



2018 Schedule M1NC, Federal Adjustments

Minnesota has not adopted the federal law changes made after December 16, 2016, that affect federal adjusted gross income for tax year 2018.

Your First Name and Initial _____ Last Name _____ Social Security Number _____

Before you complete this schedule, read the instructions which are on a separate sheet. Do not enter amounts in gray boxes.

	Additions	Subtractions
Adjustments to federal adjusted gross income (AGI)		
1 Bicycle commuting expenses reimbursed by your employer 1 ■		_____
2 Moving expense deduction (<i>enclose Schedule M1MOVE</i>). 2 ■		
3 Excess reimbursements received from your employer reported on line 8 of Schedule M1UE. 3 ■	_____	
4 Student loan forgiven due to death or permanent disability. 4 ■	_____	
5 Earnings from an education savings account used for K-12 education tuition expenses or rolled over to an ABLÉ account 5 ■	_____	
6 Casualty or theft gain (<i>Enclose Schedule M1CAT</i>). 6 ■	_____	
7 Distributed earnings from an ABLÉ account attributed to excess contributions 7 ■		
8 This line intentionally left blank. 8 ■		
9 Income from qualified stock received from your employer that is deferred for federal tax purposes 9 ■	_____	
10 Adjustment for rule changes in capitalization provisions (<i>see instructions</i>) 10 ■	_____	_____
11 a. Federal bonus depreciation in excess of 40% and on certain assets. Complete the worksheet in the instructions. 11a ■	_____	_____
b. Enter the amount of allowable depreciation for assets on line 11a. 11b ■		
c. This line intentionally left blank 11c ■		
12 a. Adjustment for Section 179 rules for expensing depreciable assets. Complete worksheet in the instructions. 12a ■	_____	_____
b. Enter the amount of allowable depreciation for assets on line 12a. 12b ■		
c. This line intentionally left blank 12c ■		
13 a. Adjustment for other depreciation provisions (<i>See instructions for further details</i>) 13a ■		
b. Depreciation on assets from line 13a disregarding changes in depreciation rules since December 16, 2016 13b ■		_____
14 Depreciation on assets reported on 2017 Schedule M1NC lines 3 and 6. 14 ■		
15 a. This line intentionally left blank 15a ■		
b. This line intentionally left blank 15b ■		
16 Deduction for certain business expenses such as employee fringe benefits, meals and entertainment expenses, certain settlement payments, and lobbying (<i>see instructions</i>) 16 ■		_____
17 a. Like-Kind exchange adjustment from Schedule LK 17a ■	_____	_____
b. Recalculated cost recovery for property on Line 17a 17b ■	_____	_____





18	Adjustment due to 30 percent limitation on net business interest deduction	18	■		_____
19	Limitation on allowance of Partner's share of loss	19	■		_____
20	Adjustment for tax treatment of Alaska Native Settlement corporations and trusts . . .	20	■		_____
21	Adjustment for capital gains invested in Opportunity Zones	21	■		_____
22	Adjustments due to the disallowance of an excess business loss.	22	■		_____
23	a. Adjustment for Section 965 Deferred Foreign Income	23a	■		_____
	b. Amount of actual Section 965 repatriated income.	23b	■		_____
24	Adjustment for Global Intangible Low Taxed Income	24	■		_____
25	Adjustment for Foreign Derived Intangible Income.	25	■		_____
26	This line intentionally left blank.	26	■		_____
27	Adjustment for related party amounts paid in hybrid transactions	27	■		_____
28	Adjustment due to changes in Subpart F	28	■		_____
29	Additional Adjustments (see instructions).	29	■		_____
30	Adjustments created by federal credits and tax incentives for businesses (see instructions).	30	■		_____
31	2017 Schedule M1NC carryforward loss or distribution from IRA with added Minnesota basis	31	■		_____
32	If you have an adjustment to income subject to a rule involving AGI (such as 2018 IRA deductions, Social Security Income, student loan interest deduction or rental real estate losses), see instructions.	32	■		_____
33	This line intentionally left blank.	33	■		_____
34	Add the amounts in the Additions column.	34	■		_____
35	Add the amounts in the Subtractions column	35	■		_____
36	If line 34 is more than line 35 , subtract line 35 from line 34. Enter the result here and on line 13 of Schedule M1M. If line 35 is more than line 34 , subtract line 34 from line 35. Enter the result here and on line 40 of Schedule M1M.	36	■		_____
37	Enter the amount from line 1 of Form M1	37	■		_____
38	If line 34 is more than line 35, add line 36 to line 37. If line 35 is more than line 34, subtract line 36 from line 37.	38	■		_____

You must include this schedule when you file Form M1.



2018 Schedule M1NC Instructions

For taxpayers who are affected by federal tax law passed after December 16, 2016.

Purpose of This Schedule

Rules used in determining Minnesota individual income tax are based on the Internal Revenue Code (I.R.C.), as amended through December 16, 2016 (“referred to as “2016 I.R.C.”). Since that date, federal tax law has been enacted that contains a number of provisions affecting tax year 2018. Minnesota has not adopted these federal changes and adjustments must be made to your Minnesota return.

Who must file Schedule M1NC?

If your federal adjusted gross income (FAGI) for tax year 2018 is affected by any of the provisions on this form, you are required to complete and include Schedule M1NC to make the necessary adjustments when you file Form M1. Refer to the line instructions below for more information about the adjustments and directions on how to make the adjustment for your Minnesota return. Do not enter amounts in gray boxes. Enter all amounts as positive numbers.

Individuals who do not have ownership interest in a business may need to complete lines 1 through 9. Lines 10 through 30 are used for certain business related adjustments such as allowable expenses and depreciation.

If you had an adjustment on line 8 of 2017 Schedule M1NC for a carryforward loss or distribution from an IRA with added Minnesota basis, you will make an adjustment on line 31 of this form. If you had an item of income or adjustment to income subject to a rule involving adjusted gross income (AGI) in 2018, you will complete line 32. Items subjected to these rules include rental real estate losses, social security income, IRA deductions, and student loan interest deduction.

Line Instructions

Line 1 — Bicycle commuting expenses reimbursed by your employer

If you received reimbursements from your employer for bicycle commuting expenses, you may exclude these reimbursements from your income. Federal tax law changes require reimbursements for these expenses to be included in an individual’s income. Enter the total reimbursements received from your employer included in your FAGI. Enter the amount in the Subtractions column as a positive number.

The maximum allowable exclusion for an individual is \$20 per qualified bicycle commuting month. A qualified bicycle-commuting month is any month you:

1. Regularly used the bicycle for a substantial portion of the travel between your place of residence and place of employment, and
2. Did not receive transportation in a commuter highway vehicle, any transit pass, or qualified parking benefits.

Line 2 — Moving expenses

If you completed Schedule M1MOVE, enter the amount from line 6 of Form M1MOVE in the Subtractions column as a positive number. You must include Schedule M1MOVE when you file Form M1.

Members of the armed forces do not use Schedule M1MOVE if your move was the result of a permanent change of station. Your eligible expenses were deducted on federal Form 1040.

Line 3 — Excess employee business expense reimbursements

If you completed Schedule M1UE and received reimbursements for more than your actual expenses, enter the amount from line 8 of Schedule M1UE in the Additions column. Do not include amounts included as wages in Box 1 of Form W-2 or included in your federal adjusted gross income. Include Schedule M1UE when you file Form M1.

Line 4 — Student loan forgiveness due to death or disability

Student loan indebtedness discharged and excluded from income due to death or disability must be included in Minnesota income. Enter the amount of forgiven or discharged student loan debt that was not included in your federal adjusted gross income in the Additions column. These amounts may be included in box 2 of Form 1099-C.

Line 5 — Non-qualified distributions or rollovers from education savings accounts

If you used distributions from a higher education savings account to pay tuition expenses at an elementary or secondary school, the distributed earnings must be added to Minnesota income. The earnings portion may be included in Box 2 of federal Form 1099-Q. Only enter the earnings from box 2 if they were not included in your federal adjusted gross income. Enter the amount in the Additions column of line 5.

If you had a rollover from a higher education savings account into an ABLE account, include the earnings portion of the rollover in the Additions column of this line.

If you claimed the Minnesota section 529 plan credit or subtraction on your 2017 Minnesota return, you may be required to repay some of the benefit you received. Complete Schedule M1529, Education Savings Account Contribution Credit or Subtraction to calculate any recapture tax you may be required to pay.

Line 6 — Casualty or theft gain

If you completed Schedule M1CAT, *Casualty and Theft*, and had a net gain on line 15 that was not included in your federal adjusted gross income, include the amount that was not in your federal adjusted gross income in the Additions column of line 6. Include Schedule M1CAT and this form when you file Form M1.

Line 7 — Distributed earnings from an ABLE account attributed to excess contributions

The Minnesota contribution limit for ABLE accounts is \$15,000 for 2018. If your total contributions exceeded the contribution limit and a distribution is made in 2018, the earnings portion of the distribution attributable to the excess contribution must be included in income. Enter the amount of earnings attributed to these excess contributions in the Additions column.

