



Other Nonrefundable Credits 2010

Complete this schedule to determine line 20 of Form M1.
Include this schedule when filing your return.
The instructions for this schedule are on a separate sheet.

- 1** Credit for long-term care insurance premiums paid (*enclose Schedule M1LTI*) **1** ■

- 2** Credit for past military service (*see instructions*) **2** ■

- 3** Credit for nonresident partners on taxes paid to home state (*enclose Schedule M1CRN*) **3** ■

- 4** Employer transit pass credit (*enclose Schedule ETP*) **4** ■

- 5** Credit for new participants in a section 125 employer health insurance plan
(*see income requirements for line 5 in instructions; enclose Schedule M1H and M1H-a*). **5** ■

- 6** Alternative minimum tax credit (*enclose Schedule M1MTC*). **6** ■

- 7** SEED capital investment credit (*see instructions, enclose certification*) **7** ■

- 8** Add lines 1 through 7. Enter total here and on line 20 of Form M1. **8**

You must include this schedule with your Form M1.



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Schedule M1C instructions 2010

Purpose

Complete Schedule M1C, *Other Nonrefundable Credits*, if you:

- paid premiums in 2010 for a qualified long-term care insurance policy for which you did not receive a federal tax benefit,
- are a veteran who has separated from service and who served in the military for at least 20 years or has a 100 percent service-related disability,
- sold a partnership interest on which some or all of the gain is taxable to Minnesota,
- purchased transit passes to resell or give to your employees,
- paid health insurance premiums for the first 12 months that you participated in a section 125 plan maintained by your employer,
- paid Minnesota alternative minimum tax in prior years and are not required to pay it in 2010, and
- invested in a qualified business in East Grand Forks, Breckenridge, Dilworth, Moorhead or Ortonville, and the business has been certified as qualified for the SEED capital investment program.

Report the total of all credits from Schedule M1C on line 20 of Form M1. Include any schedules you completed when filing your return.

Line 1

Credit for long-term care insurance premiums paid (Schedule M1LTI)

You may be able to claim a credit against tax based on premiums you paid in 2010 for a qualified long-term care insurance policy for which you did not receive a federal tax benefit.

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

- qualify as a federal deduction (see federal Schedule A of Form 1040), disregarding the 7.5 percent income test, and
- have a lifetime long-term care benefit limit of \$100,000 or more.

The maximum credit is \$100 per person.

Part-year residents and nonresidents may also be eligible for the credit based on the percentage of income taxable to Minnesota.

If you qualify, complete Schedule M1LTI, *Long-Term Care Insurance Credit*. Enter the credit on line 1 of Schedule M1C, and include both schedules with your Form M1.

Line 2

Credit for past military service

If you (and/or your spouse if filing a joint return) are a veteran of the military, including the National Guard and Reserves, you may each qualify for a credit of up to \$750 for past service.

You may qualify if you have been separated from service and:

- had served in the military for at least 20 years, or
- have a service-related disability rated by the U.S. Department of Veterans' Affairs as being 100 percent total and permanent.

To qualify for the full credit, your federal adjusted gross income (from line 37 of federal Form 1040, line 21 of Form 1040A or line 4 of Form 1040EZ) must be \$30,000 or less. If your federal adjusted gross income is over \$30,000, the credit is reduced by 10 percent of the amount over \$30,000. Veterans with income over \$37,500 are not eligible.

If your federal adjusted gross income is:

- \$30,000 or less, enter \$750 on line 2.
- between \$30,000 and \$37,500, use the worksheet on this page to determine your credit amount.
- more than \$37,500, you do not qualify for this credit.

Part-year residents and nonresidents may also be eligible for the credit based on the percentage of income taxable to Minnesota.

If you and your spouse both qualify for the credit and you are filing a joint return, enter \$1,500 if your federal adjusted gross income is \$30,000 or less. If your federal adjusted gross income is between \$30,000 and

\$37,500, complete the worksheet for line 2, and multiply the result on step 6 (or step 8 for part-year residents and nonresidents) by 2.

Line 3

Credit for nonresident partners on taxes paid to home state (Schedule M1CRN)

To qualify, you must meet **all** of the following requirements:

- you were a nonresident of Minnesota for all of 2010,
- you sold a partnership interest on which some or all of the gain on the sale is taxable to Minnesota,
- you paid income tax on the gain to both Minnesota and your state of residence,
- you filed a return with your state of residence, and
- your state of residence will not allow a credit for the taxes paid to Minnesota on the gain.

If you qualify, complete Schedule M1CRN, *Credit for Nonresident Partners on Taxes Paid to Home State*. Enter the credit on line 3 of Schedule M1C, and include both schedules when you file Form M1.

Line 4

Employer transit pass credit (Schedule ETP)

If you purchase transit passes to give or resell to your employees, you may be eligible for this credit.

To qualify:

1. The transit pass must be a pass, token, farecard, voucher or similar item entitling a person to transportation at regular or reduced prices.

Continued

Worksheet for line 2

If your federal adjusted gross income is between \$30,000 and \$37,500, follow the steps below:

1	The maximum credit is \$750	750
2	Federal adjusted gross income (from line 37 of federal Form 1040, line 21 of Form 1040A, or line 4 of Form 1040EZ)	
3	Income limit	30,000
4	Subtract step 3 from step 2	
5	Multiply step 4 by 10% (.10)	
6	Subtract step 5 from step 1	
	Full-year residents: Enter the result here and on line 2 of Schedule M1C.	
	Part-year residents and nonresidents:	
7	Enter the percentage from line 25 of Schedule M1NR	
8	Multiply step 6 by step 7. Enter the result here and on line 2 of Schedule M1C.....	

