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News Release

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FOR IMMEDIATE RELEASE:
Sept. 3, 2013

Department of Revenue provides information on state tax filing requirements and the tax treatment of certain employer provided benefits for same-sex married couples

ST. PAUL, Minn. – Last week the U.S. Department of the Treasury and the Internal Revenue Service (IRS) ruled that same-sex married couples will be treated as married for federal tax purposes regardless of where those taxpayers live. This ruling implements the June 26, 2013, U.S. Supreme Court decision issued in *U.S. v. Windsor* by providing federal tax treatment to same-sex married couples the same as opposite-sex married couples.

Given the IRS ruling, the Minnesota Department of Revenue is providing additional information on state tax filing requirements and the tax treatment of certain employer provided benefits.

Minnesota law requires that a taxpayer use the same filing status on their state income tax return as used on their federal return. That filing status is used to determine a taxpayer's filing requirement, standard deduction, eligibility for certain credits and deductions, and correct tax. Further, federal law specifies that a taxpayer that is married as of the last day of their tax year is considered married for the entire tax year.

A recent Minnesota law change allows same-sex couples to legally marry in Minnesota beginning Aug. 1, 2013.

"We welcome this ruling; it provides clear guidance and allows us to implement changes in the law before next year's filing season," said Revenue Commissioner Myron Frans.

How this ruling applies to Minnesota tax treatment of same-sex married couples

Minnesota will treat all married couples the same for tax purposes, including income and gift and estate taxes, employee benefits, contributing to an IRA and claiming the earned income tax credit or child tax credit.

- If you are required to file a Minnesota income tax return, then you must file that

return using the same filing status you use for your federal income tax return.
- For non-residents and part-year residents, if only one spouse is required to file a Minnesota return and you file a joint federal return, you must file a joint Minnesota return.
- You are considered married for the whole year if on the last day of your tax year, you and your spouse are legally married.
- Same-sex married spouses who have changes to exemptions, adjustments, deductions, or credits may want to give employers a new form W-4 to change withholding status or number of allowances.
- Estate and Income Tax forms and instructions for tax year 2013 will apply to all taxpayers.
- Minnesota state tax laws applicable to married persons do not apply to registered domestic partners, civil unions, or other similar relationships that are not considered marriage under the federal ruling.

What employers need to know

- Employer-paid health insurance premiums for same-sex spouses should be treated the same as for opposite-sex spouses and not considered taxable income for withholding purposes.
- Flexible spending accounts and the use of pre-tax dollars for same-sex spouses should be treated the same as for opposite-sex spouses.
- Employees who were married or become married to their same-sex partner may provide a new form W-4 to change withholding status or number of allowances.

We will issue more information this week

We will issue more details later this week. We are still reviewing how the federal ruling may apply to prior tax years.

Sign up for our email alerts to receive the most up-to-date information.

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