filing Fee](#), for preparers to complete when they must self-assess a preparer's paper filing fee. This gives Revenue the information to credit this payment to the preparers who submit it.

You may pay by check or electronically in e-Services. For more information, [visit our Regulation of Tax Preparers webpage](#), and look in the **Preparer's Paper Filing Fee** section.

Cease and Desist

We may issue an administrative order requiring you to cease and desist from committing specified violations.

A cease-and-desist order will:

- Describe the act, conduct, or practice committed
- Include a reference to the law violated
- Provide notice that you may request a hearing

If you violate a cease-and-desist order, we may assess up to a \$5,000 penalty per violation and may revoke your authority to transmit returns electronically to Minnesota. A court may assess up to a \$10,000 penalty for each violation of the order.

Publication of Names

We must publish the names and business addresses of [Tax Preparers Subject to Sanctions](#) if the preparer is:

- Convicted of identity theft for a return filed with the commissioner, the IRS, or another state
- Assessed a penalty more than \$1,000 related to reckless disregard of laws and rules or a willful attempt to understate liability for tax
- Assessed a penalty more than \$1,000 related to violating the required standards of conduct
- Assessed a penalty more than \$1,000 for failing to provide a Preparer Tax Identification Number on returns they prepare and file for compensation
- Subject to a cease-and-desist order that becomes final
- Assessed a penalty for violating a cease-and-desist order

We provide tax preparers a notice before publishing their names and business addresses.

For more information, see [Tax Preparers Subject to Sanctions](#) on our website and [Minnesota Statute 270C.446](#).

Direct Deposit Limits

We will only deposit up to five Minnesota tax refunds into a single bank account. This limitation applies to both Homestead Credit Refunds for Homeowners and income tax refunds. The limitation may affect families who deposit parents' and children's refunds into a family bank account.

The limit applies to financial accounts such as bank checking or savings. If an account entered on a tax return exceeds this limit, we will send the refund as a paper check. We will send the taxpayer a letter if we do.

We made this change to:

- Prevent criminals from stealing state tax refunds
- Protect clients from tax preparers who deposit client refunds into their own bank accounts

We still encourage your clients to use direct deposit. It is the easiest, most convenient, and most secure way for them to receive their refund. Clients can check the status of their refund by using the [Where's My Refund? system on our website](#).

Requirement to Give Written Notice of Nongame Wildlife Checkoff

As a tax preparer, you must:

- Give written notice of the option to contribute to the Nongame Wildlife Fund to corporate and individual clients who file an income tax or property tax refund return
- Include this notice with preliminary worksheets or other documents used in preparing their returns
- Include a line for displaying contributions

Reporting Tax Professional Misconduct

If you suspect a tax professional of breaking state tax laws, you can call, email, or write us. You may remain confidential, but it's helpful to provide your contact information in case we need more details or clarification.

When reporting Tax Professional Misconduct, provide:

- The name and address of the preparer or their business
- The reasons you believe they are violating standards of conduct or acting with reckless disregard
- Information about the offense
- Any details you know about the tax professional not filing their own return or not reporting income from their tax preparation business
- Any records you can access showing a violation occurred
- The names of anyone else who could provide us information
- Other information about the tax professional, such as their licensing status and Preparer Tax Identification Number (PTIN)

To report violations of Minnesota's Tax Professional Enforcement laws, call us at 651-556-6626 or email Taxpro.Review@state.mn.us.

Under state privacy laws, we cannot disclose what action we take, if any, based on information you provide.

Chapter 5. Protecting You and Your Clients from Fraud

Protect Client Data

Tax professionals are prime targets for cybercriminals. We must all take responsibility to protect client data from theft.

To provide guidance on data security, the IRS joined with state agencies and the tax industry to form the [Security Summit](#). The Security Summit created awareness campaigns such as:

- [Protect Your Clients; Protect Yourself — Summer 2023](#)
- [Protect Your Clients; Protect Yourself — Summer 2022](#)
- [Boost Security Immunity: Fight Against Identity Theft](#)
- [Tax Security 2.0](#)

This year's theme, [Protect Your Clients, Protect Yourself—Summer 2024](#), focuses on raising awareness among tax professionals about the importance of maintaining strong security. This helps protect sensitive taxpayer data that tax professionals have while also protecting their business from identity thieves.

