



Tax Year 2022

Minnesota Income Tax
and Property Tax Refund

VITA/AARP Tax-Aide
Volunteer Manual

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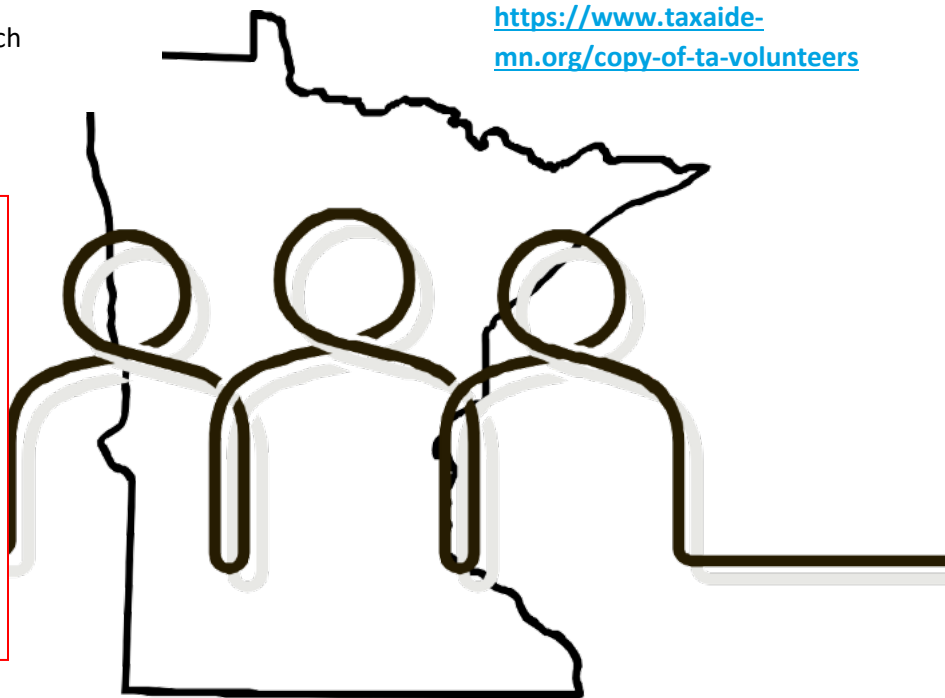
Press CTRL +F to search
for a word or phrase

For additional Minnesota Tax-Aide
training tip sheets, videos and other
training aids.

[https://www.taxaide-
mn.org/copy-of-ta-volunteers](https://www.taxaide-mn.org/copy-of-ta-volunteers)

**Modified for AARP
Tax-Aide use only.
Produced by the
Minnesota Tax
Training Team
(MnTTT).**

Please direct
corrections to:
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Revised: 1/29/23

Message from the Assistant Commissioner

Hello! My name is Sarah Bronson, and I am an assistant commissioner at the Minnesota Department of Revenue. I want to welcome you to the start of the 2023 tax filing season and thank you for all the work you do to assist Minnesota taxpayers.

At Revenue, change is a fact of life. State and federal law changes – along with leadership transitions, advancing technology, and Minnesota’s evolving economy, population, and workforce – keep the work interesting.

There have been several changes at the Department of Revenue in 2022. One of the most exciting changes has been the development of our Office of Public Engagement. The new office aims to meaningfully engage with the public – especially those most impacted by tax policy and least often involved – around their values, experiences, expertise, and priorities to create or modify policies and practices that advance equity within the tax system and tax code.

Our goal in this engagement work is to do more than share information with our partners. We aim to work collaboratively to solve problems and implement improvements in the tax system that will benefit all Minnesotans.

Additionally, as we prepare for the upcoming filing season, federal conformity is an early focus. Currently, Minnesota does not conform to several federal provisions that may affect your clients returns for tax year 2022 and earlier. If a conformity bill is passed, we will provide updates and guidance through our website and email bulletins.

Our mission at the department 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 the department in wishing you a successful tax season. Thank you for your continued partnership.

Best wishes,

A handwritten signature in black ink, appearing to read 'Sarah Bronson', with a stylized, cursive script.

Sarah Bronson
Assistant Commissioner

Outreach and Education Staff Contact Information

Jessica Delcid

Phone: 651-556-3052 or 1-800-818-6871

Email: jessica.delcid@state.mn.us

The Minnesota Department of Revenue's 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:

- Individuals who are minority, low-income, or elderly
- Individuals who have disabilities
- Individuals for whom English is a second language
- Military service members
- Tax professionals (paid and volunteer)

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 and Latino community outreach coordinators who speak Hmong and Spanish:

Asian Outreach Coordinator

Phone: 651-556-6613

Latino Outreach Coordinator

Phone: 651-556-6616

Volunteer Resources for Income Tax or Property Tax Refund Questions

Assistance is available Monday through Friday, 8 a.m. to 4:30 p.m.

Phone: 651-556-3050

Email: individual.incometax@state.mn.us

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Form M1PR M1PR Instructions	Homestead Credit Refund/Renter's Property Tax Refund
Form M1PR-AI	M1PR Additions to Household Income
Form M1PRX	Amended Homestead Credit Refund/Renter's Property Tax Refund

Find these forms on our website at: www.revenue.state.mn.us

Grant to Provide Volunteer Taxpayer Assistance Services

In July of every odd-numbered year, the Minnesota Department of Revenue requests proposals from eligible organizations to receive grants to coordinate, facilitate, encourage, and aid in the provision of 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 \$1.45 million for the 2022-2023 biennium (the “grant period”). \$700,000 was available in the first year of the biennium (FY22), and \$750,000 was available in the second year of the biennium (FY23). We have awarded all grant funds for the 2022-2023 biennium.

Grant funding for the 2024-2025 biennium has not been determined yet.

Is my organization eligible for grant funding?

To be eligible for grant funding, your organization must meet these requirements:

- Qualify as an “eligible organization” under the definition provided in [Internal Revenue Code Section 7526A\(e\)\(2\)\(B\)](#) (see **Eligible Organization**)
- Register 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
- Comply with Minnesota tax and information reporting requirements
- Comply with last year’s grant contract, if a previous grant recipient
- Follow [Minnesota Department of Health guidelines](#) for social distancing

Eligible Organization

The applicant must be classified as one of these:

- A private or public non-profit organization that qualified for and received an IRS determination letter confirming the organization’s tax exemption under section 501 of the Internal Revenue Code, including but not limited to credit unions and faith-based and community organizations
- A public, non-profit, or proprietary (privately owned, profit-making) college, university, vocational school, or other postsecondary educational institution
- A local government agency such as a county or municipal government agency or 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 noted above; the lead organization filing the application must have a substantive role in the coalition
- A state government agency or Cooperative Extension office as established by a land-grant college or university (applies to taxpayers and members of underserved populations as defined in section 7526A of the Internal Revenue Code, to which no organizations described above are available)

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 the Department of Revenue and the IRS

What are the volunteer taxpayer assistance services grant program goals for FY22-FY23?

We awarded grants for FY22-FY23 to increase free tax preparation assistance services for Minnesotans who are low-income, elderly, and disadvantaged.

Our long-term goals for expanding service remained for FY22-FY23:

- Increase the number of multilingual volunteers at free tax preparation sites throughout Minnesota – including but not limited to Spanish, Hmong, Oromo, and Somali speakers – specifically in:
 - The seven-county metro area of Hennepin, Ramsey, Anoka, Washington, Dakota, Scott, and Carver counties
 - St. Cloud
 - Rochester
 - Willmar
- Expand the availability of free tax preparation services – specifically in:
 - Greater Minnesota
 - Brooklyn Park
 - Brooklyn Center
 - North Minneapolis
 - Northeast Minneapolis

When is the grant application period?

We accept grant applications from July 1 through July 31 every other year.

Pending the next legislative budget, applications for fiscal year 2024-2025 will open on June 30, 2023.

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?

Contact us.

- Email: Volunteer.Grant.MDOR@state.mn.us
- Phone: 651-556-3052 or 1-800-818-6871

Introduction

The 2022 VITA/AARP Tax-Aide Volunteer Manual is a reference guide explaining basic tax laws and procedures for the 2022 Minnesota Individual Income Tax return and the 2022 Minnesota Homestead Credit Refund (for Homeowners) and Renter's Property Tax Refund return.

Last year, the VITA/AARP Tax-Aide program prepared 42,932 Minnesota income tax returns and 32,475 property tax refund returns. Nearly \$39 million in state income tax and property tax refunds were issued to 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 completely fictitious. Any resemblance to a real individual is purely coincidental.

If you have questions or need clarification on this manual's information, contact the Minnesota Department of Revenue's volunteer outreach coordinator.

Email: Jessica.Delcid@state.mn.us

Phone: 651-556-3052 or 1-800-818-6871

Department Updates

Tax Due Date Calendar

The Minnesota Department of Revenue created a [tax due date calendar](#), which lists all major due dates for each tax type administered in one place. When you navigate to the calendar, the current month is automatically expanded for your convenience. We would like to hear your opinion after you have had a chance to use this page. [Provide us with your feedback.](#)

Print Page Website Functionality

Printing a webpage from our website has been improved with our new Print Page icon. You can now print a page with all sections expanded in an easy-to-read layout. Look for the gray Print Page icon on any webpage, then print it or download it as a PDF to share information with your clients easily.



Income Tax and Withholding Tax Fact Sheets

The [income tax](#) and [withholding tax](#) fact sheets, previously available as PDFs, were converted to webpages. This will allow the content to be available in a more searchable format on our website. You can still print these fact sheets as PDFs by using the Print Page function on the webpage.

New Software Requirements for Nongame Wildlife Fund

To create more awareness around the Nongame Wildlife Fund contribution line, we worked with tax software developers to include a pop-up window asking for a contribution amount when preparing Minnesota tax returns. This change is effective with the 2022 tax year.