Line 9 — Income from qualified stock received from your employer that is deferred for federal tax purposes

If you elect to defer the income from a qualified equity grant from your employer, the amount not included in your federal income for 2018 must be included in your Minnesota income. Enter the amount from Box 12 of Form W-2 with code HH in the Additions column.

Line 10 — Adjustments for rule changes in capitalization provisions

Federal tax law provided an exception to expenses related to replanting citrus plants lost by casualty and excluded the aging period for beer, wine and distilled spirits used in calculating interest expense relating to their production.

If you had an amount on line 1 of Schedule KSNK, KFNC, or KPINC, include this amount on line 10 of Schedule MINC. Combine the amounts from each schedule if you received multiple schedules. If the amount is positive, include the amount in the Additions column. If the amount is negative, include the amount as a positive number in the Subtractions column.

Lines 11 and 12

To calculate your nonconformity adjustments for Lines 11 and 12, you must complete a Minnesota version of the federal Form 4562 – Depreciation and Amortization. The Minnesota version is referred to as “Minnesota NC 4562.” You will also use the Minnesota NC 4562 to complete Schedule M1M, *Income Additions and Subtractions*.

Line 11 — Increase in Federal Bonus Depreciation for Certain Assets

Line 11a

Federal tax law changed the type of property that qualifies for bonus depreciation and increased the percentage you are allowed to claim for bonus depreciation on your federal return.

If you claimed federal bonus depreciation on line 14 or 25 of federal Form 4562 for assets placed in service after September 27, 2017, you must make an income adjustment on your Minnesota return using your Minnesota NC 4562. The Minnesota NC 4562 includes the amounts of bonus depreciation allowable under 2016 IRC.

Complete the **Worksheet for line 11a – Bonus Depreciation** on page 7 to calculate the adjustment required on your Minnesota return if you claimed bonus depreciation on your 2018 federal return. The Worksheet calculates adjustments needed to lines 14 and 25 of your federal Form 4562 in order to create the Minnesota NC 4562. Include your computation of the worksheet and your Minnesota NC 4562 as an attachment to your return.

Line 11b

For the property entered on steps 5 and 8 of the Worksheet for Line 11a, determine the amount of MACRS depreciation allowed under 2016 IRC. If you choose section 179 expensing for property entered on step 5, do not enter the depreciation on Line 11b. Use an allowable recovery period and method for each asset under 2016 IRC using your Minnesota NC 4562 lines 17-20. Include this in the Subtraction column of line 11b as a positive amount.

If you entered property on step 10 of the Worksheet for Line 11a, reverse the portion of MACRS depreciation (not including section 179 expensing) claimed on the public utility property and vehicle dealer property on your federal return. This is property for which you did not claim bonus depreciation for federal purposes. Include this amount in the Additions column of line 11b.

Line 12a — Section 179 Expensing

If you claimed federal section 179 expensing on line 12 of federal Form 4562, you must make an income adjustment on your Minnesota return using your Minnesota NC 4562.

Federal tax law changed the definition of property that qualifies for section 179 expensing and adjusted the threshold and limitations for calculating the allowable federal deduction. For Minnesota purposes, the property must qualify under 2016 IRC.

Complete the **Worksheet for line 12a – Section 179 Expensing** on page 8 to calculate your nonconformity adjustment. Include your computation of the worksheet as an attachment to your return.

If you received Schedules KPINC or KSNK, include the amount from line 3a on line 12a of this schedule. If the amount is positive, include it in the Additions column. If the amount is negative, include it as a positive amount in the Subtractions column.

Line 12b

For the property entered on line 12a, determine the amount of MACRS depreciation allowed under 2016 IRC. Use the appropriate recovery period and method for each asset under 2016 IRC using your Minnesota NC 4562 lines 17-20. Enter this amount as a positive number in the Subtractions column of line 12b.

If you entered property on lines 7, 8, or 9 of the Worksheet for Line 12a, reverse the portion of MACRS depreciation (not including bonus depreciation) claimed on the property on your federal return. This is property for which you did not claim section 179 expensing for federal purposes but are electing section 179 expensing for Minnesota purposes on the Minnesota NC 4562. Include the result in the Additions column of line 12b.

If you received Schedules KPINC or KSNK, include the amount from line 3b on line 12b of this schedule. If the amount is positive, include it in the Additions column. If the amount is negative, include it as a positive amount in the Subtractions column.

Line 13a — Adjustment for other depreciation provisions

If you received Schedule KPINC, KFNC and KSNK and there was an amount on line 4a, include the amount from line 4a on line 13a of this form. If you received multiple schedules, combine those amounts on this schedule. Include the amount in the Additions column.

If you did not receive any of the schedules listed above and claimed depreciation on any of the following items, you must make an adjustment for the difference between the federal and Minnesota depreciation methods on line 13a and 13b.

Depreciation on Passenger vehicles

Federal law changes increased the depreciation limitations on passenger vehicles. Include the amount of federal depreciation claimed on passenger vehicles placed in service during 2018 in the Additions column of line 13a. You will deduct the Minnesota allowable depreciation on line 13b.

Computer and peripheral equipment

Under the federal law changes, computer equipment is no longer listed property that is subjected to possible business use limitations when calculating depreciation expenses. If your qualified business use for this property was less than 50%, include the amount of depreciation claimed on your federal return for this property in the Additions column of line 13a. You will deduct the Minnesota allowable depreciation on line 13b.

Depreciation for machinery or equipment used in a farming business

Federal tax law changed the recovery period for certain machinery or equipment used in a farming business. Under federal tax law, this equipment has a 5-year recovery period to calculate depreciation. The farm machinery or equipment cannot be any grain bins, cotton ginning assets, fences, or other land improvements. The federal changes also repealed the requirement that farm machinery or equipment has to use the 150% declining balance method of depreciation.

Include the amount of depreciation claimed on your federal return for these assets in the Additions column. You will deduct the Minnesota allowable depreciation on line 13b.

Recovery period of residential rental property

Federal tax law changed the recovery period for residential rental property from 40 years to 30 years for property placed in service after December 31, 2017.

Qualified leasehold improvement property, qualified restaurant property, and qualified retail improvement property are no longer

separately defined under the General Depreciation System (GDS) and given a 39-year recovery period under recent federal tax law changes.

Federal law changes require certain taxpayers electing out of the interest deduction limitation to use the alternative depreciation system (ADS) to depreciate its nonresidential real property, residential rental property, and qualified improvement property.

Enter the depreciation claimed on your federal return for these items in the Additions column of line 13a.

Use of Alternative Depreciation System (ADS) for farming businesses

Federal tax law changes require a farming business that elects out of the interest deduction limitation to use ADS to depreciate any Modified Accelerated Cost Recovery System (MACRS) property with a recovery period of 10 years or more.

If you were required to use ADS on MACRS property in this situation, include the depreciation you claimed under ADS on your federal return in the Additions column of line 13a. You will deduct the allowable depreciation on line 13b.

13b — Allowable depreciation for assets on 13a

If you received Schedule KPINC, KFNC and KSNC, include the amount from line 4b on line 13b of this form. If you received multiple schedules, combine those amounts on this schedule. Enter the amount as a positive in the Subtractions column as a positive number.

If you were required to make an adjustment for one of the depreciation items on line 13a, use the following information to make the corresponding Minnesota deduction. Attach a schedule showing calculation of the amounts on line 13b.

Depreciation on passenger vehicles

Calculate the Minnesota allowable depreciation for passenger vehicles and trucks or vans using the appropriate limitations listed in the tables below. Do not use this adjustment if you reported depreciation for a vehicle on Schedule M1UE, Unreimbursed Employee Business Expenses.

Depreciation Limitation for Passenger Automobiles

Years in service	Limitation
First year	\$3,160*
Second year	\$5,000
Third year	\$2,950
Later tax years	\$1,775

*\$9,560 if you claim bonus depreciation on the vehicle.

Depreciation Limitation on Trucks or Vans

Years in service	Limitation
First year	\$3,560*
Second year	\$5,700
Third year	\$3,350
Later tax years	\$2,075

*\$9,960 if you claim bonus depreciation

Computer or peripheral equipment

If you entered an amount on line 13a for qualified business use of this property less than 50%, then you must calculate the allowable depreciation under ADS for this property. Include the Minnesota allowable depreciation in the Subtractions column of line 13b.

Depreciation for machinery or equipment used in a farming business

Use the appropriate recovery period for farm equipment and machinery and the 150% declining balance method to calculate your Minnesota allowable depreciation. Use 2017 IRS Publication 946 to find the recovery period. Include the result in the Subtractions column of line 13b.

Recovery period of residential rental property

If you had an adjustment on line 13a for residential rental property, calculate the allowable depreciation for Minnesota purposes using the 40-year recovery period. Include this amount in the Subtractions column of line 13b.

For qualified leasehold improvement property, qualified restaurant property and qualified retail improvement property, use a 15-year recovery period when calculating the allowable depreciation. Include this amount in the subtractions column of line 13b.