The IRS, state tax agencies, and the nation's tax industry continue to see a steady stream of attacks aimed at the nation's tax professionals to steal sensitive tax and financial information from clients. As part of this campaign, partners of the Security Summit remind tax professionals to use multi-factor authentication (MFA). It is more than just an important protection for their businesses and their clients; it's now a federal requirement. Under the new [Federal Trade Commission \(FTC\) Safeguards Rule](#), it is required to use at least two of these factors for anyone accessing customer information: something a user knows, like a username; something sent to them, like numbers texted to a cell phone; or a physical part of them, like a fingerprint or facial scan.

MFA should be used to secure client information on a tax pro's computer or network. It should also be used to access client information stored within their tax preparation software.

MFA is required by law for all companies, not just tax professionals. The size of the company does not matter. Opting out of using MFA in tax prep software is a violation of the FTC safeguards rules.

Secure Your Systems

[Federal law](#) requires certain entities, including tax return preparers, to create and maintain a security plan for protecting client data.

According to the Trade Commission, each company, as part of its plan, must:

- Designate one or more employees to coordinate its information security program
- Identify and assess risks to customer information in each relevant area of the company's operation
- Evaluate how effectively current safeguards control risks
- Design and implement a safeguards program with regular monitoring and testing
- Select service providers who maintain appropriate safeguards
- Ensure the contract requires the provider to maintain safeguards and oversee handling of customer information
- Evaluate and adjust the program in light of relevant circumstances, including changes in the firm's business or operations or results from security testing and monitoring

The FTC is re-evaluating the Safeguards Rule and has proposed new regulations. Watch for changes and their effect on the tax preparation community.

These publications will help you get started:

- [IRS Publication 4557, Safeguarding Taxpayer Data](#) outlines your obligations to protect client information. It also has a checklist for creating and maintaining a security plan for your digital network and office.
- [FTC Cybersecurity for Small Business](#) includes practical tips on creating and implementing a plan for safeguarding personal information.
- [Cybersecurity Framework 2.0: Small Business Quick Start Guide](#) provides an overview of five principles to secure data: identify, protect, detect, respond, and recover.
- [IRS Publication 5293, Protect Your Clients; Protect Yourself](#) is a step-by-step guide to help make data security achievable for tax professionals and firms of all sizes.
- [Publication 5708, Creating a Written Information Security Plan for your Tax & Accounting Practice](#) is a 28-page template for an Information Security Plan designed to help tax pros and smaller practices.

Spot Data Theft

You or your firm may be a victim of data theft and not know it. Here are some common signs of data theft:

- Your clients' e-Filed tax returns are rejected because returns with their Social Security Numbers were already filed
- The returns filed for a taxable year with your firm's Electronic Filing Identification Number (EFIN) exceed your number of clients
- You get e-File receipt acknowledgements for returns you have not filed
- The IRS disabled your [IRS Online Account](#), or you got a notice your Centralized Authorized File (CAF) number was compromised
- Transcripts you did not order are delivered to the tax pro's Secure Object Repository (SOR)
- Tax professionals or clients respond to emails you or your firm did not send
- Your network computers slow down
- Computer cursors move or numbers change without your input
- Network computers lock you out
- Your clients receive:
 - IRS authentication letters for returns they did not file
 - Refunds for returns they did not file
 - Tax transcripts they did not request
 - IRS emails stating an online services account was created when they did not create one
 - IRS emails stating their online services account was accessed or disabled when they did not request it

Create a Data Theft Response Plan

If you fall victim to data theft, immediately:

- **Report it to the [local IRS stakeholder liaison](#).** Stakeholder liaisons notify IRS Criminal Investigation and others within the agency. The IRS can block fraudulent returns in your clients' names and assist through the process. If the data theft involved an IRS impersonation scam, you should also report it to the [Treasury Inspector General for Tax Administration](#).
- **Contact [the Federation of Tax Administrators](#).** Get information on how to report victim information to the states. Most states require the state attorney general be notified of data breaches. The notification process may involve multiple offices.
- **Call the Minnesota Department of Revenue at 651-296-3781 or 1-800-652-9094.** We will connect you with a fraud coordinator who can help determine whether you are a victim and which clients' or tax professionals' information was accessed. We can block fraudulent returns in your clients' names.