The pop-up window will show up for these returns:

- Form M1, Individual Income Tax
- Form M1PR, Homestead Credit Refund (for Homeowners) and Renter's Property Tax Refund
- Form M4, Corporation Franchise Tax Return
- Form M8, S Corporation Return

Follow the Tax Professional Outreach Coordinators on Twitter

The Income Tax and Withholding Division's outreach coordinators are now on Twitter. [Follow the Minnesota Department of Revenue](#) and look for #MNTaxProOutreach on social media posts that are relevant and timely for you as a tax professional. You can:

- Stay up to date on topics you care about
- Learn about trainings and outreach events we're involved in
- Provide us with real-time feedback by commenting on our posts

Commissioner Organizational Chart

There have been a number of changes to the Senior Management Team at the Minnesota Department of Revenue.

We added two new assistant commissioner positions in 2022 to provide deeper support to divisions and to have a stronger focus on strategy and governance.

We also had recent hires to oversee diversity, equity, inclusion, and engagement areas:

- Vikki Getchell – Assistant Commissioner overseeing Diversity and Inclusion
- Dawn Blanchard – Tribal Liaison
- Audel Shokohzadeh – Director for Public Engagement

The Office of Public Engagement

The Minnesota Department of Revenue announced the establishment of an Office of Public Engagement in July. The new office will focus on building relationships with community leaders with an emphasis on reaching underrepresented populations.

Led by new Public Engagement Director Audel Shokohzadeh, the office will enhance our ability and capacity to listen to, learn from, and demonstrate responsiveness to communities most impacted by and rarely engaged with tax policy.

Electronic Appeals for Tax Orders

We now offer an electronic appeal option for some letters. Instructions for appealing electronically will be included with any eligible letter. We will add this option to more letters in the near future.

For more information on appeals, [see Appeals Information on our website](#).

Individual Income Tax Updates

This section covers the legislative impacts to individual taxpayers for tax years 2017 through 2022. This is not a complete list since some law changes affect items not within the scope of the VITA/TCE programs.

Federal Nonconformity

Definitions used to determine Minnesota taxable income are based on the Internal Revenue Code as amended through December 31, 2018, with certain exceptions. Since that date, Congress enacted these significant acts:

- Taxpayer Certainty and Disaster Tax Relief (TCDTR) Act of 2019
- Setting Every Community Up for Retirement Enhancement (SECURE) Act of 2019
- Families First Coronavirus Response Act (FFCRA) of 2020
- Coronavirus Aid, Relief, and Economic Security (CARES) Act of 2020
- Taxpayer Certainty and Disaster Tax Relief (TCDTR20) Act of 2020
- COVID-related Tax Relief Act (COVIDTRA) of 2020
- American Rescue Plan Act (ARPA) of 2021
- Infrastructure Investment and Jobs Act (IIJA) of 2021
- CHIPS for America Act (CHIPS Act) of 2022
- Inflation Reduction Act (IRA) of 2022

Refer to Form M1NC for instructions.

See also MnTTT Tip Sheet [TY22 Minnesota Income Tax TSO Navigation](#)

MN>Additions to Income>Federal Adjustments Not Adopted by MN

The Minnesota first special session of 2021, Bill H.F. 9, conformed the state tax code to certain provisions from these federal acts. Minnesota has not adopted all federal changes, so tax return adjustments are needed to correctly determine Minnesota taxable income.

Disclaimer: The information in this section is based on Minnesota laws enacted through the state legislature's 2022 regular session and federal laws enacted through the CHIPS Act and the IRA.

Updated Jan 12, 2023

Nonconformity TY2022	TaxSlayer Navigation
Home mortgage debt cancelled and excluded from federal income	Manual—Minnesota>Additions to Income>Federal Adjustments not adopted by MN (Form M1NC)
IRA contributions deduction after age 70 ½ disallowed——	Manual—Minnesota>Additions to Income>Federal Adjustments not adopted by MN (Form M1NC)
Distributions from 529 Plan used for apprenticeship programs or student loan payments	Manual—Minnesota>Additions to Income>Federal Adjustments not adopted by MN (Form M1NC)
Student Loans forgiven under American Rescue Plan Act	Manual—Minnesota>Additions to Income>Federal Adjustments not adopted by MN (Form M1NC)
Employer payment of student loans is taxable income	Manual—Minnesota>Additions to Income>Federal Adjustments not adopted by MN (Form M1NC)
Business meal deductions capped at 50%	Manual – Minnesota>Additions to Income>Federal Adjustments not adopted by MN (Form M1NC)
Nonbusiness Energy Property Credit adjustment to Fed Taxable Income	Manual—Minnesota>Additions to Income>Federal Adjustments not adopted by MN (Form M1NC)

Minnesota Tax Law Changes

1/12/23: Non-taxable, but is
Household income for K-12 and M1PR

Federal Student Loan Forgiveness – see tax law changes Jan 12, 2023

Under current Minnesota law, federal student loan forgiveness is considered ~~taxable income~~ on Minnesota returns. Minnesota taxpayers who have their student debt discharged must add back this amount for Minnesota income tax purposes. Subscribe to our [Tax Law Changes email subscription list](#) to stay up to date on potential changes to this between now and tax filing season next year.

Frontline Worker Pay

Minnesota law makers signed Frontline Worker Payments into law April 29, 2022, enabling those workers to apply for Frontline Worker Pay. For more information about Frontline Worker Payments, see the [Minnesota Department of Labor and Industry's Frontline Worker Pay Outreach Toolkit](#).

Frontline Worker Payments of \$487.45 per taxpayer are included in federal adjusted gross income and are taxed on a federal tax return. These payments are not taxable on a Minnesota tax return and are subtracted from federal adjusted gross income on the 2022 Schedule M1M, Income Additions and Subtractions.

The frontline worker payment is not included in income for either the Minnesota property tax refund or K-12 Education Credit.

Taxable entry on *Federal > Income > Other Income > Other Income
Not Reported Elsewhere*

See also Subtractions - [Payment from the Minnesota Frontline Worker Pay](#) - page 31

See also Frontline Worker Pay Subtraction for M1PR tip sheet available at the TaxAide-MN.org website – Counselor Resources page.

Minnesota Individual Income Tax

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

Individual Income Tax, Form M1

Filing Status

There are five filing statuses:

- Single
- Married Filing Jointly
- Married Filing Separately
- Head of Household
- Qualifying Widow(er) (Same as Qualifying Surviving Spouse (QSS) on the federal return)

Your clients' 2022 Minnesota returns **must** use the same filing status as their 2022 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, 1958	\$12,900
	You were born before January 2, 1958	\$14,600
Married Filing Jointly	You and your spouse were born on or after January 2, 1958	\$25,800
	You or your spouse was born before January 2, 1958	\$27,150
	You and your spouse were born before January 2, 1958	\$28,500
Head of Household	You were born on or after January 2, 1958	\$19,400
	You were born before January 2, 1958	\$21,100
Married Filing Separately	Any age	\$5
Qualifying Surviving Spouse / Qualifying Widow(er)	You were born on or after January 2, 1958	\$25,800
	You were born before January 2, 1958	\$27,150

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 \$12,900 or more. For details on Minnesota source income, see the table on assignability of income on page 34.

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 pages 27-28.

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
Independence	13
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

Federal Adjusted Gross Income (Line 1, Form M1)

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 (for example, -10,000).

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

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

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

*Federal>Income>Interest &
Dividends>Taxable State
Interest
NTTC 4012 pg D-12*

Ordinarily, the federal government does not tax interest earned from debt obligations (bonds) of municipalities or other governmental subdivisions (counties, school districts, etc.). 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:

*Federal>Income>Interest & Dividends>Taxable State Dividends **NTTC 4012 pg D-15***

- 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.

Other Expenses deducted on Federal return attributable to income not taxed by Minnesota: Lines 3-4 (Schedule M1M)

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

Out of Scope

- 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.**

MN>Additions>First-Time Home Buyer

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.

MN>Additions> Distributions from higher education savings acct used for K-12. Refer to the sections on Subtractions and Credits for more information on 529 Plans, and also Non-Conformity for 529 plans

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

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	\$12,900
Head of Household	\$19,400
Married Filing Jointly or Qualifying Widow(er)	\$25,800
Married Filing Separately	\$14,250

If your client is married and filing a separate return, 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.

Federal>Deductions>Itemized Deductions. These will carry to MN. See *NTTC 4012 beginning pg F-5* Enter all possible deductions for both Federal and State and those that apply to MN will carry over, or they will be ignored or limited from Federal. DO NOT manually limit the taxes deduction to \$10,000. Let TSO handle what applies to MN or not.

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 (\$5,000 for married clients filing separately).

Refunds and rebates from M1PR

If your client received a refund or rebate in 2022, such as from a 2021 Form M1PR, Homestead Credit Refund (for Homeowners) and Renter's Property Tax Refund, reduce their **federal real estate tax** 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 only if the taxes were based on a 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 may not deduct other amounts, such as the plate fee and filing fee.

Calculate the allowed deduction by subtracting \$35 from their vehicle's registration tax portion of the full amount paid for each vehicle they registered. To find the registration tax:

- Go to drive.mn.gov and select **More Vehicle Services**. Select **Search for Registration Tax Paid** and enter their vehicle information.
- Look at the vehicle registration renewal form issued by Driver and Vehicle Services.

Other Taxes in Itemized Deductions (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 (\$375,000 for married clients filing separate) for loans originated on or after December 16, 2017. The deduction is limited to interest on the first \$1,000,000 (\$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.

MN>Subtractions>Itemized Deductions: Home equity loan 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 provide them a federal Form 1098, report the deductible mortgage interest.

Investment Interest (Line 13, Schedule M1SA)

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

Out of Scope

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 not by cash or check on line 16 of Schedule M1SA.

If your client carried over a charitable contribution from a prior year (Line 17) and they filed federal Schedule A, enter the amount from line 13. The same limits apply this

Enter contributions in excess of \$500 even if not itemizing. MN allows contributions that are both monetary and non-cash.

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.

Out of Scope

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 and file a joint return, 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.