Use of Alternative Depreciation System (ADS) for farming businesses

If you were required to use the ADS method of depreciation for this property, you may recalculate your depreciation using the appropriate depreciation method allowed for Minnesota purposes. See 2017 IRS Publication 946 for more information. Include the result in the Subtractions column of line 13b.

Line 14 — Depreciation on assets reported on 2017 Schedule M1NC lines 3 and 6

If you entered an amount on line 3 and 6 of your 2017 Schedule M1NC, you will need to make an adjustment on your 2018 Minnesota return. You must use the Minnesota allowable depreciation method for these assets in 2018.

Include the total amount of depreciation claimed on these assets from your federal return in the Additions column of line 14. Calculate the Minnesota allowable deprecia-

tion for these assets for 2018 and include this amount in the Subtractions column of line 14 as a positive number.

If you received Schedule KFNC, KPINC, and KSNC and have an amount on line 6 of those schedules, include that amount on line 14 of Schedule M1NC. If you received multiple schedules, combine the amounts. If the amount is negative, include it in the Subtractions column as a positive number. If the amount is positive, include it in the Additions column.

Line 16 — Adjustment for certain business expense deductions

The following deductions of certain business expenses are limited or not allowed for federal tax purposes:

- Allowable entertainment expenses
- Deduction for qualified transportation fringe benefits
- Deductions for settlements subjected to nondisclosure agreements
- Deduction for local lobbying expenses
- Employer deduction for qualified equity grants that have been deferred by the employee

If you received a Schedule KFNC, KPINC and KSNC, include the amount from lines 9 and 10 in the Subtractions column of line 16 as a positive number.

Entertainment expenses

Federal tax changes denied all deductions for entertainment expenses. For Minnesota tax purposes, these business deductions are allowed. If you had entertainment expenses directly related to or associated with the conduct of your trade or business, you may deduct 50% of the allowable expense. Include this amount in the Subtractions column of line 16.

Deduction for qualified transportation fringe benefits

For Minnesota purposes, a deduction is allowed for qualified transportation fringe benefits provided to employees. These include transportation in a commuter highway vehicle between the employee's residence and place of employment, transit passes, qualified parking and qualified bicycle commuting reimbursements. If you provided these benefits to employees, include the amount of the Minnesota allowable expenses in the Subtractions column of line 16.

Employer operated eating facilities

Under federal tax law changes, an employer can no longer deduct the full cost of food and beverages offered as a de minimis fringe benefit. The employer must apply a 50% limit to the deduction of food or beverage expenses.

For Minnesota tax purposes, employers can deduct the full cost of food and beverages that are excludable from the employee's income if they are provided for the convenience of the employer at an employer-operated eating facility as a de minimis fringe benefit.

For Minnesota purposes, expenses for these facilities are not limited to 50% of the employer's expense. Include the amount claimed for this expense from your federal return in the Subtractions column of line 16.

Deduction for payments and settlements related to nondisclosure agreements

Federal tax law currently denies a deduction for the following expenses:

- Any settlement or payment related to sexual harassment or sexual abuse if such settlement or payment is subject to a nondisclosure agreement, and
- Attorney's fees related to such a settlement or payment.

If you incurred a business expense described above that qualifies as a deduction under 2016 I.R.C. section 162, include the expense in the Subtractions column of line 16.

Deduction for local lobbying expenses

Federal tax law changes do not allow a deduction for amounts paid or incurred in connection with local lobbying expenses. These expenses are allowed for Minnesota purposes if they are paid or incurred:

- In direct connection with an appearance, submission of statements or sending communication to committees or individual members of a committee in regards to legislation of direct interest to your business.
- In direct connection with communication of information between your business and an organization of which your business is a member regarding legislation of direct interest of your business
- You may deduct the portion of dues paid or incurred to an organization of which your business is a member for the activities listed above.

If you incurred local lobbying expenses, you may include those expenses in the Subtraction column of line 16.

Employee Achievement awards

Federal tax changes allow a deduction for the cost of employee achievement awards with certain limitations. The employee achievement award must be tangible personal property given in recognition of an employee's length of service or safety and awarded as part of a meaningful presentation under specified conditions and circumstances.

Federal tax laws changed the definition of tangible personal property to exclude the following:

- Cash, cash equivalents, gift cards, gift coupons, or gift certificates
- Vacations, meals, lodging, tickets to theater or sporting events, stocks, bonds, other securities, and other similar items.

As a result, the above items are no longer deductible federally as an employee achievement award.

If you granted employee achievement awards consisting of tangible personal property described above and qualify for the deduction under 2016 I.R.C. section 274, include the amount paid or incurred during the taxable year in the Subtractions column of line 16.

Line 17a — Like-Kind exchange adjustment from Schedule LK

If you received a Schedule K SNC, KFNC, or KPINC and had an amount on line 8a of those schedules, include that amount on line 17a of this form. If the amount is negative, enter the amount in the Subtractions column as a positive number. If you received multiple schedules, combine the amounts from all schedules.

If you completed Schedule LK and had an amount on line 25 of Schedule LK, include that amount on line 17a of this form. If the amount was negative, enter it as a positive amount in the Subtractions column. If the amount is positive, include it in the Additions column.

Line 17b — Recalculated cost recovery for property on line 17a

Enter amount from line 28 of Schedule LK on line 17b of this form. If the amount is positive, include it in the Additions column. If the amount is negative, include it as a positive number in the Subtractions column.

If you have an amount on line 8b of Schedule K SNC, KFNC, or KPINC, include that amount on line 17b of this form. If you received multiple schedules, combine the amounts and include the result on this line. If the amount is negative, include it as a positive number in the Subtractions column.

Line 18 — Limitation on net business interest deduction

Federal tax law changed the calculation of the limitation for the deduction of business interest expense under I.R.C. section 163(j), as well as modified the definition of business interest income and expense for this purpose. The amount allowed as a deduction is limited by the sum of business interest income, 30% of adjusted taxable income, and floor plan financing interest.

Enter the adjustments from line 7 of Schedules KFNC, KPINC, and K SNC. If you received multiple schedules, combine those amounts on this schedule. Enter the amount as a positive number in the Subtractions column of line 18.

Line 19 — Limitation on Partner's share of loss

Include amounts from line 11 of Schedule KFNC, K SNC, or KPINC. If the amount is negative, include it as a positive number in the Subtractions column. If the amount is positive, include the amount in the Additions column.

Line 20 — Adjustment for tax treatment of Alaska Native Corporations and Settlement Trusts

Include amounts from line 13 of Schedules KFNC, KPINC, and K SNC. If you received multiple schedules, combine those amounts on this schedule. Include this adjustment in the Subtractions column of line 20.

Federal tax law changes require an Alaska Native Settlement Trust to report contributions from an Alaska Native Corporation (ANC) as income if I.R.C. 247(e) applies. These are not considered income for Minnesota purposes.

Line 21 — Adjustment for special rules for capital gains invested in Opportunity Zones

Include amounts from line 14 of Schedules KFNC, KPINC, and K SNC. If you received multiple schedules, combine those amounts on this schedule. Enter the amount in the Additions column.

Federal law changes allow a deferral for income received for two types of capital gains or losses. If you were allowed a temporary deferral for capital gains reinvestments in a qualified opportunity fund and a permanent exclusion of certain capital gains from the sale or exchange of an investment in the qualified opportunity fund, you will make an adjustment on line 21. Include the deferred or excluded amount from your federal return in the Additions column.

Line 22 — Adjustment for excess business loss

Federal tax changes extended excess farm losses to include businesses in any activity, other than a C corporation. It also removed the requirement that the business received an applicable subsidy. For Minnesota tax purposes, the disallowance of an excess business loss is limited to businesses with farming activities that received proceeds from a Commodity Credit Corporation loan.

If you reported an excess business loss on your federal return, you may make an adjustment on your Minnesota return. If line 16 of your federal Form 461 was less than zero and you entered this amount on line 21 of federal Schedule 1, enter this amount in the Subtractions column of line 22 of Schedule MINC.

If you incurred losses from farming activities and received proceeds from a Commodity Credit corporation loan, part of your loss may not be allowed for 2018. To calculate your excess farm loss for 2018, complete one of the following worksheets.

Use **Excess Farm Loss Worksheet 1** on page 9 if your farming businesses includes only profit or loss reported on one or more federal Schedule F.

Use **Excess Farm Loss Worksheet 2** on page 10 if your farming businesses include Schedule F and a federal Schedule C activity of processing a farm commodity.

Use **Excess Farm Loss Worksheet 3** on page 11 if your farming businesses include Schedule F and a Schedule E interest in a partnership or S corporation involved in a farming business.

Use **Excess Farm Loss Worksheet 4** on page 12 if your farming businesses include Schedule F, Schedule C activity of processing a farm commodity, a Schedule E interest in a partnership or S corporation involved in a farming business, and farm rental income or loss reported on federal Form 4835.

Use **Excess Farm Loss Worksheet 5** on page 13 if your farming business is limited to farm rental income or loss reported on Form 4835.