- **Submit an identity theft affidavit for businesses and other entities.** Federal [Form 14039-B, Business Identity Theft Affidavit](#) makes it easier for businesses, estates, trusts, and tax-exempt organizations to report identity theft to the IRS. Submit this form quickly so the IRS can help victims of identity theft sooner. To access the form, see [Report Identify Theft for a Business](#) on the IRS website.

Find [Data Theft Information for Tax Professionals](#) and [Tax Preparer Guide to Identity Theft](#) on the IRS website for more information.

Stay Vigilant

Stay ahead of thieves by taking certain actions daily or weekly to ensure your clients and business remain safe:

- **Track your daily e-File acknowledgements.** If there are more acknowledgements than returns filed, you need to research why.
- **Track your weekly Electronic Filing Identification Number (EFIN) usage.** The IRS posts the number of returns filed with your EFIN weekly.
 1. Access your [IRS e-Services account](#) and your EFIN application
 2. Select **EFIN Status** from the application
 3. Contact the IRS e-Help Desk if your return totals exceed your number of returns filed
 4. Keep your EFIN application up-to-date with all phone, address, or personnel changes
- **Track your weekly Preparer Tax Identification Number (PTIN) usage.** If you file 50 or more returns as an attorney, Certified Public Accountant, enrolled agent, or [Annual Filing Season Program participant](#), you can check your PTIN account for a weekly report:
 1. Access your [online PTIN account](#)
 2. Select **View Returns Filed Per PTIN**
 3. Complete federal [Form 14157, Return Preparer Complaint](#) to report excessive use or misuse of your PTIN
- **If you have a Centralized Authorization File (CAF) Number, keep your authorizations up to date.** Use a [Freedom of Information Act \(FOIA\) request](#) to secure your CAF 77 client listing. Review the list to ensure it is accurate. Remove authorizations for clients you no longer work with and for any taxpayers who have never been your clients. This a possible ID theft indicator. For more information, see [IRS Publication 947, Practice Before the IRS and Power of Attorney](#).
- **Create your IRS online accounts using the multi-factor Secure Access authentication to help prevent account takeovers.** For details, see the [IRS's Secure Access page](#).

Recognize Phishing Scams

Cybercriminals commonly steal data through phishing scams. Phishing occurs through unsolicited emails or websites luring victims to provide personal information.

The thief may pose as your tax software provider, your data storage provider, your bank, the IRS, or a prospective client. Thieves may also pose as colleagues whose email accounts were compromised. For tips on defending yourself from phishing scams, see [Report Phishing and Online Scams](#) from the IRS.

Educate all employees in your office on the dangers of phishing and spear-phishing scams. These scams can result in cybercriminals taking over your computer, accounts, even hijacking your email to steal client data or send spam emails under your name. These tactics can trick your colleagues and clients into disclosing private information.

Phishing or spear-phishing emails usually have an urgent subject line such as **Update Your Account Now**, asking you to open a link or attachment.

- **A link** may take you to a fake webpage designed to look like a familiar website such as IRS e-Services. There use prompts such as **Click Here Now** to create urgency and a call to act. When you enter account information like usernames and passwords, you are giving it to thieves.
- **Attachment:** Attachments may contain malware that can infect your computer and network systems. A common malware is keystroke tracking, which allows the criminal to see everything you type on your device, including your username and passwords. This gives them access to your tax software, bank, or encrypted client files.

A legitimate business should never request personal or sensitive information be emailed to them unless it's through a secured mail service.

For more scam warning signs, see [Guard Against Phishing, Spear-phishing, Whaling Emails, and Cloud-based Attacks on the IRS website.](#)

Educated employees are the key to avoiding phishing and related scams, but these simple steps can also help protect you:

- Use separate personal and business email accounts protected with strong passwords and [multi-factor authentication](#).
- Install an anti-phishing toolbar to help identify known phishing sites. This may be included in security software products.
- Use security software to help protect systems from malware and scan emails for viruses.
- Never open or download attachments from unknown senders, including potential clients. Call them first to confirm they sent you something.
- If you must email files with clients, send only encrypted and password-protected documents.
- Do not respond to suspicious or unknown emails. If suspicious emails are IRS-related, forward them to phishing@irs.gov.