Federal>Itemized Deductions>Unreimbursed Employee Expenses
Currently this is only in aggregate for both spouses in the federal itemized deduction area.

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 Itemized 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.

Gambling losses entered on W-2G screen or on Itemized Deductions entered on federal screens will carry to here. Do not duplicate.

Exemptions: Line 5 (Form M1)

The dependent exemption amount is \$4,450 for each qualifying dependent in 2022. The total exemption amount depends on income and filing status:

Filing Status	Threshold
Married Filing Jointly and Qualifying Widow(er)	\$309,050
Head of Household	\$257,550
Single	\$206,050
Married Filing Separately	\$154,525

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

Federal>Income>State & Local Refunds: NTTC 4012 pg D-16
This only applies if TP itemized last year and took a deduction for MN Income taxes paid. Use caution. This is only in scope if the refund is taxable on the Federal.

State Income Tax Refund: Line 6 (Form M1)

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.

Subtractions from Line 32 of Schedule M1M (Schedule M1M): Line 7 (Form M1)

Complete line 7 of Form M1 using lines 11 through 32 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.

See also notes on page 19

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

Social Security Benefit Subtraction (Line 12, Schedule M1M)

Automatic in TSO

If your clients receive federally taxable Social Security or Railroad Retirement benefits, they may qualify for this subtraction if their provisional income is within these limits:

If your client's filing status is	And their provisional income is	The maximum subtraction is
Married Filing Jointly Qualifying Widow(er)	Less than \$82,770	\$5,450
	\$79,480 - \$106,720	\$5,450 minus 20% of their provisional income over \$80,770
	More than \$106,720	\$0 (They are not eligible)
Single Head of Household	Less than \$64,670	\$4,260
	\$62,710 - \$83,360	\$4,260 minus 20% of their provisional income over \$64,670
	More than \$83,360	\$0 (They are not eligible)
Married Filing Separately	Less than \$41,385	\$2,725
	\$40,135 - \$53,360	\$2,725 minus 20% of their provisional income over \$41,385
	More than \$53,360	\$0 (They are not eligible)

Provisional income is federal adjusted gross income (FAGI) plus any tax-exempt interest and one-half of your client's total Social Security and Tier 1 Railroad Retirement benefits.

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.)

Ensure the return has taxable MN income. This only REDUCES taxable income. It is not refundable.

See K-12 Credit pg [40](#) and [Fact Sheets 8 and 8a](#).
Credit is more beneficial if they qualify.

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 2022
- 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 2022

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 2022, the maximum amounts for the subtraction are:

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

These limits are not automatic in TSO. You need to enter only the allowable dollar amounts

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)

See also MnTTT tip sheet on [Interest and Dividends](#)

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

Determining taxability of the debt obligations of a federal agency or government-sponsored organization can be confusing. 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:

*Federal>Income>Interest & Dividends> Amount of Interest on US Savings Bonds you want subtracted from your state return **NTTC 4012 pg D-12***

- 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

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 (\$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.

MN>Subtractions> TSO will default to the credit, but it has income limits. Subtraction does not have income limits. See Schedule M1529 instructions
Note: Any K-12 distributions that do not qualify make this Out of Scope.
(Distributions not used to pay qualified higher education expenses) see also [Credit on pg 36](#)

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

To qualify, your client (or their spouse if filing jointly) must be either:

- Born before January 2, 1958
- Permanently and totally disabled **and receiving federally taxable disability income in 2022**

Automatic in TSO for seniors. If not senior: *MN>Subtractions>Deduction for Age 65 or Older/Disabled*

Your clients must also meet certain income requirements. (See instructions for Schedule M1R.)

Married couples filing separate returns are eligible for the subtraction **only** if they did not live together for any portion of 2022.

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 in their 2022 federal adjusted gross income, they can subtract these amounts.

Under federal law, states cannot tax retirement, unemployment, or sick pay benefits from the Railroad Retirement Board (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.

Refer to MnTTT tip sheet [MN Railroad Subtraction Worksheet](#)

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: Quincy and Susan, both over 65, file Married Filing Jointly. Their total income consists of \$33,000 of taxable pension, interest and dividends, Susan's Social Security benefits of \$8,000, and Quincy's Tier 1 Railroad Retirement benefit of \$6,000.

The amount of taxable Social Security/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 the Burlington's subtotal (one-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)

see **NTTC 4012 pg D-49. Tier 2** benefits automatically carry to MN as non-taxable. **Tier 1** (Social Security equivalent) must be entered on *MN>Subtractions from Income>Tier 1 RRB included in Federal Taxable Income*

Caution: enter only the RRB portion for each spouse that is TAXABLE on the Federal. ex: TP may get Tier 1 and Spouse gets SSI. SSI may be taxable in MN, but Tier 1 is not. So, you need to split the calculation.

Refer to MnTTT Tip Sheet *MN Railroad Subtraction Worksheet*.

Tier 1 - Equivalent to Social Security (Blue

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	
PAYER'S FEDERAL IDENTIFYING NO. 1. Claim Number and Payee Code		PAYMENTS BY THE RAILROAD RETIREMENT BOARD 3. Gross Social Security Equivalent Benefit Portion of Tier 1 Paid in 2015	
2. Recipient's Identification Number		4. Social Security Equivalent Benefit Portion of Tier 1 Repaid to RRB in 2015	
Recipient's Name, Street Address, City, State, and Zip Code		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.

FORM RRB-1099

DO NOT ATTACH TO YOUR INCOME TAX RETURN

Form)

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.	3. Employee Contributions		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.		
1. Claim Number and Payee Code	4. Contributory Amount Paid				
2. Recipient's Identification Number	5. Vested Dual Benefit				
Recipient's Name, Street Address, City, State, and Zip Code	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	

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) *MN>choose Non-Resident status>Residents of MI & ND>enter FAGI and select the correct state*

Minnesota has income tax reciprocity agreements with Michigan and North Dakota. Under these agreements, reciprocity state residents' personal service income (wages, salaries, tips, commissions, fees, and bonuses) is not subject to Minnesota tax. Similarly, a Minnesota resident does 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.

income from employment work, not sales of goods

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 \$12,900. 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 are an enrolled member**, you **must** subtract this income from Minnesota income.

Examples of nontaxable income include:

MN>Subtractions>Enter the amount earned on an Indian Reservation

- Wages for services performed on the reservation
- Distributions from casino profits from a casino located on the reservation
- Gambling winnings won on the reservation where your client resides
- Interest from a bank located on the reservation
- Unemployment compensation based on employment performed on the reservation
- Military pension income paid to an American Indian whose military pay was exempt from state taxation by operation of the federal Service Member's Civil Relief Act of 2003 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
- Pension income from an employee pension plan, if the contributions to the pension plan came from wages paid for working on the reservation
- Income from a sole proprietorship (or ordinary income from partnerships or S corporations) doing business on the reservation
- Rent and royalty income from real property or personal property located on the reservation
- Farm income from a farm located on the reservation
- Dividend income from a corporation located on the reservation
- Net gain from the sale of real property and personal property sold on the reservation

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

American Indians' Eligibility for Credits

American Indians with exempt reservation income are eligible for the 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 income taxable to Minnesota**. You must multiply your client's credit amount (calculated using their income and number of qualifying individuals) by the percentage of their earned income taxable to Minnesota. 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 Working Family and K-12 Education Credits.

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

American Indians The Working Family Credit is based on all income, including nontaxable income. It is 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 (Army, Navy, Air Force, and Marines) may subtract their federally taxable U.S. Code, Title 10 active duty pay.

requires Military certification

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)

Requires Military certification
MN>Subtractions>National Guard/Reservists

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.

MN>Subtractions>Active Duty Military Pay(requires Military certification)

Organ Donor (Line 23, Schedule M1M)

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

MN>Subtractions>Expenses related to Human Organ Donation

- 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. There is a maximum of 58.5 cents per mile for January 1 through June 30 and 62.5 cents per mile for July 1 through December 31 of 2022. 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 receives no compensation for services provided other than reimbursement of actual expenses.

Employees receiving wage compensation are not considered volunteer drivers if providing 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

You must make this calculation using the worksheet on Sched M1M and enter the dollar amount in *MN>Subtractions from Income*

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 the federal return
- Computed under U.S. Code Title 10, sections 1401 to 1414, 1447 to 1455, or 12733

The sections of Title 10 that qualify for the subtraction and identify military pensions or retirement pay received include:

- Service in the active-duty component of the military (sections 1401-1414)
- Survivor benefit plan payments (sections 1447-1455)
- Retirement Pay for service in the reserve component (section 12733)

MN>Subtractions>Military Pension
This income IS part of Household Income and will be carried to M1PR-AI. See also [Military Pension Tip Sheet](#)

Income that qualifies for this subtraction is generally reported on federal Form 1099-R issued by the 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.

Caution: DFAS also pays civilian pensions. Be sure the 1099-R form says "US Military Retired Pay"

To determine whether the subtraction will be more beneficial than the nonrefundable credit, use this table:

If	And	Then
Your clients received a military pension or other military retirement pay that qualifies for this subtraction	Their federal adjusted gross income is \$37,500 or more (review federal Form 1040, line 1)	The subtraction will provide a greater benefit.
Your clients received a military pension or other military retirement pay that qualifies for this subtraction	Their federal taxable income is less than their qualifying military pension or retirement pay (review Form M1, line D)	Generally, the subtraction will provide an equal or greater benefit.
Your clients received a military pension or other military retirement pay that qualifies for this subtraction	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)

MN>Subtractions>Post service...Americorps

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. Do not include your clients' stipend while working in the program.

If your client's education award was used to repay a student loan, deduct the student loan interest on line 21 of federal Schedule 1. You 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)

MN>Subtractions>First-time Homebuyer

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.

This type of Fed taxable debt cancellation is out of scope on the federal level. Thus, out of scope here. See also nonconformity for nontaxable federal student debt cancellation.