Your excess farm loss is the amount by which your total deductions from your farming businesses exceeded your total gross income or gain from your farming businesses, plus a threshold amount. The threshold amount is the greater of \$300,000 (\$150,000 if your filing status is married filing separately) or your total net profit or loss from farming businesses for the last 5 years (2013 – 2017), including for each of those years any net gain from the sale of property used in your farming businesses. The disallowed excess farm loss may be carried forward to the next taxable year.

Line 23a — Section 965 repatriated foreign income (14103)

Under federal tax law changes, U.S. shareholders are required to pay a federal transition tax on the untaxed foreign earnings of certain specified foreign corporations as if those earnings had been repatriated to the United States (referred to as deferred foreign income (DFI)). For federal income tax pur-

poses, these deemed repatriated amounts are subject to a transition tax for the taxable year of the taxpayer in which the foreign corporation's taxable year ends.

Under 2016 I.R.C., these untaxed foreign earnings are only reported as income when actually distributed to the taxpayer. If you elect to pay federal tax related to DFI in annual installments the election is not applicable for your Minnesota tax liability.

Include amounts from line 15a of Schedules KFNC, KPINC and KSNC. If you received multiple schedules, combine those amounts on this schedule. Include the amount as a positive number in the Subtractions column.

Line 23b — Amount of Section 965 repatriated income

If any portion of deferred foreign income was distributed as an actual dividend, include the amount you received in the Additions column.

Include amounts from line 15b of Schedules KFNC, KPINC and KSNC. If you received multiple schedules, combine those amounts in the Additions column of line 23b.

Line 24 — Inclusion of Global Low Taxed Income

Federal tax law added rules requiring inclusion of global intangible low-taxed income (GILTI) generated by controlled foreign corporations (CFCs) as foreign source income. A U.S. person that owns at least 10 percent of the value or voting rights in one or more CFCs is required to include a portion of GILTI in their federal taxable income. This income is not included in Minnesota taxable income.

Enter the adjustments from line 16 of Schedules KFNC, KPINC and KSNC. If you received multiple schedules, combine those amounts on this schedule. Enter the amount as a positive number in the Subtractions column of line 24.

Line 25 — Deduction for Foreign Derived Intangible Income

Federal tax law added a deduction for a percentage of foreign derived intangible income from a trade or business within the United States. For Minnesota purposes, this deduction is not allowed and must be added back to Minnesota taxable income.

Include the amount from line 17 of Schedules KFNC, KPINC and KSNC. If you received multiple schedules, combine those amounts on this schedule. Enter the amount in the Additions column.

Line 27 — Related party amounts paid in hybrid transactions

Federal tax changes disallowed a deduction for disqualified related party amounts paid or accrued in a hybrid transaction or by, or to, a hybrid entity. For Minnesota purposes, these deductions are not disallowed. If you have disqualified related party amounts disallowed on your federal return, include the amount disallowed in the Subtractions column of line 27 as a positive number.

Include the amount from line 18 of Schedule KFNC, KPINC and KSNC. If you received multiple schedules, combine those amounts on this schedule. Enter the amount in the Subtractions column.

Line 28 — Adjustment due to changes in Subpart F

Federal law changed several provisions affecting Subpart F income. If you received Subpart F income in 2018, you may need to make an adjustment on your Minnesota return.

The following adjustments result in an increase to your Minnesota adjusted gross income:

- Elimination of inclusion of foreign base company oil related income
- Repeal of inclusion based on withdrawal of previously excluded subpart F income from Qualified investment

The following adjustments result in a decrease to your Minnesota adjusted gross income:

- Modification of stock attribution rules for determining status as a controlled foreign corporation
- Modification of definition of United States shareholder
- Elimination of requirement a corporation must be controlled for 30 days before Subpart F inclusion applies

Include the amount from line 19 of Schedule KFNC, KPINC and KSNC. If the amount is negative, include it in the Subtractions column as a positive amount. If the amount is positive, include it in the Additions column. If you received multiple schedules, combine those amounts and enter the net adjustment in the appropriate column.

Line 29 — Additional adjustments

Include amounts from lines 12, 20, 21, 22 and 24 of Schedules KPINC, KFNC and KSNC. Combine amounts if you received multiple schedules. If the combined total of these lines is a negative amount, enter as a positive number in the Subtractions column. Include a statement for the adjustment you are making on this line.

Include amounts on this line for the following changes to federal tax law:

- Treatment of certain capital contributions from governmental entities
- Repeal of the rollover gains from publicly traded securities into specialized small business investment companies
- Treatment of the sale of patents, inventions, models and secret formulas as capital assets
- Allocation and apportionment of gains, profits and income based on production activities
- Restrictions on insurance business exception to passive foreign investment company rules
- Gain or loss caused by a mandatory basis adjustments upon transfer of partnership interest
- Reporting income from life insurance due to changes in the transfer-for-value rule
- Changes to the deductibility of FDIC premiums
- Repeal of the exclusion from income for interest on bonds to advance refund another bond
- Repeal of the fair market value method to allocate interest expenses

If you were a member of Congress and had living expenses when away from home on Congressional business, include the amount of allowable expenses in the Subtractions column of line 29.

Line 30 — Adjustments created by federal credits and tax incentives

Include the amount from line 23 of Schedules KFNC, KPINC and KSNC. If you received multiple schedules, combine those amounts on this schedule. If the amount is negative, include it as a positive number in the Subtractions column. If the amount is positive, include it in the Additions column.

If you received a federal credit or tax incentive, you may need to adjust your Minnesota income. These credits include:

- Credit for employers providing paid family leave
- Orphan Drug Credit
- Energy Credit

If you claimed the federal credit for providing paid family leave, the wages you used to claim the credit are a disallowed deduction on your federal return. Include the amount of wages in the Subtraction column of line 30, which were disallowed on your federal return because you claimed this federal credit.

If you claimed the federal Orphan Drug credit, you will need to make an adjustment for the deductible qualified clinical testing expenses use to calculate the credit. Federal tax law changes reduced the percentage of these expenses used in determining the credit. Include the amount of expenses that you would have used in determining the federal credit under the 2016 I.R.C. in the Additions column of line 30.

The Bipartisan Budget Act of 2018 extended the investment credit for the following energy properties:

- Solar illumination
- Qualified fuel cell
- Qualified microturbine
- Combined heat and power system
- Qualified small wind
- Geothermal heat pump

When claiming the energy credit under the federal investment credit, the basis of the energy property used for determining the credit must be reduced by 50% of the energy credit amount.

If you claimed the energy credit relating to any of the above listed energy properties, adjust the energy property's basis without regard to the 50% basis reduction required for energy property under the federal credit. Enter any adjustments as a result of this Minnesota change in basis on line 30.

Line 31— 2017 Schedule M1NC carryforward loss or distribution from an IRA with added Minnesota basis

Federal tax law changes since December 16, 2016 affected Minnesota returns for tax year 2017. If you had rental real estate losses or an IRA deduction that was adjusted on your 2017 Schedule M1NC, use the following instructions.

If you completed the 2017 Worksheet for Line 8 – Rental Real Estate Losses on the 2017 Schedule M1NC and did not dispose of the rental activity in a fully taxable transaction during 2018, complete the Worksheet for Line 32 – Rental Real Estate Losses below. You will need information from your 2017 worksheet to complete the 2018 worksheet. This will help you determine the losses that are allowed for this activity for Minnesota purposes in tax year 2018.

If you completed the 2017 Worksheet for Line 8 – Rental Real Estate Losses and disposed of the activity in a fully taxable transaction in 2018, include the result from your 2017 Worksheet for Line 8 – Rental Real Estate losses in the Subtractions column of line 31.

You may need to make an adjustment on line 31 because of a difference between your federal and Minnesota basis in an IRA if all of the following apply:

- You received a distribution from an IRA in 2018.
- You completed 2017 Schedule M1NC.
- You completed the 2017 Worksheet for Line 8 – Minnesota IRA deduction and had a positive amount on step 13.

If all those items apply, you will need to enter the portion of the distribution from your IRA that represents your additional Minnesota basis. Include this amount in the Additions column of line 31.

Line 32 — Adjustments due to limitations based on adjusted gross income

The following items are limited based on your Minnesota adjusted gross income. If any of the following were reported on your federal return, you may need to make an adjustment on your Minnesota return. Complete the appropriate worksheet listed below and enter the adjustment on line 32 of this schedule.

Rental Real Estate Losses. Complete the **Worksheet for line 32 – Rental Real Estate Losses** on page 14 if line 7 of your federal Schedule 8582 was less than \$150,000.

Social Security Income. Complete the **Worksheet for Line 32 – Social Security Income** on page 14 if less than 85% of your Social Security benefits were included in your federal taxable income.

IRA Deduction. Complete the **Worksheet for Line 32– IRA Deduction** on page 15 if you deducted contributions to an IRA on your federal return. If you were required to complete a worksheet in IRS publication 590-A, complete that worksheet using Minnesota income amounts.

Student loan interest. Complete the **Worksheet for Line 32 – Student Loan Interest** on page 16, if you deducted student loan interest on your federal return.