Be Safe on the Internet

Data security requires ongoing awareness about threats posed from a variety of sources, including browsing the internet. Here are some general steps to stay safe online:

- Keep your web browser software up-to-date so it has the latest security features
- Scan files with your security software before downloading them
- Delete web browser cache, temporary internet files, cookies, and browsing history regularly
- When possible, only use web addresses that start with "https"
- Avoid accessing business emails or information from public Wi-Fi connections
- Disable stored password features offered by some operating systems
- Enable your browser's pop-up blocker and do not call numbers listed on pop-ups
- Do not download files, software, or applications from unknown websites
- If your browser's home page changes, it could be a sign of malware or intrusion
- Use a Virtual Private Network (VPN), a secure, encrypted network to transmit data between a remote user and the company

Stay Connected

We alert tax professionals as soon as we learn of new scams, which are especially common during the filing season. [Subscribe to our Tax Scam and Fraud Alerts email lists](#) for the latest alerts and tax administration issues.

Encourage clients to use [an Identity Protection PINs \(IP PINs\)](#).

The IP PIN Opt-In Program protects clients from tax-related identity theft and is available to anyone who can verify their identity. While the program is free, we need your help telling clients about it. For details, see [Get An Identity Protection PIN](#) on the IRS website or [IRS Publication 5367](#).

For security reasons, you cannot request an IP PIN on behalf of clients. They must request their own.

State Forms to Help Report ID Theft

Visit our [Identity Theft and Tax Refund Fraud page](#) to report identity theft to Revenue. Your clients can also request copies of fraudulently filed returns.

If your client believes they are a victim of identity theft, they should call us at 651-296-3781 or 1-800-652-9094 and complete and submit [Form M1ID, Identity Theft Affidavit](#). This will alert us to the issue and help us detect any potential fraud on their account. We will notify your client if a fraudulent return was filed or not.

If your client receives a letter informing them a Minnesota return was fraudulently filed under their name, they can contact us for a copy of the return.

- If your client wants a copy of the fraudulent return for their records, they should complete [Form REV189, Request for Copy of Return Related to Identity Theft](#)
- If your client wants to send a copy of the fraudulent return to a specific law enforcement agency, they should complete [Form REV190, Authorization to Release Return Related to Identity Theft](#)

Chapter 6. Power of Attorney

Access to Information

Your clients have the right to receive and inspect their own private or nonpublic return information. They can also authorize other people (appointees) to obtain their return information from the Minnesota Department of Revenue.

Your clients may grant you [power of attorney](#) (POA) authorization by submitting one of these forms:

- [REV184i, Individual or Sole Proprietor Power of Attorney](#)
- [REV184b, Business Power of Attorney](#)
- [REV185i, Authorization to Release Individual or Sole Proprietor Tax Information](#)
- [REV185b, Authorization to Release Business Tax Information](#)
- [Federal Form 2848](#), if it specifies a Minnesota tax type and tax year
- Any legally sufficient form (e.g., [Minnesota Statutory Short Form Power of Attorney](#))

Your clients' verbal approval is sufficient to disclose return information over the phone, but only if we follow appropriate identity verification procedures and you are on the call with your client.

Verification procedures include, but are not limited to, asking for your clients' personal information:

- Name
- Address
- Social Security or identification number
- Filing status on the return
- Date of birth

Your clients' verbal approval is valid for a one-time release of information and must be obtained again if the call ends or is disconnected.

Mail Correspondence

In the **Additional Powers** section, your clients can elect to have most of their mail from revenue sent to you. The authority states, "Receive all mail except refunds." You will not receive your clients' refunds and some refund correspondence, including:

- Notice of Refund
- Notice of State Tax Refund
- Refund Offset letter
- Refund Warrant Inquiry
- Tribal Agreement Refund
- Unclaimed Property

We will send all other correspondence to the appointees.

Revision Dates

We accept Form REV184 with a revision date of 12/2014 or 01/2017 or Forms REV184i and REV184b with any revision date.

We reject old forms with a revision date of 10/2012 or earlier.

Email Authorization

When communicating with the department through email, we will always send encrypted emails. If you or your client want to receive unencrypted emails, submit [Form REV187, Email Authorization](#).