Payment from the Minnesota Frontline Worker Pay Program (Line 29, Schedule M1M)

If your client received frontline worker pay, enter the amount of the payment included in their federal adjusted gross income on line 29. Frontline worker payments of \$487.45 per taxpayer are included in federal adjusted gross income and are taxed on a federal tax return.

MN>Subtractions>Frontline Worker Payments

Minnesota law makers signed Frontline Worker Payments into law April 29, 2022, enabling those workers to apply for Frontline Worker Pay. For more information about Frontline Worker Payments, see the [Minnesota Department of Labor and Industry's Frontline Worker Pay Outreach Toolkit](#).

Alternative Minimum Tax (Schedule M1MT): Line 11 (Form M1, Page 2)

Refer your clients to a paid preparer.

Out of Scope

Part Year Residents and Nonresidents: Line 13a and 13b (Form M1, Page 2)

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.

Generally, 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 unspecified period)

choose Part-year or Nonresident status when first choosing to add the state module in TSO.

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:

- Your client spent at least 183 days in Minnesota during the year (any part of a day counts as a full day)
- Your client or their spouse owned, rented, occupied, or maintained an abode (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 the second condition applied for the entire year, your client is considered a **full-year Minnesota** resident for tax purposes.
 - If the second condition 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 1 nor 2** applies, 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 2022 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 (including non-Minnesota sources) **while a Minnesota resident**.
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 \$12,900 or more, they must file Form M1 and Schedule M1NR. If the amount was less than \$12,900 - 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.

choose Part-year or Nonresident status when starting a MN return in TSO. **Bogart tools** has a Part-Year calculator that can be useful in splitting amounts to determine Minnesota allocations. Be aware that it is written for Colorado taxes specifically and some adjustments will not apply to MN.

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 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, if the capital assets were located in Minnesota, but only 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

- Thomas is single and moves to Minnesota from Washington. He earned half of his income in Washington and the rest in Minnesota. Thomas files Form M1 and Schedule M1NR. On Schedule M1NR, column B, Thomas includes:
 - Income earned after he becomes a Minnesota resident
 - Income earned as a nonresident prior to moving to Minnesota, if assignable to Minnesota

Military

- Susie is a single Pennsylvania resident serving in Minnesota with the military. She has a W-2 showing income from the U.S. Army. Since Minnesota will not tax her income received from military service, Susie does not need to file a Minnesota return.
- Derek is a Minnesota resident serving in Illinois with the military. Unless he takes the necessary steps to change his state of residency, Derek remains a Minnesota resident and will not file Schedule M1NR. He will file Schedule M1M to claim a subtraction for his active-duty military pay.
- Brad and Sara file a joint federal return, so they must file a joint Minnesota return. Brad is a nonresident serving in Minnesota with the military, and his only income is military pay. Sara 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 Sara's Minnesota source income must be listed in Column B on Schedule M1NR.

Nonresident Alien

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

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

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.

these make the return out of scope

- **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 (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.

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

Marriage Credit (Line 1, Schedule M1C) (Schedule M1MA)

When both spouses have taxable earned income, taxable Automatic in TSO Social Security income on a joint return, they may qualify for the Marriage Credit. To be eligible, Minnesota taxable income on line 9 of Form M1 must be at least \$42,000 and the lesser-earning spouse's income must be at least \$26,000. 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, they should complete Schedule M1LTI to claim a nonrefundable credit of up to \$100 (\$200 for married couples filing jointly).

To qualify, the long-term care insurance policy must do both of the following:

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

MN>Credits>Long Term Care Insurance requires insurance company name and policy number for each spouse that is covered.
Federal>Deductions>Itemized Deductions>Medical: Long Term Care Insurance (age limits on amount eligible)

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, or foreign country.

MN>Credits>Credit for Taxes Paid to Another State

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 32. 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.

There is a special entry for Wisconsin in *MN>Credits>Credit for Taxes Paid to Another State*

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.

MN>Credits>Credit for Past Military Service see also [Military Subtraction](#) pg 30

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 on line 25 of Schedule M1M, and at least one of these applies:

- They served at least 20 years in the military
- 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 rating of 100% total and permanent (as rated by the U.S. Department of Veterans' Affairs)

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

Lines 5 and 6 (Schedule M1C)

Out of Scope

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

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

MN>Credits>Education Savings Acct - [see also 529 Plan Subtraction](#) Any K-12 distributions that do not qualify as a subtraction make this Out of Scope (Distributions not used to pay qualified higher education expenses)

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 in 2022, 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 the 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 2022, they may be eligible for a nonrefundable credit up to \$2,500.

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

MN>Credits>Credit for Attaining Masters... follow the rules below

- 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 method and practice of teaching
- They completed the master's degree program in 2022 in a core content area directly related to their licensure field (reading, English or language arts, mathematics, science, foreign languages, civics and government, economics, arts, history, or geography)
- They held a Minnesota 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 in order 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**

MN>Credits>Student Loan Credit
limited with \$5000 max needed original loan amount. Requires total amount paid (interest + principal). Income limits apply.

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.

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

Your clients can donate to help conserve and protect 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 or increase their amount owed.**

MN>Contributions. You can also select this contribution in the M1PR instead.

Payments

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

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 with their tax records.

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.

Minnesota Estimated Tax and Extension Payments Made for 2022: Line 21 (Form M1, Page 2)

Enter the total amount of estimated payments your clients made to Minnesota for tax year 2022. Include any 2021 refund credited to 2022 estimated tax.

For information about making estimated payments, see page 66.

Carries here from Federal if on any tax form entered there. If Minnesota Estimated Taxes are paid, enter in *Federal>Payments and Estimates*

Refundable Credits

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)

To claim this refundable credit, all of these must apply:

- Your client's filing status is not Married Filing Separately, unless you meet the requirements listed in the instructions under "Married Persons Filing Separately" in the Schedule M1CD instructions
- A qualifying person lived with your client for more than half of the year
- Your client's federal adjusted gross income plus most nontaxable income is less than \$67,300 with one qualifying person, or less than \$79,300 with two or more qualifying persons

Child Care credit information will flow here from the Federal F2441. Enter American Indian reservation income directly in *MN>Credits>Child and Dependent Care*.

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 child under age 13, a disabled spouse, or a disabled dependent so they could work or look for work.

- 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**.)
- If they are married and filing a joint return, they had a child or adopted child born in the tax year and did not participate in a pre-tax dependent care assistance program. (See **Child Born During 2022**.)

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**. This means that 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 6 years old at the end of 2022.

Requires business use of home, thus out of scope.

If the child is 16 months or younger at the end of 2022, the credit is based on \$3,000 of qualifying expenses (\$6,000 if there are two or more children age 16 months or younger). If a child is over 16 months but under 6 years old, 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).

To correctly determine the credit, complete Schedule M1CD using your clients' qualifying expense amounts instead of expenses actually paid. Be sure to check the box on the front of Schedule M1CD if this situation applies.

Child Born During 2022

Married couples filing a joint return may qualify for this credit if all of these are true:

- They had or adopted a child born in 2022
- They are not participating in a pretax dependent care assistance program (generally through an employer, with benefits listed in box 10 of Form W-2)
- One spouse had earned income

MN>Credits>Child and Dependent Care - see MnTTT Tip Sheet Child Born in Tax Year (not yet available)

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 the couple's 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 Working Family Credit (Line 2, Schedule M1REF) (Schedule M1WFC)

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

- They were a full-year or part-year resident of Minnesota in 2022

Automatic in TSO

- They meet the income requirements in the table below based on their filing status and number of qualifying children
- The IRS has not restricted them from claiming the federal Earned Income Credit (EIC)
- They are not a dependent of another person
- They are not a qualifying child of another taxpayer

Number of Qualifying Children	Filing Status	Income Limit
None (if between the age of 19 and 64)	Married Filing Jointly	\$29,100
Note: age for Federal EIC is 25 and 64	All other filing statuses	\$23,100
One	Married Filing Jointly	\$48,400
	All other filing statuses	\$42,400
Two	Married Filing Jointly	\$54,700
	All other filing statuses	\$48,700
Three or more	Married Filing Jointly	\$58,400
	All other filing statuses	\$52,400

To determine the allowable Working Family Credit, see the Schedule M1WFC instructions.

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

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

To claim this refundable credit, all of these must apply:

See also [K-12 Subtraction](#).
Refer to [MN fact sheets 8 & 8a](#) for allowable expenses.
Taxpayer MUST keep receipts

- Your client's "household income" (federal adjusted gross income plus most nontaxable income) must meet 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

K-12 Credit is based on Household Income, K-12 Subtraction is not. Welfare & VA incomes are entered in the K-12 Credit screen. Enter other additional Household Income in *MN>Additional Nontaxable Income*

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

The definition of a qualifying child is the same for both the credit and the subtraction. The requirements for the qualifying child are the same as those for a qualifying person for the Federal Earned Income Credit. These include the following (in addition to others): * meet relationship test: child, descendant, sibling, niece, or nephew, * meet residency test: lived with taxpayer for more than half the year, and * must have SSN which is valid for employment. The Bogart dependency tool can assist with this.

instructions or Income Tax Fact Sheet 8, K-12 Education Subtraction and Credit.

Limit on Qualifying Expenses

The **maximum K-12 Education Credit is \$1,000 per qualifying child**. Your clients' credit is **reduced when household income is more than \$33,500**. (See the Worksheet for Line 17 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. One child's expenses = \$800

The amount that will be claimed for the credit is 75% of the total expenses, \$600. ($\$800 \times .75 = \600) Your client cannot use the \$200 that was not allowed as a credit to claim the subtraction.

Example 2. One child's expenses = \$2,100

To get the maximum credit of \$1,000 for one child, use \$1,333 of expenses $\times .75$ (75%) = \$999.75, rounded to \$1,000. Your clients may use the remainder of expenses (\$767) to claim the education subtraction. They cannot use \$333 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.**

Household Income Limit

The household income limit is based on the number of qualifying children your clients have in grades K–12.