Schedule M1NC Worksheets

Worksheet for Line 11a — Bonus Depreciation

- 1 Combine amounts from lines 14 and 25 of all federal Forms 4562 you received
- 2 Enter the total bonus depreciation received from any non-Minnesota partnership, S corporation, or fiduciary in which you own an interest that was not reported on step 1.
- 3 Add steps 1 and 2
- 4 Net like-kind exchange adjustment from Schedule LK.
See step instructions
- 5 Enter bonus depreciation claimed on used property, television, film, and theatrical production expenses
- 6 Add steps 4 and 5
- 7 Subtract step 6 from step 3.
- 8 Enter amount of bonus depreciation claimed that exceeds 40% of the depreciable base of property in step 7
- 9 Subtract step 8 from step 7
- 10 40% bonus depreciation for public utility and vehicle dealer property you are claiming for Minnesota purposes.
- 11 Property for which you are claiming 40% bonus depreciation for Minnesota purposes. See instructions.
- 12 Add steps 9 through 11
- 13 Subtract step 12 from step 3
- 14 Enter any bonus depreciation nonconformity adjustments you receive from a Minnesota partnership, S corporation, or fiduciary in which you own an interest
- 15 Add steps 13 and 14. **If the result is positive, include the amount in the Additions column of line 11a. If the result is negative, include the result as a positive number in the Subtractions column of line 11a**
- 16 Total bonus depreciation you receive from a Minnesota partnership, S corporation, or fiduciary in which you own an interest that is not reported on step 1 or 2. See instructions.
- 17 Add steps 3 and 16
- 18 Subtract step 15 from step 17. Enter this amount on your Minnesota NC 4562 on line 14 or 25.
Use this amount to complete line 3 of Schedule M1M.

Instructions for Worksheet for Line 11a – Bonus depreciation

Step 2 – Enter the total bonus depreciation from entities for which you have not received a Minnesota nonconformity schedule. Do not include amounts reported on step 16.

Step 4 - If you are filing Schedule LK, include the difference between your federal depreciable basis and your Minnesota depreciable basis for the property you identified on line 2 of Schedule LK. Include only the portion for which you claimed federal bonus depreciation and that qualifies for bonus depreciation under 2016 IRC.

Step 5 – Federal tax law changes expanded bonus depreciation to include used, television, film, and theatrical production property. This property does not qualify for bonus depreciation under 2016 IRC.

The property listed on Step 5 may be eligible for section 179 expensing or another method of depreciation under 2016 IRC. If the property is eligible for section 179 expensing under 2016 IRC and you choose section 179 expensing for Minnesota purposes, include the amount on line 6 of the Minnesota NC 4562. Any property for which you are not choosing section 179 expensing may use another allowable method under 2016 IRC. Report that depreciation amount in the Subtractions column of Line 11b as a positive amount.

Step 8 – Federal tax law changes increased the percentage of bonus depreciation to 100% of the depreciable base. For Minnesota purposes, the percentage is 40% of the depreciable base for assets placed in service during 2018. Enter the amount of federal bonus depreciation claimed that exceeds 40% of the depreciable base.

Step 10 – Enter the amount of public utility property and vehicle dealer property for which you are claiming bonus depreciation under 2016 IRC. If you do not choose to claim bonus depreciation for this type of property, enter zero.

Step 11 – Enter 40% of the depreciable basis of any property for which you are claiming bonus depreciation for Minnesota purposes. You may only claim bonus depreciation for Minnesota purposes if all of the following are true:

- You claimed a federal deduction for section 179 expensing on the property.
- The property does not qualify as section 179 property under 2016 IRC.
- The property qualifies for bonus depreciation under 2016 IRC.

Step 14 – Enter on Step 14 any bonus depreciation nonconformity adjustments you received on Schedules KFNC, KSNC, and KPINC for your pro rata interest in another entity.

Step 15 – This is your total nonconformity adjustment for bonus depreciation this year. **Enter this amount in the Additions column of line 11a of Schedule M1NC.**

Step 16 – Enter the total bonus depreciation from any entity from which you have received a Minnesota nonconformity schedule. Do not include amounts reported on step 2. If you are including an amount from line 5 of Schedule KF, divide the amount by 80% (0.8) before including it on this step.

Step 18 – This is your Minnesota bonus depreciation under 2016 IRC. Use this amount to calculate your Minnesota modification on line 3 of Schedule M1M.

Worksheet for Line 12a – Section 179 Expensing

- 1 Enter the total cost of section 179 property placed in service on line 2 of your federal Form 4562.
- 2 Section 179 deduction from line 12 of your federal Form 4562
- 3 Qualified real property. (See instructions.)
- 4 Certain depreciable tangible personal property used to furnish lodging. (See instructions.)
- 5 Net like-kind exchange adjustment from Schedule LK. (See instructions.)
- 6 Add steps 3 through 5.
- 7 Qualified leasehold improvement property. (See instructions.)
- 8 Qualified retail improvement property. (See instructions.)
- 9 Qualified restaurant property. (See instructions.)
- 10 Add steps 7 through 9.
- 11 Subtract step 6 from 10. If the result is less than zero, enter as a negative amount.
- 12 Add steps 1 and 11. This is your adjusted total cost of section 179 property placed in service.
Enter this amount on line 2 of your Minnesota NC 4562.
- 13 Recalculate lines 4, 5, 6, 7, 8, 9, 11, and 12 of your Minnesota NC 4562.
Enter the amount from line 12 of the Minnesota NC 4562 on this step
- 14 Subtract step 13 from step 2. Enter the result here and include **If the result is positive, enter this amount in the Additions column of line 12a. If the result is negative, enter the amount in the Subtractions column of line 12a as a positive number**

Instructions for Worksheet for Line 12a – Section 179 Expensing

Step 3 – Enter the total cost of property defined as qualified real property under 2018 IRC. Qualified real property includes qualified improvement property and the following types of improvements to nonresidential real property:

- Roofs
- Heating, ventilation, and air-conditioning property
- Fire protection and alarm systems
- Security systems

Step 4 – Enter the cost of certain depreciable tangible personal property used to furnish lodging allowed under 2018 IRC. Examples of property used to furnish lodging includes beds and other furniture, refrigerators, ranges, and other equipment used in the living quarters of a lodging facility such as an apartment house, dormitory, or any other facility where sleeping accommodations are provided.

Step 5 – If are you filing Schedule LK, include the difference between your federal depreciable basis and your Minnesota depreciable basis for the property you identified on line 2 of Schedule LK. Include only the portion eligible for section 179 expensing under 2016 IRC.

Step 7 – Enter the cost of property defined as qualified leasehold improvement property under 2016 IRC. Qualified leasehold improvement property typically are improvements to existing building spaces of a lessor or lessee.

Step 8 – Enter the cost of property defined as qualified retail improvement property under 2016 IRC. Qualified retail improvement property typically includes improvements made to an existing building used for a retail business.

Step 9 – Enter the cost of property defined as qualified restaurant property under 2016 IRC. Qualified restaurant property typically includes buildings or improvements to buildings for which more than 50% of the square footage is used as a restaurant.

Step 13 – Complete the Minnesota NC 4562 using the maximum amount of \$520,000 on line 1 and the threshold amount of \$2,070,000 on line 3. If you have qualified zone property of an enterprise zone business, adjust the lines 1 and 3 amounts by the dollar limit increase allowed under section 1397A of 2016 IRC.

Recalculate lines 4, 5, 6, 7, 8, 9, 11 and 12 of your Minnesota NC 4562. For lines 6 and 7, start with the elected cost from line 6 and 7 of your federal 4562. Remove elected costs for property reported on steps 3, 4, and 5 of the *Worksheet for Line 12a – Section 179 Expensing*.

You may take 179 expensing for qualified leasehold improvement property, qualified retail improvement property, and qualified restaurant property reported on steps 7, 8, and 9 of the *Worksheet for Line 12a – Section 179 Expensing* up to Minnesota limitations.

For amounts that exceed the Minnesota NC 4562 line 5 limitation, you may use any MACRS depreciation method allowable under 2016 IRC.

Report your Minnesota cost allowable under 2016 IRC section 179 on line 6 and 7 of Minnesota 4562 NC.

Enter the amount from line 12 of the Minnesota NC 4562 on Step 13 of this worksheet.

Worksheet for Line 22 – Excess Farm Loss Worksheet 1

Complete this worksheet for federal Schedule F farming business only. Do not include losses from fire, storm or other casualty, or because of disease or drought involving your farming business.

