



Schedule M1C, Other Nonrefundable Credits 2014

Sequence #6

Complete this schedule to determine line 17 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 M1LT)..... 1 ■
- 2 Credit for past military service (see instructions) 2 ■
- 3 Credit for increasing research activities (enclose Schedule KPI, KS, or KF)..... 3 ■
- 4 Employer Transit Pass Credit (enclose Schedule ETP) 4 ■
- 5 Alternative Minimum Tax Credit (enclose Schedule M1MTC)..... 5 ■
- 6 SEED Capital Investment Credit (see instructions; enclose certification) 6 ■
- 7 Credit for taxes paid to another state (enclose Schedule(s) M1CR) 7 ■
- 8 Add lines 1 through 7. Enter total here and on line 17 of Form M1. 8

You must include this schedule with your Form M1.



MINNESOTA • REVENUE

2014 Schedule M1C Instructions

Purpose

Complete Schedule M1C, *Other Nonrefundable Credits*, if you or your spouse:

- paid premiums in 2014 for a qualified long-term care insurance policy for which you did not receive a full federal tax benefit;
- are a veteran who has separated from service and who served in the military for at least 20 years, has a 100 percent service related disability or were honorably discharged and receive a military pension or other retirement pay for your service in the military;
- purchased transit passes to resell or give to your employees;
- paid Minnesota alternative minimum tax in prior years and are not required to pay it in 2014;
- 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; and
- were a Minnesota resident for all of part of 2014 and incurred income tax for Minnesota and another state, Canadian province or territory or the District of Columbia on the same income.

Report the total of all credits from Schedule M1C on line 17 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 2014 for a qualified long-term care insurance policy for which you did not receive a full 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 or 10 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:

- were honorably discharged and receive a military pension or other retirement pay for your service in the military;
- 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, 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 of Schedule M1C. (If you and your spouse both qualify for the credit and you are filing a joint return, enter \$1,500.)
- 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.

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	_____

If you and your spouse both qualify for the credit, you are filing a joint return, and your federal adjusted gross income is between \$30,000 and \$37,500, multiply the result on step 6 (or step 8 if you are a part-year resident or nonresident) by 2.

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

**Line 3
Credit for Increasing Research Activities**

If you are a partner of a partnership or a shareholder of an S corporation that conducted qualified research and development in Minnesota, enter on line 3 the total amounts from line 11 of Schedule KPI, line 11 of Schedule KS, and line 20 of Schedule KF. Attach the appropriate schedule when you file your return.

Use the worksheet below to calculate line 3 and credit carry-forward. The unused credit may be carried forward for up to 15 years.

**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.
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.

Also include on line 4 any credits you may have received as a partner of a partnership, a shareholder of an S corporation or a beneficiary of a trust. The amounts will be reported on any Schedule KPI, KS, or KF you received from the entity.

**Line 5
Alternative Minimum Tax Credit (Schedule M1MTC)**

If you paid Minnesota alternative minimum tax in one or more years from 1989 through 2013, but not for 2014, complete Schedules M1MT and M1MTC, *Alternative Minimum Tax Credit*, to determine if you qualify or have a credit carry over from a prior year of any unused portion of your minimum tax credit. Enter the credit from Schedule M1MTC on line 5 of Schedule M1C.

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

**Line 6
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 on line 6 the amount from the credit certification you received from DEED. Include the credit certificate and this schedule when you file Form M1.

**Line 7
Credit for Taxes Paid to Another State**

If you or your spouse was a full or part year Minnesota resident and incurred income tax for Minnesota and for another state, Canadian province or territory or the District of Columbia on the same income, complete Schedule M1CR, *Credit for Income Tax Paid to Another State* to determine if you are eligible for a credit for those taxes.

The credit is not available for taxes paid to:

- Local unit of government (such as a city, county or school district);
- National government;
- Possession of the United States; or
- A Canadian province or territory if those taxes were used to claim a federal foreign tax credit.

If you qualify, complete Schedule M1CR. Enter the total of the credits on line 7 of Schedule M1C and include a copy of each Schedule M1CR that you file.

You must complete a separate Schedule M1CR for each state or province to which you paid tax.

Worksheet for Line 3

1	Regular Tax	_____
	Residents: Enter the amount from Form M1 line 9	
	Part-year residents and nonresidents: Multiply the amount from Form M1 line 9 by line 25 of Schedule M1NR	
2	Credits from Form M1 line 16 and Schedule M1C lines 1, 2, 4, 6 and 7	_____
3	Subtract step 2 from step 1	_____
4	Sum of credits for increasing research activities reported to you on Schedule KS, KPI, and KF	_____
5	Amount carried forward from your research credit in 2013, if any (from step 6 of the Worksheet for Line 3 on your 2013 Schedule M1C)	_____
6	Add step 4 and step 5	_____
7	Enter the smaller of step 3 or 6 here and on line 3 of Schedule M1C	_____
8	Subtract step 7 from step 6. This is your credit for increasing research activities that can be carried forward to 2015. If step 7 is greater than step 6, enter 0 here.....	_____