If the number of qualifying children in K-12 is:	Household income must be less than:
1 or 2	\$37,500
3	\$39,500
More than 3	\$39,500 plus \$2,00 for each additional child

Be aware of income limits - if TP does not qualify for Credit use the Subtraction for expenses that qualify.

Year of Payment

Your clients' expenses qualify in the tax year that 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.

Credit for Parents of Stillborn Children (Line 4, 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:

MN>Credits>Credit for Parents of Stillborn Children

- They experienced the birth of a stillborn child during the tax year after 20 weeks of gestation
- 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 had been 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 5, 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 2022
- They incurred 2022 income tax for Minnesota and for Wisconsin on the same income
- They filed a 2022 Wisconsin Form 1NPR

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.

MN>Credits>Credit for Taxes Paid to Another State There is a special place there for Wisconsin taxes paid.

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.

Refund: Line 24 (Form M1, Page 2)

See also [Filing on Behalf of a Deceased Person](#)

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

Direct Deposit: Line 25 (Form M1, Page 2)

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

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

Enter deposit information
in the E-File section of TSO

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 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 or debit card.

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

You can find payment information for a balance due on page 65.

Enter in E-File section of TSO

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

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 2022 with no Minnesota liability that year
- Your client retired after reaching age 62 or became disabled in 2021 or 2022 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.

Refund Amount to be sent: Line 28 (Form M1, Page 2)

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

Overpayment to be applied to 2023 Estimated Tax: Line 29 (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 2023 estimated tax.

MN>Payments

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 2023 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 8-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. Here are some important items to check.

Important: Your clients' returns may be delayed if you do not check for these errors ahead of time.

General

- The last name for the clients and all dependents matches their Social Security cards or Individual Taxpayer Identification Number (ITIN) letters.
- 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's Social Security Number is **not** masked on the return. This is especially important if the return contains [Schedule M1WFC, Minnesota Working Family Credit](#).

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 child born in 2022 on the Child and Dependent Care Credit, if appropriate.
- 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](#).
- To learn more about who qualifies for the federal Earned Income Credit, review [federal Form 8867](#).
- 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.
- 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.

Schedules and Forms

- When Form M1 has amounts coming from a Minnesota schedule, 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.

Mail to:

Minnesota Individual Income Tax
Mail Station 0010
600 N. Robert St.
St. Paul, MN 55145-0010

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. Explanations of these error codes are located in the [Tax Professionals](#) section of our website.

For more information, go to www.revenue.state.mn.us and enter **ERCs** into the Search box or call our Electronic Filing Technical Support team at 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, most convenient, and most secure way for your clients to get their refunds.

We will only deposit up to five Minnesota Individual Income Tax refunds and five property tax refunds into a single bank account. The limitation may affect families who deposit parents' and children's refunds into a family bank account.

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

Extensions

There is no late filing penalty if your clients file by October 16, 2023. 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 18, 2023, they should make an extension tax payment by April 18, 2023, to avoid or minimize late payment penalties.

Members of the military have more extensions for filing and paying (see page 78 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 or not you filed the return we received.

Minnesota Property Tax Refund

This section covers Minnesota Form M1PR, Homestead Credit Refund (for Homeowners) and Renter's Property Tax Refund, and how to complete the form. This credit is more generally known as the property tax refund.

Form M1PR

General Qualifications (Form M1PR)

To qualify for a Homestead Credit Refund (for Homeowners) or a Renter's Property Tax Refund, your clients:

- Must be full- or part-year residents of Minnesota for the year
- Cannot be eligible to be claimed as a dependent by another individual

Your clients' eligibility is also based on household income and the rent paid or property taxes payable on a principal residence in Minnesota.

- **Renters.** Your clients' household income for 2022 must be less than **\$69,520**. The maximum refund is \$2,440.
- **Homeowners.** Your clients' household income for 2022 must be less than **\$128,280**. The maximum refund is \$3,140.

The data entries for 2022 CRP and Home Owners with their **2023** Property Tax statement are made in *MN>Property Tax Refund>Minnesota Local Forms M1PR>*

1. If Taxpayer has welfare income or SSI income, enter that in *Enter your Total Household Income* first.
2. If Homeowner has co-occupant, enter that information there in Co-Occupant Worksheet
3. If taxpayer made a Roth IRA contribution enter *Additional Retirement Account Subtraction*

Then choose *Complete your Minnesota Property Tax Rebate>* answer question regarding is TP or spouse disabled (includes blind)

1. **Homeowner:** choose *Did you own your home on Jan 2, 2023* then complete the *PROPST* section
2. **Renter:** choose *Did you live in a rental unit for any part of 2022* then complete the *MN-CRP* section
3. **Mobile Homeowner:** choose *did you own and live in your mobile home on Jan 2, 2023* then complete *BOTH* the *CRP* and the *PROPST* sections
4. **Nursing Home or Assisted Living:** complete *Nursing Home* section ***use caution here to ensure amounts are correct*

See also MnTTT tip sheets:

TY22 M1PR Worksheet

TY22 MN Household Income

TY22 Co-occupant Worksheet

Homestead Credit Refund Information

If your clients are homeowners, you will file Form M1PR using information from their Statement of Property Taxes Payable in 2023. The 2023 statement reflects the taxes levied in 2022 but payable in 2023.

Your clients' home or mobile home must be **classified with the county as a "homestead."** Properties classified as a "relative homestead" do not qualify.

A homeowner may also be eligible for a **special property tax refund** if their property tax increased by more than 12% from 2022 to 2023, the increase was at least \$100, and they owned and lived in the home on January 2, 2022, and January 2, 2023. There is no income limit for the special refund. The maximum special property tax refund is \$1,000.

Additional Homeowner Qualifications

- Your clients must **own and occupy the home on January 2, 2023**, 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.
- Your clients' property must be classified as a homestead on the 2023 Statement of Property Taxes Payable or on an approved homestead application. **Clients with ITINs are not eligible** to file as a homeowner. Married clients may qualify if at least one spouse has a valid Social Security Number.
- 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.

Information on Property Tax Statement Differs from Form M1PR

The information on your clients' Statement of Property Taxes Payable in 2023 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

Be sure you are using the **2023** statement from the county (usually issued after March 15th) not the Proposed Tax statement

- **Your client's current name or address is different from the statement because they sold the residence after January 2, 2023.**

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, 2023, they may claim the property tax refund based on all the taxes payable in 2023. 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 19 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. See the list of common scenarios below.

- **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).

Renter's Property Tax Refund Information

If your clients are renters, they must use the Certificate of Rent Paid (CRP) their landlord issued. They use the amount from line 3 of the CRP to file Form M1PR.

from *Complete your MN Property Tax Rebate* choose *Did you live in a rental unit* **READ the instructions on the screen and choose the correct response**
Complete the CRP section if a renter

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.**

Landlords must give renters completed CRPs no later than January 31, 2023. 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.

If each spouse filing MFJ receives their own CRP, add them together to make a single entry.

Businesses with e-Services accounts can generate 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. If property owners and managing agents do not use e-Services to generate CRPs, this field will be blank. Generating and submitting CRPs in e-Services is optional.

Additional Renter Qualifications

- Your clients must have lived in a building on which the owner was assessed property tax or made payments in lieu of property taxes
- Your clients must have paid at least part of their rent from their own funds

Note: Individuals **with Individual Taxpayer Identification Numbers (ITINs)** can qualify for the Renter's Property Tax Refund.

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 is assessed property taxes.

Rent Paid Affidavit (RPA)

The Minnesota Department of Revenue may issue your clients a Rent Paid Affidavit (RPA) after March 1, 2023, if a landlord:

- 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 landlord by **March 1, 2023**, they should request an RPA by contacting us at 651-296-3781 or 1-800-652-9094. Your clients should make every attempt to obtain a correct CRP from their landlord **before** contacting us.

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

- Landlord's name, address, and phone number
- Rental unit address
- County the property is in
- Renter's Social Security Number or ITIN
- Renter's name and current address
- Spouse's name and Social Security Number or ITIN (if applicable)
- 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

If your clients include an RPA to file their return, they **must** provide proof of rent payments (cancelled checks or receipts).

Filing Situations for the Property Tax Refund

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

Unusual Filing Situations: Renters

- **Your client wants to claim rent paid for more than 12 months.** Your client rents two units during 2022, 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 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 return and check both the renter and homeowner boxes.
 - Calculate the Renter's Property Tax Refund on lines 16, 17, and 18 of Form M1PR.
 - Calculate the Homestead Credit Refund on lines 19 through 22.
 - Add the two refunds on line 23 and report the total refund amount on line 25.
 - They should expect to receive the refund in the homeowner's timeframe.
- **Your client rents a mobile home and mobile lot from two different landlords and received two CRPs for the same period.** Your client should file one Property Tax Refund return claiming the total rent paid for the year.
 - Add the line 3 amounts from the CRPs and list the total on line 16 of Form M1PR.
 - Check the "Mobile Home" and "Mobile Home Lot" boxes.
 - Enclose 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 parents, church, or nonprofit organization - paid the funds to your client first. If the other party paid the rent directly to the landlord, and your client did not control the funds, your client may not receive credit on a CRP.
- **Multiple tenants occupy your client's rental unit.** A landlord must give each tenant 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 there who come and go during the year (transient renters), the landlord 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. This 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, **have the taxpayer try to get a corrected CRP from the landlord. If unable to do so,** include the amount from the CRP your dependent received on line 16 of Form M1PR. Include your dependent’s CRPs and all of the taxpayer’s CRPs, along with an explanation when you file.
- **Your client resides in campgrounds, travel trailers, or campers.** Your client is not eligible for the Property Tax Refund 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.

Note: If your client rented for part of the year and bought and homesteaded a home by January 2 of the following year, you must use their household income for the entire year.