- 1 Enter the amount from line 33 of your 2018 federal Schedule F _____
- 2 Enter the amount from the Additions column of lines 10 through 19 of Schedule M1NC.
Only include amounts from a farming business _____
- 3 Enter the amount from the Subtractions column of lines 10 through 19 of Schedule M1NC.
Only include amounts from a farming business _____
- 4 Subtract step 3 from step 2. If less than zero, enter as a negative number. _____
- 5 Add step 1 and step 4. If the amount is less than \$300,000 (\$150,000 if married filing separately), **stop here** _____
- 6 Subtract \$300,000(\$150,000 if married filing separately) from step 5. _____
- 7 Enter the amount from line 9 of your 2018 federal Schedule F _____
- 8 If step 7 is greater than or equal to step 6, stop here. If step 7 is less than step 6, continue to step 9.
- 9 Enter your net gain/loss from the sale of farming business property reported on federal Form 4797 _____
- 10 Enter your net gain/loss from the sale of farming business property reported on federal Form 8949 _____
- 11 Combine step 9 and step 10. If zero or less, enter zero _____
- 12 Add step 7 and step 11. If the result is greater than or equal to step 6, **stop here** _____
- 13 Enter the amount from line 34 of your 2017 federal Schedule F _____
- 14 Enter your combined net gain/loss from the sale of farming business property reported
on your 2017 federal Form 4797 and Form 8949. If zero or less, enter zero _____
- 15 Enter the amount from line 34 of your 2016 federal Schedule F _____
- 16 Enter your combined net gain/loss from the sale of farming business property reported
on your 2016 federal Form 4797 and Form 8949. If zero or less, enter zero _____
- 17 Enter the amount from line 34 of your 2015 federal Schedule F _____
- 18 Enter your combined net gain/loss from the sale of farming business property reported
on your 2015 federal Form 4797 and Form 8949. If zero or less, enter zero _____
- 19 Enter the amount from line 34 of your 2014 federal Schedule F _____
- 20 Enter your combined net gain/loss from the sale of farming business property reported
on your 2014 federal Form 4797 and Form 8949. If zero or less, enter zero _____
- 21 Enter the amount from line 34 of your 2013 federal Schedule F _____
- 22 Enter your combined net gain/loss from the sale of farming business property reported on
your 2013 federal Form 4797 and Schedule D. If zero or less, enter zero _____
- 23 Combine steps 13 through 22. If less than zero, enter zero _____
- 24 Enter the greater of step 23 or \$300,000 (\$150,000 if married filing separately). _____
- 25 Add step 12 and step 24 _____
- 26 **Excess farm loss.** Subtract step 5 from step 25. If the result is zero or less,
you have an excess farm loss that reduces the amount of loss you can deduct this year _____
Enter this amount in the Additions column of line 22 of Schedule M1NC, *Federal Adjustments*.

Worksheet for Line 22 – Excess Farm Loss Worksheet 2

Complete this worksheet for federal Schedule F farming businesses and Schedule C activity of processing a farm commodity. Do not include losses from fire, storm or other casualty, or because of disease or drought involving your farming business.

- 1 Enter the amount from line 33 of your 2018 federal Schedule F _____
- 2 Enter the total amount from line 28 and 30 of your federal Schedule C
for an activity of processing a farm commodity _____
- 3 Enter the amount from the Additions column of lines 10 through 19 of Schedule M1NC.
Only include amounts from a farming business _____
- 4 Enter the amount from the Subtractions column of lines 10 through 19 of Schedule M1NC.
Only include amounts from a farming business _____
- 5 Subtract step 4 from step 3. If less than zero, enter as a negative number _____
- 6 Add step 1, step 2 and step 5. If the result is less than \$300,000(\$150,000 if married filing separately), **stop here**. _____
- 7 Subtract \$300,000(\$150,000 if married filing separately) from step 6. _____
- 8 Enter the amount from line 9 of your 2018 federal Schedule F. _____
- 9 Enter the amount from line 7 of your 2017 federal Schedule C. _____
- 10 Combine steps 8 and 9 _____
- 11 If step 10 is greater than or equal to step 7, **stop here**.
- 12 Enter your net gain/loss from the sale of farming business property reported on federal Form 4797 _____
- 13 Enter your net gain/loss from the sale of farming business property reported on federal Form 8949 _____
- 14 Combine steps 12 and 13. If less than zero, enter zero. _____
- 15 Add steps 10 and 14. If the result is greater than or equal to step 4, **stop here** _____
- 16 Enter the amount from line 34 of your 2017 federal Schedule F _____
- 17 Enter the amount from line 31 of your 2017 federal Schedule C _____
- 18 Enter your combined net gain/loss from the sale of farming business property reported
on your 2017 federal Form 4797 and Form 8949. If less than zero, enter zero _____
- 19 Enter the amount from line 34 of your 2016 federal Schedule F _____
- 20 Enter the amount from line 31 of your 2016 federal Schedule C _____
- 21 Enter your combined net gain/loss from the sale of farming business property reported
on your 2016 federal Form 4797 and Form 8949. If less than zero, enter zero. _____
- 22 Enter the amount from line 34 of your 2015 federal Schedule F _____
- 23 Enter the amount from line 31 of your 2015 federal Schedule C _____
- 24 Enter your combined net gain/loss from the sale of farming business property reported
on your 2015 federal Form 4797 and Form 8949. If less than zero, enter zero _____
- 25 Enter the amount from line 34 of your 2014 federal Schedule F _____
- 26 Enter the amount from line 31 of your 2014 federal Schedule C _____
- 27 Enter your combined net gain/loss from the sale of farming business property reported
on your 2014 federal Form 4797 and Form 8949. If less than zero, enter zero _____
- 28 Enter the amount from line 34 of your 2013 federal Schedule F _____
- 29 Enter the amount from line 31 of your 2013 federal Schedule C _____
- 30 Enter your combined net gain/loss from the sale of farming business property reported
on your 2013 federal Form 4797 and Schedule D. If less than zero, enter zero. _____
- 31 Combine steps 16 through 30. If the result is less than zero, enter zero. _____
- 32 Enter the greater of steps 31 or \$300,000(\$150,000 if married filing separately) _____
- 33 Add step 15 and 32 _____
- 34 **Excess farm loss.** Subtract step 6 from step 33. If the result is zero or less, you have an excess farm loss
that reduces the amount of loss you can deduct this year. Enter this amount in the Additions column of line 22
of Schedule M1NC, *Federal Adjustments* _____

Worksheet for Line 22 – Excess Farm Loss Worksheet 3

Complete this worksheet for federal Schedule F farming businesses and Schedule E partnership or S corporation income or loss from farming businesses. Do not include losses from fire, storm or other casualty, or because of disease or drought involving your farming business. When instructed to enter an amount from line 30, 31, or 32 of federal Schedule E, include only the amount on that line that relates to farming businesses.

- 1 Enter the amount from line 33 of your federal Schedule F _____
- 2 Enter the amount from line 31 of your federal Schedule E from interest
in a partnership or S corporation involved in farming businesses _____
- 3 Enter the amount from the Additions column of lines 10 through 19 of Schedule M1NC.
Only include amounts from a farming business _____
- 4 Enter the amount from the Subtractions column of lines 10 through 19 of Schedule M1NC.
Only include amounts from a farming business _____
- 5 Subtract step 4 from step 3. If less than zero, enter as a negative number _____
- 6 Add steps 1, 2 and 5. If the result is less than \$300,000(\$150,000 if married filing separately), **stop here** _____
- 7 Subtract \$300,000 (\$150,000 if married filing separately) from step 6 _____
- 8 Enter the amount from line 9 of your 2018 federal Schedule F _____
- 9 Enter the amount from line 30 of your 2018 federal Schedule E _____
- 10 Combine step 8 and step 9 _____
- 11 If step 10 is greater than or equal to step 7, **stop here**.
- 12 Enter your net gain/loss from sale of farming business property reported on federal Form 4797 _____
- 13 Enter your net gain/loss from the sale of farming business property reported on federal Form 8949 _____
- 14 Combine step 12 and 13. If less than zero, enter zero _____
- 15 Add step 10 and step 14. If the result is greater than or equal to step 7, **stop here** _____
- 16 Enter the amount from line 34 of your 2017 federal Schedule F _____
- 17 Enter the amount from line 32 of your 2017 federal Schedule E _____
- 18 Enter your combined net gain/loss from the sale of farming business property reported
on your 2017 federal Form 4797 and Form 8949. If less than zero, enter zero. _____
- 19 Enter the amount from line 34 of your 2016 federal Schedule F _____
- 20 Enter the amount from line 32 of your 2016 federal Schedule E _____
- 21 Enter your combined net gain/loss from the sale of farming business property reported
on your 2016 federal Form 4797 and Form 8949. If less than zero, enter zero _____
- 22 Enter the amount from line 34 of your 2015 federal Schedule F _____
- 23 Enter the amount from line 32 of your 2015 federal Schedule E _____
- 24 Enter your combined net gain/loss from the sale of farming business property reported
on your 2015 federal Form 4797 and Form 8949. If less than zero, enter zero _____
- 25 Enter the amount from line 34 of your 2014 federal Schedule F _____
- 26 Enter the amount from line 32 of your 2014 federal Schedule E _____
- 27 Enter your combined net gain/loss from the sale of farming business property reported
on your 2014 federal Form 4797 and Form 8949. If less than zero, enter zero _____
- 28 Enter the amount from line 34 of your 2013 federal Schedule F _____
- 29 Enter the amount from line 32 of your 2013 federal Schedule E _____
- 30 Enter your combined net gain/loss from the sale of farming business property reported
on your 2013 federal Form 4797 and Schedule D. If less than zero, enter zero _____
- 31 Combine steps 16 through 30. If the result is less than zero, enter zero. _____
- 32 Enter the greater of step 31 or \$300,000 (\$150,000 if married filing separately). _____
- 33 Add step 15 and 32 _____
- 34 **Excess farm loss.** Subtract step 6 from step 33. If the result is zero or less, you have an excess farm loss that
reduces the amount of loss you can deduct this year. Enter this amount in the Additions column of line 22 of
Schedule M1NC, *Federal Adjustments*. _____

Worksheet for Line 22 – Excess Farm Loss Worksheet 4

Complete this worksheet for federal Schedule F farming businesses, Schedule C activity of processing a farm commodity, Schedule E partnership or S corporation income or loss from farming businesses, and Form 4835 rental income or loss. Do not include losses from fire, storm or other casualty, or because of disease or drought involving your farming business. When instructed to enter an amount from line 30, 31, or 32 of federal Schedule E, include only the amount on that line that relates to farming businesses.