Note: Form REV187 does not grant us authority to release private and nonpublic data. You still need a POA on file to release that information.

There is another form for email communication, the [REV188, State Assessed Property Email Authorization](#). Form REV188 is used strictly to allow the department to email state assessed property tax related orders, certifications, and notices to the identified recipient that are otherwise required to be sent by first class mail. This form is not the same as the REV187 and they cannot be used interchangeably.

Barred or Suspended Professionals

We review POA forms to identify [professionals who have been barred or suspended](#) from practicing before the department because they failed to follow the required standards of ethics and conduct. We cannot process POA forms for these individuals and will reject the form until they have been removed from the ineligible list.

Appointees

You and your clients may only list individuals as appointees. For additional appointees, fill out page two of Form REV184i and Form REV184b.

We reject forms that name a firm or company.

Limited Power of Attorney

We offer several ways for your clients to grant you limited access to their tax information.

Forms

- Complete Form REV184i or REV184b, check the box granting limited authority, and fill in the tax type or issue and periods
- Complete Form REV185i, REV185b, or REV185 for a one-time release of information

Minnesota Returns

Check the box on the bottom of certain Minnesota tax returns to allow disclosure to preparers and associates of the preparer about information from that year's return only.

If you are the third-party designee identified on the federal return and know the federal PIN, we may disclose Minnesota return information.

We will not disclose information about post-processing audits of returns.

Disclosure is limited to:

- Information in and about the return
- Issues or adjustments we made while processing the return
- Refund information, including the date and amount of the refund and if there was an offset (except for collection details such as offset amount or which debts the offset paid)
- Balance due information
- Documents provided relating to return processing

Limited authority expires:

- Original returns: One year after the due date or one year from when it was received, whichever is later.
- Amended returns: One year from the date the form was submitted.

We will contact tax preparers to discuss issues involved with processing the return, such as clarifying an entry or requesting more information. If you are the designated appointee on your clients' return, we will contact you first to resolve return-related issues. If you do not return our call within three days, we will contact your clients directly.

If your client authorizes, we will send you all correspondence regarding their return. If we send a letter requesting information or action and you are unresponsive, we will send the letter to your clients.

Third-Party Authorization Limited (Tiered Power of Attorney)

If you are the client's appointee, you may not appoint others to act for them or access their records unless your client provides explicit permission to do so. Your client must document this permission in one of these forms:

- Minnesota forms REV184i or REV184b
 - Check the box for adding addition appointees in the **Additional Powers** section
- Minnesota Statutory Short Form Power of Attorney
- Federal Form 2848, Section 5
 - Check the box for substitute or add representatives

Note: Any authority you grant to third parties cannot exceed your authority granted on the original power of attorney form.

Remove Power of Attorney

You or your client can submit a signed written request or complete [Form REV184r, Revocation of Power of Attorney](#) to remove you as an appointee. Form REV184r specifically states what is needed to remove the authority.

Personal Representative

After your client passes away, there may be outstanding returns to file, payments due, and refunds available. If you had a power of attorney on file with the department, it expires upon their death. To get access to your client's private or nonpublic information, a new power of attorney must be submitted and signed by the Personal Representative.

To prove personal representative authority:

If the deceased's estate is in probate:

YOU NEED:		AND ONE OF THE FOLLOWING:
<ul style="list-style-type: none">• Death Certificate• Representative's driver's license or other ID	<ul style="list-style-type: none">• Letter Testamentary• Letter of General Administration	

If the deceased's estate is not in probate, there are two options:

OPTION	YOU NEED:	AND ONE OF THE FOLLOWING:
1	<ul style="list-style-type: none">• Death Certificate• Representative's driver's license or other ID	<ul style="list-style-type: none">• Will• Original trust document signed by taxpayer (Certificate of Trust is not sufficient)
2	<ul style="list-style-type: none">• Death Certificate• Representative's driver's license or other ID• Signed fiduciary letter or Affidavit for Collection (Form PRO202)	<ul style="list-style-type: none">• POA form, signed prior to death, appointing the personal representative as a POA Appointee• Proof of relationship (for example, birth certificate)

e-Services

If your business clients want to see who has access to their private or nonpublic information, they can now find that information in e-Services. Your clients can see their POA information in e-Services by selecting the **I Want To...** tab and then **View power of attorneys** under Customer Contacts. Your clients will be able to see:

- Who was appointed
- What firm they work for if available
- What authority they received
- Appointee's phone number.