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.**
 - You should file one return checking both the renter and homeowner boxes.
 - Calculate the Renter’s Property Tax Refund on lines 16, 17, and 18 of Form M1PR.
 - Calculate the Homestead Credit Refund on lines 19 through 22.
 - Add the two refunds on line 23 and report the total refund amount on line 25.
- **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 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.
- **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.

this includes if one is in a Nursing Home and one is not - file separately with separate incomes and mail in. Does not qualify if nursing home stay is temporary. It must be a permanent situation. See pg 55
- **Your client is married, lives with their spouse, and owns a home. Your client has a Social Security Number and their spouse has an Individual Taxpayer Identification Number (ITIN).** Since your client has a valid Social Security Number and is listed as the property owner, the couple can homestead the property. The couple may qualify for the Homestead Credit Refund.
- **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 compute the amount for line 19.
- **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 [Schedule M1PR-AI, Additions to Income](#). 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 cannot make a designation on Form M1PR.

Property Tax Refund Filing Status

Be sure to place an X in the appropriate boxes on the top of Form M1PR.

If your clients	Place an X in the box(es) for
Lived in a rental unit for all of 2022	Renter
Owned and lived in a home on January 2, 2023	Homeowner
Rented during 2022 and then owned and lived in a home on January 2, 2023	Renter and Homeowner
Received a Certificate of Rent Paid from one of these: <ul style="list-style-type: none">• Nursing home• Adult foster care provider• Intermediate care facility• Assisted living facility• Other health care facility	Nursing Home or Adult Foster Care Resident , if they received benefits from Medical Assistance (Medicaid), Supplemental Security Income (SSI), Minnesota Supplemental Aid (MSA), or Minnesota Housing Support (formerly Group Residential Housing, or GRH). Renter , if they did not receive Medicaid, SSI, MSA, or Minnesota Housing Support.
Owned and lived in a mobile home on January 2, 2023, and paid rent for the property on which it is located	Mobile Homeowner
On January 2, 2023, owned and lived in a mobile home and the property on which it is located	Homeowner

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 an entry on **line B of the CRP for Minnesota Housing Support (formerly Group Residential Housing, or GRH) payments**

Note: A common error is selecting the “Renter” filing status when the “Nursing Home” filing status should be selected. This can delay return processing.

Your clients’ refund will be prorated based on the sources of household income (after removing SSI, MSA, Medicaid, and Minnesota Housing Support) compared to their government assistance received. 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

Below are some common nursing home situations you may encounter when filing Form M1PR.

- **One spouse permanently lives in a nursing home while the other resides in a rental unit or home.**
 - Each spouse files a separate return.
 - The spouse in the rental unit or home includes their full income for the year plus the other spouse's income for any period they lived together.
 - The spouse in the nursing home must claim the rent paid to the nursing home. This spouse will use only their income for the portion of the year they lived in the nursing home.
 - Each spouse must include an explanation of how they determined their income.

Note: Do not include the other spouse's name or Social Security Number when filing separate property tax refund returns.

- **Both spouses live in a nursing home in separate rooms.**
 - Each spouse files a separate return.
 - Each spouse includes their full income for the year plus the other spouse's income for any period they lived together.
- **Both spouses live in a nursing home in the same room.**
 - The couple files one Form M1PR.
 - Include both spouses' income.
 - If each spouse received their own CRP, add line 3 of both CRPs.

Income of Others Living with You (Co-occupant)

If your client is a renter, include their spouse's income while the couple lived together, but not the income of any other persons living in the residence.

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 the taxpayer's dependents.

If the co-occupant considers this address their "home", then their income must be included. Enter *prorated* income for only the time the co-occupant was living in the home. Software will ask for number of months, but preparer must allocate the income. Include all adjustments as noted on [pg 61](#).

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 Worksheet 5 in the Form M1PR instructions. If the co-occupant's income is positive, it should be included in the total on line 14. If the co-occupant's income is negative, it should be included in the total on line 14, as a negative amount. This **only** applies to homeowners.

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 may file one property tax refund together or each file separately.

If they file together, include both incomes for the year, both names, and both Social Security Numbers or ITINs at the top of the form.

If they file separately, list your client's income for the entire year and the spouse's income for the period during the tax year they were married and living together. Do not include the spouse's name and Social Security Number at the top of the form. Enclose an explanation. **This must be paper filed if filing MFJ.**

Divorced, Separated, or Widowed During the Tax Year

see also [Filing on Behalf of a Deceased Person](#)

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.

For homeowners, the clients 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, 2023, can apply as the homeowner for the home. They will enter the full amount from line 1 of their 2023 Statement of Property Taxes Payable on line 19 of Form M1PR.

Part-Year Residents

For renters, list your clients' household income received during the period they lived in Minnesota.

For homeowners, list their household income for all of 2022, including before their move to Minnesota.

Note: Always include a written explanation when these situations occur. Sending an explanation when filing the return may prevent processing delays.

Household Income (Lines 1 through 15)

See also MnTTT tip sheet [TY22 MN Household Income](#)

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

Federal Adjusted Gross Income (FAGI): Line 1

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

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

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).

automatic carry-over
from M1 return

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

Do not include Social Security income for dependents.

Deduction for Contributions to a Qualified Retirement Plan: Line 3

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

automatic if entered in federal

Be sure these are 2022
payment amounts, not 2023

Total Payments Received from Programs: Line 4

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

MN>Property Tax Refund>Enter Total Household Income
DO NOT enter these with other types of Household Income in *MN>Additional Nontaxable Income*

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.**

If manual, these are entered in the M1 section:
MN>Additional Nontaxable Income because these can also apply to M1ED credit

Additional Nontaxable Income (Schedule M1PR-AI): Line 5

Fill in your clients' total nontaxable income received in 2022 and not included on lines 1 through 4. Enter the types of income received on Schedule M1PR-AI, Additions to Income. For more examples, see the Form M1PR instructions.

Note: Beginning in tax year 2021, veteran's disability compensation is no longer included in household income.

Common examples include:

Refer to tip sheet [TY22 MN Household Income](#)

- A positive amount from the Worksheet for M1PR Household Income (see Schedule M1NC for more information) **automatic**
- 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 (to the extent not reported on Schedule M1NC)
- 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
- 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

this includes cancelled student debt no longer reported on M1NC

Caution: This amount may make their income too high to qualify for this refund.

- 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
- 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/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 2022 for federal purposes

Capital loss carryforward

Worksheet 4: For Calculating Capital Losses to Include on Schedule M1PR-AI

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 Schedule M1PR-AI . 7 _____

Example: Emily has:

Current year capital loss	\$ (2,000)
Current year capital gain	\$ 3,000
Prior year loss carryforward	<u>\$ (7,000)</u>
Net capital loss	\$ (6,000)
Less: Federal loss allowed	<u>\$ (3,000)</u>
Current year loss carryforward	\$ (3,000)

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

- COVID-19 federal economic stimulus payments
- 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
- 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 (distributions from a traditional IRA or a ROTH IRA, made to an individual's Health Savings Account as a contribution)
- IRA rollovers
- IRS stimulus/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
- Veteran's disability compensation paid under U.S. Code, title 38

Subtraction for 65 or Older or Disabled: Line 7

If your clients are 65 or older (born before January 2, 1958), or disabled, fill in \$4,450 on line 7 of Form M1PR and check the appropriate boxes. This subtraction is only \$4,450, even if both spouses are age 65 or older or disabled.

Senior subtraction is automatic in TSO. Check the box on the first M1PR entry screen if disabled.

Dependent Subtraction: Line 8

automatic in TSO

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 the 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 8 amount. Write in the names and tax identification numbers of the dependents in the space provided on line 8. Also, fill in the number of dependents.

Retirement Account Subtraction: Line 9

You may enter your clients' retirement account contributions to nontaxable and taxable accounts, up to a total of \$6,000 (\$12,000 for Married Filing Jointly). You must add your clients' pretax retirement account contributions to household income on line 3 or line 5. You may then deduct these contributions on line 9 up to the maximum amount.

automatic in TSO for traditional IRA entered in Fed, manual if Roth *MN>M1PR>Enter your total Household Income>Additional Retirement Account Subtraction*

Other Subtractions: Line 10

Minnesota Frontline Worker's Program payment: Include payments your client received from the Minnesota Frontline Worker Pay Program, reported as a subtraction on line 29 of Schedule M1M, Income Additions and Subtractions.

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

COVID-related IRA distributions: If your client received COVID-related IRA distributions in 2020 and elected to include the distributions in income over three future years, include the portion included in their 2022 federal adjusted gross income which was received in 2020. Do not enter an amount for these distributions if it was not also included in the amount entered on line 1 of Form M1PR.

For example, if your client received \$9,000 COVID-related distribution in 2020, they could report \$3,000 in income on their federal income tax return for each of 2020, 2021, and 2022. On your client's 2022 M1PR, put \$3,000 on this line.

Adjustment from Schedule M1NC, Federal Adjustments: Line 11

If your client completed Schedule M1NC, Federal Adjustments, and the result of the Worksheet for M1PR Household income is negative, enter the result as a positive amount on line 11.

Co-occupant Income (Worksheet 5 – Co-occupant Income): Line 14

Renters: Do not complete this line.

Homeowners: Use Worksheet 5 to determine the total income for each co-occupant living with a homeowner. If the total co-occupant income is a negative number, enter the total as a negative. If the client had multiple co-occupants, complete a worksheet for each co-occupant.

Total Rent from CRP(s) (Renter's Property Tax Refund only): Line 16

If your client lived in one rental unit during the year: Enter the amount from line 3 of the CRP.

If your client lived in two or more rental units during the year: Complete the Worksheet for Multiple CRPs to calculate line 16. Do not file a separate property tax refund for each CRP. Only use the rent amount for the time your client actually lived in a rental unit to determine their refund. If your client rented a mobile home and rented a mobile home lot, include both CRPs and a statement with their return.

If your client has adult dependents who received a CRP for a portion of the rent paid, combine the amount on line 3 of their CRP with the amount on line 3 of the clients CRP. Enter the total on line 16 and include an explanation.

In addition to rent paid, line 1 of the CRP should include rent for a garage, parking space, or storage locker provided as part of the rental package. Do not include rent for a garage, separate structure, or parking space other than what the landlord owns. For example, no CRP is given if a tenant rents the garage of a homeowner across the street.