2. The transportation must be provided by either:
- a public or privately-owned mass transit facility; or
 - a person in the business of transporting people for compensation or hire. The vehicle must have seating capacity for at least six adults, not including the driver.
3. The passes must be used in Minnesota.

The credit is equal to 30 percent of the difference between the price you pay for the passes and the price you charge employees.

If you qualify, complete Schedule ETP, *Employer Transit Pass Credit*. Enter the credit amount on line 4 of Schedule M1C, and include both schedules when you file Form M1.

Include credits received as an individual, a partner of a partnership, a shareholder of an S corporation, or a beneficiary of a trust. The amounts will be reported on the Schedule KPI, KS or KF you received from the entity.

**Line 5
Credit for new participants in a section 125 employer health insurance plan (Schedule M1H)**

You may be eligible for a credit equal to 20 percent of your health insurance premiums if you meet **all** of the following requirements:

- you paid health insurance premiums under a section 125 plan maintained by your employer,
- the premiums are for the first 12 months that you participated in the plan,
- prior to participating in the plan, you did not have any health insurance coverage for at least one year, and
- your total household income for 2010 is within the range for your family size shown in the chart below.

Part-year residents and nonresidents may also be eligible for the credit based on the percentage of income taxable to Minnesota.

To determine whether you are eligible for the credit, and to determine the credit amount, use Schedule M1H, *Credit for New Participants in a Section 125 Employer Health Insurance Plan*. Enter the credit amount on line 5 of Schedule M1C, and include both schedules with your Form M1.

**Line 6
Alternative minimum tax credit (Schedule M1MTC)**

If you paid Minnesota alternative minimum tax in one or more years from 1989 through 2009, but not for 2010, complete Schedules M1MT and M1MTC, *Alternative Minimum Tax Credit*, to determine if you can claim a credit or carry forward any unused portion of your minimum tax credit. Enter the credit from Schedule M1MTC on line 6 of Schedule M1C.

If you have never paid Minnesota alternative minimum tax, you do not qualify for this credit.

**Line 7
SEED capital investment credit**

If you invest in a qualified business in Breckenridge, Dilworth, East Grand Forks, Moorhead or Ortonville, and the business has been certified by the Minnesota Department of Employment and Economic Development (DEED) as qualifying for the SEED capital investment program, you may qualify for this credit.

The credit is equal to 45 percent of the amount invested in a qualified business, up to \$112,500 per year. The credit may be carried forward for up to four years.

Enter the credit amount from the credit certification you received from DEED. Include the credit certificate and this schedule when you file Form M1.

Income requirements for line 5

You may qualify for the credit for new participants in a section 125 employer health insurance plan if you are filing:

single, head of household, married, filing separate or qualifying widow(er) with:			and your household income* is:		married, filing joint with:			and your household income* is:	
	at least	but less than				at least	but less than		
<input type="checkbox"/> no dependents	\$ 21,660	\$ 29,783	<input type="checkbox"/> no dependents	\$ 29,140	<input type="checkbox"/> no dependents	\$ 29,140	\$ 40,068	<input type="checkbox"/> no dependents	\$ 29,140
<input type="checkbox"/> one dependent	40,068	43,711	<input type="checkbox"/> one dependent	50,353	<input type="checkbox"/> one dependent	50,353	54,931	<input type="checkbox"/> one dependent	50,353
<input type="checkbox"/> two dependents	50,353	54,931	<input type="checkbox"/> two dependents	60,638	<input type="checkbox"/> two dependents	60,638	66,151	<input type="checkbox"/> two dependents	60,638
<input type="checkbox"/> three dependents	60,638	66,151	<input type="checkbox"/> three dependents	70,923	<input type="checkbox"/> three dependents	70,923	77,371	<input type="checkbox"/> three dependents	70,923
<input type="checkbox"/> four dependents	70,923	77,371	<input type="checkbox"/> four dependents	81,208	<input type="checkbox"/> four dependents	81,208	88,591	<input type="checkbox"/> four dependents	81,208
<input type="checkbox"/> five dependents	81,208	88,591	<input type="checkbox"/> five dependents	91,493	<input type="checkbox"/> five dependents	91,493	99,811	<input type="checkbox"/> five dependents	91,493
<input type="checkbox"/> six dependents	91,493	99,811	<input type="checkbox"/> six dependents	101,778	<input type="checkbox"/> six dependents	101,778	111,031	<input type="checkbox"/> six dependents	101,778
<input type="checkbox"/> seven dependents	101,778	111,031	<input type="checkbox"/> seven dependents	112,063	<input type="checkbox"/> seven dependents	112,063	122,251	<input type="checkbox"/> seven dependents	112,063

If you have more than seven dependents, see our website at www.taxes.state.mn.us for more information.

If your household income falls within the range given for your filing status and number of dependents, see line 5 instructions for additional requirements. If your income is not within the range, you do not qualify for this credit.

* Household income is your federal adjusted gross income plus most nontaxable income you may have received during the year. Complete Schedule M1H to determine your household income and your credit amount, if any.