This information is view only. If your client wants to remove or add an appointee, they must send in a POA form. Check out the department [webpage](#) for more information.

Chapter 7. Collection Process

The Minnesota Department of Revenue collects past due tax and other state agency debt for the state of Minnesota. To find information about [collection topics](#), go to www.revenue.state.mn.us and enter **collections** into the Search box.

How does the department notify my clients about debts?

We send written notices (bills) to your clients' last known address. These bills request payment and contain information on:

- Amount due
- Reason for the debt
- Breakdown of the debt
- Date the payment is due
- Taxpayer's rights
- Actions we can take to resolve the debt

How can my clients make a payment?

Businesses and individuals can make a payment through any of these methods:

- Electronic bank transfer
- Credit card or debit card
- ACH credit
- Check and voucher
- Money order and voucher
- Cash (in-person only)
- Bank wire transfer

For more information on [payment methods](#), go to www.revenue.state.mn.us and enter **payment options** into the Search box. You may also call us at 651-556-3003 or 1-800-657-3909.

What if my clients cannot pay in full with one payment?

They may request a payment agreement, which allows them to pay in installments. We review each case individually and base our decision on your clients' current financial situation. When deciding to accept or deny, we consider:

- Ability to pay in full and employment condition
- Total amount owed and amount offered per payment
- Length of the agreement and frequency of payments (monthly, biweekly, or weekly)
- Total household income and expenses, which may require a completed financial statement

Note: If your client has an active liquor license, they cannot have a payment agreement.

We reserve the right to deny payment agreement requests.

If we accept the request:

- Your client will make payments by electronic funds transfer (EFT) directly from a bank account
- We may revoke a business' sales tax permit if they do not meet the terms of the payment agreement

For more information about [payment agreements](#), go to www.revenue.state.mn.us and enter **payment agreement** into the Search box.

If your client needs additional assistance with their debt, we will work with them. They may call us at 651-556-3003 or 1-800-657-3909.

What happens if my clients do not respond to bills?

If your clients do not respond by the due date on the bill, we may:

- Levy (take) up to 25% of their disposable earnings (wages)
- Levy their bank account
- Seize (take) their property and sell it to pay their debt
- Revoke or deny renewal of their business or professional license
- Offset (take) any vendor payment owed to them by a state agency

We may also file a lien at any time.

What if my client cannot pay the entire amount?

Your clients have the option to request a compromise, a written agreement to settle unpaid tax debt for less than the full amount. When considering a request, we review your clients' long-term ability to pay the debt.

If your clients would like to request a compromise, they may:

- Contact us at 651-556-3003 or 1-800-657-3909
- Fill out the online application and return to us via email, mail, or fax
- Apply online

We apply different factors than the IRS when considering compromise offers and may not accept the same situations as the IRS does for compromises.

For more information on [requesting a compromise](#), go to www.revenue.state.mn.us and enter **requesting a compromise** into the Search box.

Chapter 8. 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 the department 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:** <https://www.revenue.state.mn.us/contacttra>
dor.tra@state.mn.us
- Mail:** Minnesota Revenue
Mail Station 7102

600 N. Robert St.
St. Paul, MN 55145-7102
- Fax:** 651-556-5211

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 Statutes, section 16D.10 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 your 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 Statutes, section 270C.52 provides that 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.

Chapter 9. How the Department Protects Your Clients' Information

Generally, state tax returns and return information, including information received from the IRS, are classified as private data on individuals or as nonpublic data (or what is considered “confidential” under federal law). This means that the Minnesota Department of Revenue can only disclose information to your clients, to individuals your clients authorize, or as allowed by law.

Data Classifications

All government data are public unless statute or other applicable law classifies them otherwise.