Individuals in a Nursing Home, Intermediate Care, Adult Foster Care, Assisted Living, or other Health Care Facility

There is a **set dollar amount used when completing CRPs for nursing homes, intermediate care facilities for persons with developmental disabilities (ICF/DD), and adult foster care.** For 2022, rent for nursing homes and ICF/DDs is set at \$570 per month or \$6,840 for a full year. Rent for adult foster care is set at \$880 per month or \$10,560 for a full year.

Landlords use line A of the CRP if a person in a nursing home has their rent paid by Medical Assistance (Medicaid). Landlords use line B for Minnesota Housing Support (formerly Group Residential Housing, or GRH) payments they received for an adult foster care resident.

Refer to pages 544 and 55 for more information on how to file for your clients who live in a nursing home, intermediate care facility, adult foster care, or assisted living facility.

Amount from the Statement of Property Taxes Payable in 2023 (Page 2, Form M1PR) (Homestead Credit Refund only): Line 19

Enter the property tax amount from line 1 of the Statement of Property Taxes Payable in 2023. If there is no amount on line 1, use the amount on line 5 or line 6 (depending on county) in the 2023 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.

Above line 19 on Form M1PR, enter the county in which your clients' property is located. Do not use periods or dashes in the property ID.

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 2023 property tax statement.

Business Use of Home/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.

Special Property Tax Refund (Page 2, Form M1PR) (Homestead Credit Refund only): Line 20

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

Special Property Tax Refund (Homestead Credit Refund only)

If your clients do not qualify for the 2023 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 situations apply:

- They owned and lived in the same home on January 2, 2022, and on January 2, 2023
- The net property tax on the homestead increased by more than 12% from 2022 to 2023
- The increase was at least \$100

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

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 1 – 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 27.

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.

Nongame Wildlife Fund Contribution (Page 2, Form M1PR): Line 24

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**.

Property Tax Refund (Page 2, Form M1PR): Line 25

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 25 is not completed.

Direct Deposit (Page 2, Form M1PR): Line 39

For direct deposit of the full refund amount on line 25, fill in the:

Enter refund
information in E-file
section of TSO

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

This is the safest and most secure way for your clients to receive their refund. Clients should ideally 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 or debit card.

Property Tax Refund Wrap-Up

Signatures

Your client (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 8-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 the return has been completed, it **must** go through the quality review process. Pay special attention to common filing errors for Form M1PR. Here are some important items to check:

General

- All information from the CRP and property tax statement is entered in correctly
- Homeowner clients included the income of individuals living with them, when required
- The correct direct deposit information is entered on the bottom of Form M1PR
- When using software to prepare paper returns, make sure your client's Social Security Number or ITIN is **not** masked on the return.

Homeowners

- For [Homestead Credit Refund returns \(Form M1PR\)](#), use the correct property tax statement. For a 2022 return, use your client's Statement of Property Taxes Payable in 2023.
- When computing the special property tax refund on Schedule 1 of Form M1PR, only use the previous year's special refund on line 31.

Important: Do not use the 2022 Property Tax Statement or 2023 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 2023 to complete the 2022 Form M1PR.

Renters

- If your client has multiple [Certificates of Rent Paid \(CRPs\)](#), only file one Renter's Property Tax Refund return (Form M1PR) and combine the line 3 amounts from the CRPs.

Paper Filing

Renters: Enclose copies of Certificates of Rent Paid. If your clients received a Rent Paid Affidavit (RPA), include both the RPA and your clients' proof of rent payments. Clients should keep original CRPs and RPAs for their records.

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

All Filers: 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 55145-0020

Refund Information

Your clients can check the status of their refund by using our ["Where's My Refund?"](#) system after July 1 at www.revenue.state.mn.us. 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 may only cash property tax refund checks within two years of being issued, or the right to payment expires. If your clients can show reasonable cause for not cashing the check in 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. Wendy is a homeowner and received her Homestead Credit Refund in September 2022 of \$400. She paid \$2,000 in property taxes in October 2022. On her 2022 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 18, 2023, 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 www.revenue.state.mn.us or contacting 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](http://www.revenue.state.mn.us). There is no charge for using this service. Go to www.revenue.state.mn.us and enter **Make a Payment** into the Search box.

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

- Social Security Number 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 make payments 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 18 while ensuring they pay their balance on time. Clients should ensure they have sufficient funds to make the payment on April 18.

Pay by Check

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 is considered an authorization to make a one-time electronic fund transfer from that account.

Pay by Credit or Debit Card

Your clients can pay the amount owed using their credit or debit card. Go to www.revenue.state.mn.us and enter **make a payment** into the Search box.

As of November 30, 2022, U.S. Bank is our new third-party vendor for processing credit and debit card payments. You will use our Online Services: Credit or Debit Card Payment System and U.S. Bank will process the card payment.

This service allows you to pay your Minnesota taxes electronically and is a service of U.S. Bank in agreement with the State of Minnesota. **U.S. 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 have to 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 file a joint tax return, 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 18, 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 your tax software.

Pay Estimated Tax Electronically

If your clients want to pay estimated taxes electronically, refer them to our website at www.revenue.state.mn.us, or have them call 1-800-570-3329 to pay by phone.

Pay Estimated Tax by Check

- Write the last four digits of your clients' Social Security Number or ITIN (and the spouse's, if paying jointly) on all checks.
- 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 (April 18, 2023, for individuals filing returns annually), we can assess a penalty of 4% of the unpaid tax. 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 (after credits other than withholding and estimated payments) on or before the due date
- File their return and pay any remaining balance due by October 16, 2023

For more information, see [Minnesota Statute 289A.60, subdivision 1\(c\)](#).

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. (See [Minnesota Statute 289A.60, subdivision 2](#).)

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. (See [Minnesota Statute 289A.60, subdivision 2, paragraph \(a\)](#).)

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 18, 2023, and we continue to charge it until your clients pay their balance in full. The interest rate for 2022 is 3%. 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 you can ask us to abate may include penalties for:

- 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. (See [Minnesota Statute 270C.34.](#))

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.

By the due date, clients should either pay their tax or contact us to set up a payment agreement.

Note: The Homestead Credit Refund and Renter's Property Tax Refund are not considered payments towards your clients' Minnesota income tax liability, even if filed before April 18, 2023.

Programs and Procedures

Obtaining Copies of Prior Year 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: There is no longer a requirement to pay a \$5 processing fee per copy of a return for taxpayers.

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 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 (as calculated on Form M1PR for the year preceding the initial application) is \$60,000 or less
- Have owned and lived in their home for the last 15 years
- Home has been homesteaded for 15 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, contact 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: Minnesota Department of Revenue
Mail Station 7102
600 N. Robert St.
St. Paul, MN 55145-7102

Fax: 651-556-5211

The advocate can:

- Ensure fair and consistent application of Minnesota tax law and department policies
- Promote taxpayer issues and concerns to Revenue 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 Revenue did not answer all your questions
- Advocate for individual taxpayer concerns when significant financial hardship occurs
- Intervene if Revenue 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 Statute 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, they may ask the Taxpayer Rights Advocate for a prompt review of their situation.

Enforcement actions by Revenue, 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.

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.

How to Participate in 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 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 (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 qualify for the program
- A copy of the IRS order ("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.

If your clients file a joint tax return, and their refund is applied to pay one spouse's	Then your client should contact
Agency debt (such as child support)	The claimant agency to request their portion of the refund 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
Federal nontax agency debt (such as education loans)	
Prior-year income tax debt	
Prior-year business tax debt	
Other agency debt turned over to Revenue (such as parking tickets or unpaid tuition)	

Questions?

Call 651-556-4803.

Individual Taxpayer Identification Number

If your clients cannot obtain a valid Social Security Number, they must apply for an Individual Taxpayer Identification Number (ITIN) for tax purposes. The ITIN is **only** available to individuals 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 individuals comply with the 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, unless they meet an exception.

An ITIN allows your clients to file a tax return and claim many credits and exemptions. Clients with ITINs **are not allowed to claim the federal Earned Income Credit and are not eligible for the Minnesota Working Family Credit or the Homestead Credit Refund (for Homeowners).** Clients cannot claim the federal Child Tax Credit for a child who does not have a valid Social Security Number. If your clients file jointly, one spouse needs to have a valid Social Security Number to qualify for the Homestead Credit Refund (for Homeowners).

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 that this person is applying for an ITIN.

Your clients must send in their federal return with the ITIN application and supporting documentation. Processing ITINs takes about 11 weeks. If your clients applied and have not received their ITIN or other correspondence after six weeks, 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. See federal Publication 5259 Fact Sheet – Expiring 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, 2022. 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 2022. For assistance renewing an ITIN, your clients may visit a Certified Acceptance Agent at any of these locations. Due to COVID-19, we recommend contacting them first.

- Prepare + Prosper
- Comunidades Latinas Unidas en Servicio (CLUES)
- 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:

- Visiting our website at www.revenue.state.mn.us and selecting Members of the Military
- Seeing Income Tax Fact Sheet 5, Military Personnel - Residency
- Seeing Income Tax Fact Sheet 5a, Military Personnel - Subtractions, Credits, and Extensions

2022 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 2022
- Their combat pay is excluded from federal gross income under Internal Revenue Code, section 112
- They were a Minnesota resident during the period of combat zone or hazardous duty 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.

These documents are required 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 (first page only).

To Claim the Credit for Prior Years

This credit is also available for 2019, 2020, and 2021. To apply for prior year credits, file the appropriate year's Form M99. You can find prior year forms on our website at www.revenue.state.mn.us 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):

- 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 29 - 31 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: Lukas 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 Lukas were stationed in Montana, he would not file Schedule M1NR as a part-year or nonresident. He is allowed a subtraction for the active-duty income earned in Montana 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
- 180 days after the last day of continuous hospitalization for injuries suffered 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 16, 2023. To avoid a late payment penalty and interest, your client must pay at least 90% of their Minnesota income tax liability by April 18, 2023. They must pay any remaining tax by October 16, 2023.