- 1 Enter the amount from line 33 of your 2018 federal Schedule F _____
- 2 Enter the total from line 28 and 30 of your 2018 federal Schedule C, for an activity of processing a farm commodity. _____
- 3 Enter the amount from line 31 of your 2018 federal Schedule E for interest in a partnership or S corporation involved in farming business _____
- 4 Enter the amount from line 31 of your 2018 federal Form 4835 _____
- 5 Enter the amount from the Additions column of lines 10 through 19 of Schedule M1NC
Only include amounts from a farming business _____
- 6 Enter the amount from the Subtractions column of lines 10 through 19 of Schedule M1NC.
Only include amounts from a farming business _____
- 7 Subtract step 6 from step 5. If less than zero, enter as a negative number. _____
- 8 Add steps 1 through 4 and 7. If the result is less than \$300,000(\$150,000 if married filing separately), **stop here**. _____
- 9 Subtract \$300,000(\$150,000 if married filing separately) from step 8. _____
- 10 Enter the amount from line 9 of your 2018 federal Schedule F _____
- 11 Enter the amount from line 7 of your 2018 federal Schedule C. _____
- 12 Enter the amount from line 30 of your 2018 federal Schedule E _____
- 13 Enter the amount from line 7 of your federal Form 4835. _____
- 14 Combine steps 10 through 13 _____
- 15 If step 14 is greater than or equal to step 9, **stop here**.
- 16 Enter your net gain/loss from the sale of farming business property reported on federal Form 4797 _____
- 17 Enter your net gain/loss from the sale of farming business property reported on federal Form 8949 _____
- 18 Combine step 16 and step 17. If zero or less, enter zero _____
- 19 Add steps 14 and 18. If the result is greater than or equal to step 9, **stop here** _____
- 20 Enter the amount from line 34 of your 2017 federal Schedule F _____
- 21 Enter the amount from line 31 of your 2017 federal Schedule C _____
- 22 Enter the amount from line 32 of your 2017 federal Schedule E _____
- 23 Enter the amount from line 32 of your 2017 federal Form 4835 _____
- 24 Enter your combined net gain/loss from the sale of farming business property reported on your 2017 federal Form 4797 and Form 8949. If zero or less, enter zero _____
- 25 Enter the amount from line 34 of your 2016 federal Schedule F _____
- 26 Enter the amount from line 31 of your 2016 federal Schedule C _____
- 27 Enter the amount from line 32 of your 2016 federal Schedule E _____
- 28 Enter the amount from line 32 of your 2016 federal Form 4835 _____
- 29 Enter your combined net gain/loss from the sale of farming business property reported on your 2016 federal Form 4797 and Form 8949. If zero or less, enter zero _____
- 30 Enter the amount from line 34 of your 2015 federal Schedule F _____
- 31 Enter the amount from line 31 of your 2015 federal Schedule C _____
- 32 Enter the amount from line 32 of your 2015 federal Schedule E _____
- 33 Enter the amount from line 32 of your 2015 federal Form 4835 _____
- 34 Enter your combined net gain/loss from the sale of farming business property reported on your 2015 federal Form 4797 and Form 8949. If zero or less, enter zero _____
- 35 Enter the amount from line 34 of your 2014 federal Schedule F _____
- 36 Enter the amount from line 31 of your 2014 federal Schedule C _____
- 37 Enter the amount from line 32 of your 2014 federal Schedule E _____
- 38 Enter the amount from line 32 of your 2014 federal Form 4835 _____
- 39 Enter your combined net gain/loss from the sale of farming business property reported on your 2014 federal Form 4797 and Form 8949. If zero or less, enter zero _____

Worksheet for Line 22 – Excess Farm Loss Worksheet 4 (Continued)

- 40 Enter the amount from line 34 of your 2013 federal Schedule F _____
- 41 Enter the amount from line 31 of your 2013 federal Schedule C _____
- 42 Enter the amount from line 32 of your 2013 federal Schedule E _____
- 43 Enter the amount from line 32 of your 2013 federal Form 4835 _____
- 44 Enter your combined net gain/loss from the sale of farming business property reported
on your 2013 federal Form 4797 and Schedule D. If zero or less, enter zero _____
- 45 Combine steps 20 through 44. If zero or less, enter zero _____
- 46 Enter the greater of step 45 or \$300,000(\$150,000 if married filing separately) _____
- 47 Add step 19 and step 46 _____
- 48 **Excess farm loss.** Subtract step 8 from step 47. If zero or less, you have an excess farm loss that reduces the amount of
loss you can deduct this year.
Enter this amount in the Additions column of line 22 of Schedule M1NC, *Federal Adjustments* _____

Worksheet for Line 22 – Excess Farm Loss Worksheet 5

Complete this worksheet if you had farm rental income or loss from a farming business on federal Form 4835. Do not include losses from fire, storm or other casualty, or because of disease or drought involving your farming business.

- 1 Enter the amount from line 31 of your 2018 federal Form 4835 _____
- 2 Enter the amount from the Additions column of lines 10 through 19 of
Schedule M1NC. Only include amounts from a farming business. _____
- 3 Enter the amount from the Subtractions column of lines 10 through 19 of Schedule M1NC.
Only include amounts from a farming business _____
- 4 Subtract step 3 from step 2. If less than zero, enter as a negative number _____
- 5 Add step 1 and step 4. If this amount is less than \$300,000 (\$150,000 if married filing separately), **stop here** _____
- 6 Subtract \$300,000(\$150,000 if married filing separately) from step 5. _____
- 7 Enter the amount from line 7 of your 2018 federal Form 4835 _____
- 8 If step 7 is greater than or equal to step 6, **stop here**.
- 9 Enter your net gain/loss from the sale of farming business property reported on federal Form 4797 _____
- 10 Enter your net gain/loss from the sale of farming business property reported on federal Form 8949 _____
- 11 Combine step 9 and 10. If zero or less, enter zero _____
- 12 Add step 7 and step 11. If the result is greater than or equal to step 6, **stop here** _____
- 13 Enter the amount from line 32 of your 2017 federal Form 4835 _____
- 14 Enter your combined net gain/loss from the sale of farming business property reported
on your 2017 federal Form 4797 and federal Form 8949. If zero or less, enter zero _____
- 15 Enter the amount from line 32 of your 2016 federal Form 4835 _____
- 16 Enter your combined gain/loss from the sale of farming business property reported
on your 2016 federal Form 4797 and federal Form 8949. If zero or less, enter zero _____
- 17 Enter the amount from line 32 of your 2015 federal Form 4835 _____
- 18 Enter your combined gain/loss from the sale of farming business property reported
on your 2015 federal Form 4797 and federal Form 8949. If zero or less, enter zero _____
- 19 Enter the amount from line 32 of your 2014 federal Form 4835 _____
- 20 Enter your combined gain/loss from the sale of farming business property reported
on your 2014 federal Form 4797 and federal Form 8949. If zero or less, enter zero _____
- 21 Enter the amount from line 32 of your 2013 federal Form 4835 _____
- 22 Enter your combined gain/loss from the sale of farming business property reported
on your 2013 federal Form 4797 and federal Schedule D. If zero or less, enter zero _____
- 23 Combine steps 13 through 22. If zero or less, enter zero _____
- 24 Enter the greater of step 23 or \$300,000(\$150,000 if married filing separately) _____
- 25 Add step 12 and step 24 _____
- 26 **Excess farm loss.** Subtract step 5 from step 25. If zero or less, you have an excess farm loss that reduces the amount of
loss you can deduct this year. Enter this amount in the Additions column of line 22 of
Schedule M1NC, *Federal Adjustments* _____

Worksheet for Line 32 – Rental Real Estate Losses

Before you complete this worksheet, you will need to complete federal Form 8582. If you filed a 2017 Schedule M1NC and completed the Worksheet for Line 8 - Rental Real Estate Losses, you will need to complete a 2018 Form 8582 (Minnesota 8582) for Minnesota purposes. Include the result of step 15 from the 2017 worksheet as a prior year loss when completing your Minnesota 8582. Use the Minnesota 8582 to complete this worksheet.