Data related to these taxes are private (for individuals) or nonpublic (for businesses):

- Individual Income
- Withholding
- Corporate Franchise
- Property Tax Refunds
- Sales and Use (including sales tax on cannabis and tax administered under an agreement between the State and an Indian tribe)
- MinnesotaCare
- Estate and Fiduciary
- Solid Waste Management
- Motor Vehicle Sales
- Dry Cleaning
- Political Contribution Refunds
- Video Display Device Manufacturer’s Registration Fee (eWaste)
- Prepaid Wireless E911 and Prepaid Telecommunications Access Minnesota Fees
- Cannabis Gross Receipts
- Liquor Gross Receipts

Data related to these taxes are restricted:

- Sports Bookmaking
- Illegal Cannabis and Controlled Substances

These taxes are reported and paid anonymously. Information is available only to department employees with specific business reasons for access. We cannot use this information for criminal prosecution or other purposes except for cases involving nonpayment of the tax.

Most data related to these taxes are public:

- Lawful Gambling
- Petroleum and Other Fuels
- Cigarettes and Tobacco
- Liquor

- Real and Personal Property
- Deed and Mortgage Registry
- Insurance
- Hazardous Waste Fee
- Metropolitan Solid Waste and Landfill Fee
- Minerals
- Sustainable Forest Incentive

Note: Certain limitations or exceptions apply to data related to Metropolitan Solid Waste and Landfill Fee, Sustainable Forest Incentive, and Mineral taxes. See Minnesota Statutes for more details.

Access to Information

Your clients, and anyone they authorize, have the right to receive and inspect their tax return information. They may authorize you or another person to obtain information for them. To learn how your client can authorize you to receive information, see **Chapter 6. Power of Attorney** in this manual.

Taxpayer Rights Notifications

We must prepare and distribute statements explaining the following:

- The rights and obligations of your clients and the department during an audit
- Administrative and judicial appeal procedures
- The process for filing refund claims and complaints
- Our enforcement procedures, including assessment, jeopardy assessment, levy and distraint, and liens

We must provide the notice to all taxpayers we contact about the determination or collection of a tax. Failure to receive these statements, however, does not change our time limit to assess or collect taxes or your clients' time limit for filing refund claims.

For details on taxpayer rights notifications, see [Minnesota Statute 270C.28](#).

Chapter 10. Recent Court Cases

Below is a summary of recent court cases related to Minnesota taxes.

United States Supreme Court Petition for Certiorari 23-914 Zilka v. Tax Review Board City of Philadelphia

This petition involves whether the Commerce Clause requires that states provide credit for a taxpayer's out-of-state state and local income tax liability. The case involves a taxpayer who lives in Philadelphia, PA and works in Wilmington Delaware and was subject to both state and local income taxes. The last action on this petition was made on June 10, 2024, when the U.S. Supreme Court asked the Solicitor General to file a brief expressing the views of the United States on the merits of the petition.

Chapter 11. Penalties under Minnesota Law

Tax Preparer Penalties

Penalty for Failure to Provide Federal ID

If you prepare Minnesota income tax returns, property tax refund claims, Forms M99, or claims for refund, you must provide the same Preparer Tax Identification Number (PTIN) that you do on federal returns. The Minnesota Department of Revenue can assess a \$50 penalty for each failure to include your PTIN.

If you do not have a PTIN when required, you are subject to a \$500 penalty each time you do not include it on a return you filed. See [Minnesota Statute 289A.60, subdivision 28](#) for defined details about the PTIN.

Reckless Disregard

If you prepare returns with reckless disregard of laws and rules, or willfully attempt to understate tax liabilities or overstate refund claims, we can assess a \$500 penalty per return. You are subject to this penalty on income tax or property tax refund filings. [Minnesota Statute 289A.60, subd. 13](#) defines details about this penalty.

Violation of Standards of Conduct

If you violate the standards of conduct outlined in [Minnesota Rule 8052.0300](#), you are subject to a penalty of up to \$1,000 per violation.

Taxpayer Penalties

Individual Income Tax Penalties

For a list of the most common individual income tax penalties, see [Penalties and Interest for Individuals](#) on our website.

Business Income Tax Penalties

For a list of the most common business income tax penalties, see [Penalties and Interest for Businesses](#) on our website.