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 16, 2023
- 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 Minnesota Individual Income Tax return 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 (April 18 for most people).

Deadline for Amending

To claim an income tax refund, you must file Form M1X within 3 ½ years of the original due date of the return. For example, to receive a refund for amending a 2019 income tax return, you must file a 2019 Form M1X by October 18, 2023.

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 amend the Minnesota return or notify us as required, we will 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, even if the refund or amount due does not change. Include a copy of the amended federal return or IRS correction notice. Mail the amended return 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 a complete copy of the federal amended return or IRS correction notice. Mail the letter to:
Minnesota Department of Revenue
Mail Station 7703
600 N. Robert St.
St. Paul, MN 55146-7703

Important: If your client's 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 \(for Homeowners\) and Renter's Property Tax Refund](#).

Common reasons to amend the return include any of these:

- Your client's household income changed
- Your client received an additional or corrected Certificate of Rent Paid
- Your client received a corrected Statement of Property Taxes Payable

- Your client 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, 2022, then Form M1PRX is due February 15, 2026.

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

Your client's 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 2022 tax return and had income that meets the minimum filing requirement for 2022, 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 2022

If a person died in 2022, 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 2023

If a person died in 2023, 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, 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 / Qualifying Widow(er)

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 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 \$4,450 in 2022 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, 2022, which has lasted or can be expected to last no less than 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 their records 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	651-556-3052 1-800-818-6871	
VITA/TCE Hotline	651-556-3050 1-800-657-3829	individual.incometax@state.mn.us
Other Divisions		
Business Registration	651-282-5225 1-800-657-3605	business.registration@state.mn.us
Collections (bills, payment plans)	651-556-3003 1-800-657-3909	mdor.collection@state.mn.us
Corporate Franchise, S-Corp, Partnership, Estate, Fiduciary	651-556-3075	businessincome.tax@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
Lawful Gambling	651-297-1772	lawfulgambling.taxes@state.mn.us
MinnesotaCare	651-282-5533	minnesotacare.tax@state.mn.us
Nonprofit Organizations	651-297-5199	special.taxes@state.mn.us
Petroleum	651-296-0889	petroleum.tax@state.mn.us
Sales and Use Tax	651-296-6181 1-800-657-3777	salesuse.tax@state.mn.us
Taxpayer Rights Advocate	651-556-6013 1-855-452-0767	dor.tra@state.mn.us
Withholding Tax	651-282-9999 1-800-657-3594	withholding.tax@state.mn.us
Additional Resources		
	Phone Number	Website
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

This is a [list of Individual Income Tax fact sheets](#) available on the Minnesota Department of Revenue website. We update these fact sheets annually.

Income Tax Fact Sheet 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 Facts Sheets

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

Informational Handouts Available in Other Languages

These handouts [are available in Spanish, Hmong, and Somali](#) on our website:

- Working Family Credit ... Get Credit for Working!
- I owe the Minnesota Department of Revenue. Now What?
- How do I make a payment?
- What are my rights as a taxpayer?
- Minnesota Revenue is auditing (reviewing) my tax return. Now what?
- How to Select a Tax Preparer
- Free Tax Preparation Sites
- What should I bring with me?
- Penalty and interest
- K-12 Education Subtraction and Credit



Supplemental Questions for 2022 Minnesota Taxes

Tennessen Warning (Minnesota Statute 13.04, subdivision 2)

To be read by the preparer 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 2021 Minnesota property tax refund as a homeowner or mobile homeowner?

Y N Did you itemize deductions on your 2021 federal tax return?

Minnesota Income Tax

Part-year and Nonresidents

Y N Were you a resident of another state during any part of 2022?

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 receive a payment from the Minnesota Frontline Worker Pay Program (\$487.45)?

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 make any payments for long-term care insurance?
- Y N** Did you have a child born in 2022 and are going to file as Married Filing Jointly?
- Y N** Did you experience a stillbirth in 2022?
- Y N** Did you make any estimated state income tax payments or apply last year's state income tax refund to your 2022 state taxes?
- Y N** Did you (or your spouse) open a savings account in 2018 to 2022 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?

Property Tax

Renters Refund

- Y N** Did you pay rent for your personal residence during any part of 2022?
- Y N** If yes, do you have a copy of your Certificate of Rent Paid (CRP)?

Homestead Credit

- Y N** Did you own your personal residence in 2022 through January 2, 2023?
- Y N** If yes, do you have your 2023 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 2022?
- Y N** If yes, did you own the mobile home?
- Y N** If yes, do you have your Statement of Property Taxes Payable in 2023 (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 2022?

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 below:

REVIEW QUESTIONS FOR MINNESOTA INCOME TAX RETURN AND PROPERTY TAX REFUND RETURN

TAX YEAR 2022

At the end of your training class, complete and review these questions. If you did not attend training, contact your lead instructor or training coordinator for answers.

M1 REVIEW QUESTIONS

1. A client provides you with a Form 1099-INT with municipal bonds from Georgia. The client will need to add these bonds back to calculate Minnesota taxable income. **T or F**

2. The K-12 Education Subtraction allows families to include up to \$_____ of related computer expenses.

3. An American Indian family lives and earns all income on the reservation where they are enrolled members. Are they eligible for the Child and Dependent Care Credit **and** the K-12 Education Credit?

- a. Yes, both
- b. No, just the Child and Dependent Care Credit
- c. No, just the K-12 Education Credit
- d. No, neither

4. Members of the military are eligible to subtract what type of pay on Schedule M1M?

- a. Combat pay
- b. Hazardous duty pay
- c. Active duty pay

5. A Minnesota resident wins money at a Wisconsin casino. The winnings are not assignable to Minnesota. **T or F**

6. A client filing as Married Filing Separately will not qualify for which of these Minnesota credits? **(Circle all that apply.)**

- a. Marriage Credit
- b. Credit for Taxes Paid to Another State
- c. Credit for Long-Term Insurance Premiums
- d. Child and Dependent Care Credit
- e. K-12 Education Credit

7. Circle the expenses that qualify for the Minnesota K-12 Education Credit (Schedule M1ED):

- a. Uniforms for private school
- b. Calculator required for math class
- c. Private school tuition
- d. Fees for summer language camp
- e. Private music lessons by the grandmother of the child
- f. Tuition for college courses used to satisfy high school graduation requirements
- g. Paper, pens, crayons, and books required for class
- h. Monthly internet fees
- i. Fees for after school art enrichment program by a qualified instructor
- j. Purchase of books and materials for tutoring
- k. Purchase of a musical instrument to be used in band class
- l. Cost of school lunches

8. Which two items on the federal Schedule A may provide a tax benefit on the Minnesota income tax return even if clients do not take them as itemized deductions?

- a. _____
- b. _____

9. Clients paid their 20-year-old independent daughter to care for their 5-year-old daughter while they work. The clients are eligible for the Child and Dependent Care Credit. **T or F**

10. Which one of these is a refundable credit?

- a. Credit for Past Military Service
- b. K-12 Education Credit
- c. Credit for Long-Term Insurance Premiums

11. The money received from the Minnesota Frontline Worker Pay Program is taxable in Minnesota. **T or F**

M1PR REVIEW QUESTIONS

11. At least one spouse must have a valid Social Security Number in order to file for a homestead property tax refund. **T or F**

12. A client is not eligible for the property tax refund if someone claims them as a dependent on their income tax return. **T or F**

13. The owner of a relative homestead property qualifies for the property tax refund. **T or F**

14. If a client has two CRPs with an overlapping week, it is not necessary to prorate the reported amount of rent. **T or F**

15. A mobile homeowner who rents the lot and owns the mobile home must wait for what document in order to file Form M1PR?

- a. Confirmation from the landlord to file
- b. Statement of Property Taxes Payable in 2023 from the County
- c. No additional document is required to file
- d. 2022 Proposed Statement of Property Taxes Payable from the County

16. On which line of Form M1PR would you enter each of these incomes?

Veteran's Disability Compensation	_____
Nontaxable Social Security Income	_____
Alimony (received to the extent not included in AGI)	_____
Supplemental Security Income	_____
Nontaxable Scholarships	_____
Dependent's Social Security Income	_____
Child Support Payments	_____
Nontaxable Railroad Retirement Benefits	_____
General Assistance	_____
Excluded Gain on the Sale of a Home	_____
Food Stamps	_____
Non-Dependent Child Living with Homeowner	_____
Frontline Worker Program payments	_____
Federal Student Loan Forgiveness	_____
Post-9/11 Veteran Service Bonus payments	_____

17. Billy and Jenny are unmarried co-owners of a home where they both reside. Who may file and whose income should be included?

- a. Billy and Jenny file separately, with only their own income
- b. Either Billy or Jenny files one return, with both incomes
- c. Either Billy or Jenny files one return, with just their own income

18. New improvements calculated in a client's property taxes should not be included when calculating the special property tax refund. **T or F**

19. A client has federal adjusted gross income of \$32,000. They made a \$2,000 taxable retirement contribution and a \$3,100 nontaxable retirement contribution. What is their household income?

- a. \$26,900
- b. \$28,900
- c. \$30,000
- d. \$37,100

20. A client rents an apartment, and lives with their adult daughter who is their dependent. The landlord splits the CRP between the client and their daughter. The client should request a corrected CRP from the landlord with the full amount of the rent on their CRP and none for their daughter. **T or F**

21. A client lived in a nursing home. They paid \$4,000 in rent each month for their room and received \$9,500 in Minnesota Supplemental Aid in 2022. How should they file on Form M1PR?

- a. Renter
- b. Nursing Home/Adult Foster Care
- c. Homeowner

22. A client filed their 2022 M1PR on March 28, 2023. They died on May 16, 2023. The check is released on August 30, 2023. Who may claim the refund check?

- a. Dependent
- b. Representative of the Estate
- c. Surviving Spouse
- d. A and C
- e. All of the above

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