- 1 Enter the amount from line 6 of your federal Form 8582.
- 2 Enter the amount from line 7 of your federal Form 8582.
- 3 Enter the total from the Additions column for lines 1 - 30 of Schedule M1NC.
- 4 Enter the total from the Subtractions column for lines 1-30 of Schedule M1NC.
- 5 Subtract step 4 from step 3. If the result is less than zero, enter as a negative.
- 6 Add step 2 and 5.
- 7 Subtract step 6 from step 1 (if zero or less, enter 0 here and on step 15).
- 8 Multiply step 7 by 50% (0.5) Do not enter more than the amount on line 9 of your federal Form 8582.
- 9 Enter the lesser of line 5 of your federal Form 8582 or step 8 of this worksheet. If line 2c of your federal Form 8582 is negative, go to step 10. Otherwise, go to step 14.
- 10 Enter the amount from line 11 of your federal Form 8582.
- 11 Enter the amount from line 12 of your federal Form 8582.
- 12 Subtract step 9 from step 11.
- 13 Enter the smallest of line 2c (treated as a positive amount) from your federal Form 8582, step 10, or step 12.
- 14 Enter the amount from line 15 of your federal Form 8582.
- 15 Add steps 9, 13, and 14.
- 16 Enter the amount from line 16 of your federal Form 8582.
- 17 Subtract step 15 from step 16. If the result is positive, include it in the Additions column of line 32 of Schedule M1NC. If the result is negative, include it as a positive number in the Subtractions column of line 32 of Schedule M1NC.

Worksheet for Line 32 – Social Security Income

- 1 Amount from line 7 of your federal Social Security Benefits Worksheet.
- 2 Enter the total from the Additions column for lines 1 - 30 of Schedule M1NC.
- 3 Enter the total from the Subtractions column for lines 1-30 of Schedule M1NC.
- 4 Subtract step 3 from step 2. If the result is less than zero, enter as a negative. Also include the amount from step 17 of the Worksheet for Line 32 - Rental Real Estate Losses.
- 5 Add steps 1 and 4.
- 6 If you are:
 - Married filing jointly, enter \$32,000
 - Single, head of household, qualifying widow(er), or married filing separately and you lived apart from your spouse for all of 2018, enter \$25,000
 - Married filing separate and you lived with your spouse at any time in 2018 skip lines 6 through 13; multiply line 5 by 85% (0.85) and enter the result on line 14. Then go to line 15
- 7 Subtract step 6 from step 5 (if zero or less enter zero on step 14).
- 8 If you are:
 - Married filing jointly enter \$12,000
 - Single, head of household, qualifying widow(er), or married filing separately and you lived apart from your spouse for all of 2018, enter \$9,000
- 9 Subtract step 8 from 7. If zero or less enter 0.
- 10 Enter the smaller of step 7 or 8.
- 11 Multiply step 10 by 50% (0.50).
- 12 Enter the smaller of 50% of your total amount from box 5 of all your Forms SSA-1099 and Forms RRB-1099 or step 11.
- 13 Multiply step 9 by 85% (0.85). if step 9 is zero, enter 0.
- 14 Add steps 12 and 13.
- 15 Enter the amount from step 17 of your Worksheet for federal Form 1040 line 5b.
- 16 Enter the smaller of step 14 or step 15.
- 17 Enter the amount from line 5b of federal Form 1040.
- 18 Subtract step 17 from step 16. If the result is positive, include it in the Additions column of line 32. If the result is negative, include it as a positive number in the Subtractions column of line 32.

Worksheet for line 32 – Minnesota IRA deduction

Before you complete this worksheet, you must complete the worksheet for line 32 of federal Schedule 1. Also, complete the Worksheet for Line 32 –Rental Real Estate Losses, and the Worksheet for Line 32 – Social Security Income, if you were required to do so.

	Your IRA	Spouse's IRA
1 Enter the amount shown below that applies to you1a _____		1b _____
<ul style="list-style-type: none"> • Single, head of household or married filing separately and you lived apart from your spouse for all of 2018, enter \$73,000 • Qualifying widow(er) enter \$121,000 • Married filing jointly enter \$121,000 in both columns. If one spouse was not covered by a retirement plan, enter \$199,000 for the spouse who was not covered • Married filing separately and you lived with your spouse at any time in 2018, enter \$10,000 		
2 Enter the sum of Schedule M1NC lines 1 through 30 in the Additions column2 _____		
3 Enter the sum of Schedule M1NC lines 1 through 30 in the Subtractions column3 _____		
4 Subtract step 3 from step 2. Include step 17 of the Worksheet for Line 32 –Rental Real Estate Losses, step 18 of the Worksheet for Line 32 – Social Security Income, and the amounts on line 6 of your federal Form 10404 _____		
5 Enter the total of the amounts from federal Schedule 1, lines 23 through 31a plus any write in adjustments you entered on the dotted line next to line 365 _____		
6 Subtract step 5 from Step 4. If married filing jointly, enter the result in both columns. . . .6a _____		6b _____
7 Is the amount on step 6 less than the amount on step 1? No: None of your IRA is deductible for Minnesota purposes. Include the amount you entered on line 32 of federal Schedule 1 on line 32 of Schedule M1NC. Yes: Subtract step 6 from step 17a _____		7b _____
8 Using the amount on step 7, determine the amount to enter based on the instructions below: 8a _____		8b _____
<ul style="list-style-type: none"> • If single, head of household, or married filing separately, and the result is \$10,000 or more, enter \$5,500 (\$6,500 if age 50 or older but under 70 ½ at the end of 2018) for that column on steps 8 and 9. If the result is less than \$10,000, go to step 9. • If married filing jointly or qualifying widow(er), and the result is \$20,000 or more (\$10,000 or more in the column for the IRA of the person who was not covered by a retirement plan), enter \$5,500 (\$6,500 if age 50 or older but under age 70 ½ at the end of 2018) for that column on steps 8 and 9. Otherwise, go to step 9. 		
9 Multiply step 7 by the percentage you used to determine step 7 of your federal Worksheet for Schedule 1, line 32. Increase the result to the next increment of \$10.9a _____		9b _____
10 Enter the sum of the following amounts:10 _____		
<ul style="list-style-type: none"> • Step 8 from your federal worksheet for Schedule 1, line 32, and • The amount from step 9 of your federal worksheet for Schedule 1, line 32. 		
11 Enter the amount from step 11 of you federal Worksheet for Schedule 1, line 32.11a _____		11b _____
12 Enter the smallest of steps 9a, 10, or 11a on step 12a. Enter the smaller of steps 9b, 10, or 11b on step 12b. If you elected to deduct a smaller amount on your federal return, reduce the amount for this line by the amount you elected to treat as a nondeductible contribution on your federal return.12a _____		12b _____
13 Add steps 12a and 12b13 _____		
14 Enter the amount from your federal Schedule 1, line 3214 _____		
15 Subtract step 13 from step 14. If the result is more than zero, enter the amount in the Additions column of line 32. If the result is less than zero, enter as a positive in the Subtractions column of line 3215 _____		

Save this worksheet and your 2018 income tax return for your records until at least 3 ½ years after you file your Minnesota return for the year during which your IRA balance became \$0.

Worksheet for Line 32 – Student Loan Interest

If you are required to complete any of the other worksheets for line 32, you must complete those worksheets before completing this worksheet.

- 1 Enter the total interest you paid in 2018 on qualified student loans
(see instructions for federal Schedule 1, line 33) Do not enter more than \$2,500
- 2 Enter the amount from line 6 of federal Form 1040. Include any foreign earned income exclusion,
housing exclusion, foreign housing deduction, and any income from Puerto Rico
and American Samoa you are excluding.
- 3 Enter the total from the Additions column for lines 1 through 30 of Schedule M1NC
- 4 Enter the total from the Subtractions column for lines 1 through 30 of Schedule M1NC
- 5 Subtract step 4 from step 3
- 6 Enter the amount from step 17 of the worksheet for line 32 – Rental Real Estate Losses, step 18 of the
worksheet for line 32 – Social Security Income, and step 15 of the Worksheet for Line 32 – Minnesota IRA
Deduction. If your IRA deduction was disallowed in full on step 7 of the Worksheet for line 32 – Minnesota
IRA deduction, include the amount you entered on line 32 of federal Schedule 1 on this step.
If the result is negative, include as a negative amount.
- 7 Add steps 2, 5 and 6
- 8 Enter the amount from your federal Schedule 1, lines 23 through 32 plus any write in adjustments on line 36 ..
- 9 Subtract step 8 from step 7
- 10 If your filing status is single, head of household, or qualifying widow(er), enter \$65,000.
If your filing status is married filing joint, enter \$135,000
- 11 Subtract step 10 from step 9. If the result is zero or less, skip steps 12 and 13, and
enter the amount from step 1 on step 14
- 12 Divide step 11 by \$15,000 (\$30,000 if married filing jointly). Enter the result as a decimal
rounded to at least 3 places. If the result is 1.000 or more, enter 1.000
- 13 Multiply step 1 by step 12.
- 14 Subtract step 13 from step 1
- 15 Enter the amount from line 33 of your federal Schedule 1
- 16 Subtract step 14 from step 15. If the result is positive, enter the result in the Additions column of line 32.
If the result is negative, enter the result as a positive amount in the Subtractions column of line 32