Property Tax Refund Penalties

Preparers and property managers are subject to several property tax refund penalties:

- If a claim for a property tax refund is excessive and the return was negligently prepared, we can assess a 10% penalty based on the amount disallowed. We can assess this even if we reduce the refund to zero.
- If property owners or managing agents fail to provide a Certificate of Rent Paid (CRP) to a renter without reasonable cause, we can assess a penalty of \$100 for each failure.
- If property owners or managing agents knowingly provide CRPs with exaggerated rent amounts, we can assess a penalty of \$100 or 50% of the excess amount reported, whichever is greater. We presume these individuals knowingly exaggerated the rent paid if the overstatement is 10% or more of actual rent paid.

For the legal language used, see [Minnesota Statute 289A.60, subd. 12](#).

Abatement of Penalty and Interest

An abatement is a reduction or cancellation of penalty or interest. See [RN 97-01.pdf \(state.mn.us\)](#), Revenue Notice regarding abatements on our website. Examples of penalties you or 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 will abate penalties when you show reasonable cause. Reasonable cause is considered circumstances beyond your clients' control that prevented 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. The procedure for requesting abatement is defined by [Minnesota Statute 270C.34, subd. 2](#).

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.

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

Appendix. Individual Income Tax Resources

Minnesota Department of Revenue Organizational Chart

Commissioner Paul Marquart began serving as Revenue commissioner on January 2, 2023. Our website has the current [Minnesota Department of Revenue organizational chart](#).

Fact Sheet Webpages

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 Fact Sheet Webpages

- [Assigning Employee Income to Minnesota \(Withholding Fact Sheet 19\)](#)
- [Household Employees \(Withholding Fact Sheet 7\)](#)

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.

Revenue Notices

Revenue notices are policy statements we publish to provide interpretation, details, or supplementary information concerning Minnesota tax laws or rules. We publish them for the information and guidance of taxpayers, local government officials, and others concerned.

A [list of current notices](#) is available on our website. The first two digits of each notice indicate the year we issued it. You can sort these notices by title, tax type, and notice type.

If you have ideas for Revenue notice topics, call us at 651-556-6606 or email us at taxpro.outreach@state.mn.us.

Legislative Bulletins

We post [legislative bulletins](#) on our website to summarize and highlight significant tax-related law changes enacted during legislative sessions.

Interest Rates, Tax Rates, Dependent Exemption Amounts, and Standard Deduction Amounts

Interest Paid and Received

We assess and pay interest in some circumstances:

- We assess interest on both the amount of penalty and tax when a client owes delinquent taxes. We calculate interest from the date the tax is due, which is April 15 for most individuals.
- We pay interest on income tax refunds starting 90 days after the due date or date the return is filed, whichever is later.

2024 Interest Rate

The interest rate for 2024 is 8%.

Prior-Year Interest Rates

Calendar Year	Interest Rate
2023	5%
2021-2022	3%
2019-2020	5%
2017-2018	4%
2010-2016	3%

2024 Individual Income Tax Rates

This table shows the tax rate applied based on your filing status and income range.

Tax Rates	5.35%	6.80%	7.85%	9.85%
Single	\$0 - \$31,690	\$31,691 - \$104,090	\$104,091 - \$193,240	\$193,241 +
Head of Household	\$0 - \$39,010	\$39,011 - \$156,760	\$156,761 - \$256,880	\$256,881 +
Married Filing Jointly or Qualifying Surviving Spouse	\$0 - \$46,330	\$46,331 - \$184,040	\$184,041 - \$321,450	\$321,451 +
Married Filing Separately	\$0 - \$23,165	\$23,166 - \$92,020	\$92,021 - \$160,725	\$160,726 +

Dependent Exemption Amounts

The dependent exemption for 2024 is \$5,050 for each qualifying dependent, up \$250 from the 2023 amount.

2024 Standard Deduction Amounts

This table shows the Minnesota standard deduction amount, which may differ from federal standard deduction amounts.

Filing Status	Amount	Change from 2023
Single	\$14,575	Up \$750
Head of Household	\$21,900	Up \$1,400
Married Filing Jointly or Qualifying Surviving Spouse	\$29,150	Up \$1,500
Married Filing Separately	\$14,575	Up \$750
Additional amount for blind or age 65 and older Married Filing Jointly or Qualifying Surviving Spouse	\$1,550	Up \$100
Additional amount for age 65 and older Single, Head of Household, Married Filing Separately	\$1,950	Up \$100

Other Inflation Adjusted Amounts

You can view a full list of [inflation-adjusted amounts for tax year 2024](#) on our website.