

Schedule M1NR, Nonresidents/Part-Year Residents 2014

Sequence #11

Other State (see inst.)

Form with fields for Your Last Name, Social Security Number, Spouse's Last Name, Spouse's Social Security Number, and checkboxes for Full-year Nonresident of MN and Part-year MN Resident From.

Read the instructions for this schedule, which are on a separate sheet. Before you can complete this schedule, you must complete lines 1 through 11 of Form M1.

Table with 3 columns: Line Number, Description, A. Total Amount, and B. Minnesota Portion. Rows include Income (lines 1-11), Deductions and Subtractions (lines 12-21), and Tax Calculation (lines 22-27).

You must include this schedule with Form M1. Also enter amounts from lines 23 and 24 of this schedule on Form M1, lines 12a and 12b.

2014 Schedule M1NR Instructions

Nonresidents/Part-Year Residents

Who Must File

If you were a nonresident or part-year Minnesota resident in 2014, you may reduce your Minnesota tax by completing Schedule M1NR. To determine if you were a full-year resident, part-year resident or nonresident for tax purposes, see Fact Sheet 1, *Residency*.

You must file a Minnesota Form M1 and Schedule M1NR if you and your spouse received **gross income** assignable to Minnesota of \$10,150 or more, including income passed through to you from all partnerships (line 21 of Schedule KPI), S corporations (line 21 of Schedule KS) and estates or trusts (line 27 of Schedule KF). See Fact Sheet 2, *Part-Year Residents* or Fact Sheet 3, *Nonresidents*.

Gross income is income before any deductions and expenses. Gross income does not include military pay paid to a Minnesota resident for service outside Minnesota.

Married taxpayers who file a joint federal return must file a joint Minnesota return even if only one spouse is a Minnesota resident or has Minnesota income. Include Schedule M1NR when you file your return.

If your Minnesota gross income is below the minimum filing requirement (less than \$10,150), and you had tax withheld or paid estimated tax, follow the steps below to complete your Schedule M1NR:

- 1 Complete lines 1–11 of Schedule M1NR.
- 2 Skip lines 12–22.
- 3 Enter a zero on line 23.
- 4 Enter the amount from line 11, column A, on line 24.
- 5 Then complete the rest of the schedule.

Enter the appropriate amounts from your Schedule M1NR on lines 12a, 12b and 12 of Form M1 and include the schedule when you file your return.

If you were a resident of Michigan or North Dakota for all of 2014, do not complete this schedule if your only Minnesota source income is exempt due to reciprocity (see the M1 instructions). Complete Schedule M1NR only if you received income from sources in Minnesota that does not qualify under reciprocity. (Income that qualifies for reciprocity includes wages, salaries, tips, commissions, bonuses, fees and similar compensation for work performed in Minnesota.)

Column A Instructions

Round amounts to the nearest whole dollar.
Enter the appropriate amount from your 2014 federal or Minnesota income tax return, as instructed for each line.

Column B Instructions

Round amounts to the nearest whole dollar.
Assign income or expenses to Minnesota according to the following instructions.

If you are a partner, shareholder or beneficiary, enter the amounts from the Schedule KPI, KS or KF and follow the instructions with that schedule.

Line 1, Column B Wages, Salaries, Tips, etc.

Include wages, salaries and tips, commissions and bonuses received while a Minnesota resident. Include amounts received for work performed in Minnesota while a nonresident.

Include amounts received for work performed in Minnesota earned in a prior year but received in 2014 and amounts received for work performed while a Minnesota resident but deferred to a year when you were a nonresident.

Do not include on line 1, column B:

- Minnesota wages earned while a resident of Michigan or North Dakota that is covered under a reciprocity agreement;
- military pay received while a *nonresident* (from line 27 of Schedule M1M); or
- wages received as a nonresident military spouse, if certain requirements are met (see M1 instructions).

Line 2, Column B Interest and Ordinary Dividend Income

Include the interest and dividends you earned (or credited to your account) while you were a Minnesota resident.

Do not include any interest or mutual fund dividends you received from U.S. bonds.

Line 3, Column B Business Income (loss)

Include net business income or loss incurred while a Minnesota resident, and amounts from Minnesota sources earned while a nonresident. Include income you received from operating a qualified business in a Job Opportunity Building Zone (JOBZ) in Minnesota.

Do not include income from personal or professional service performed in Minnesota while a resident of Michigan or North Dakota.

Line 4, Column B Capital Gain (loss)

Include net capital gain or loss received while a Minnesota resident, and net capital gain or loss from Minnesota sources received while a nonresident.

Include gains you received from the sale or exchange of real or tangible personal property used by a qualified business located in a JOBZ zone.

Line 5, Column B IRA Distributions and Pensions and Annuities

Include IRA distributions and pension and annuity payments received while a Minnesota resident.

Line 6, Column B Net Income from Rents, Royalties, Partnerships, S Corporations, Estates and Trusts

Include income or loss reported on federal Schedule E from rents, royalties, partnerships, S corporations, estates and trusts recognized while a Minnesota resident, and amounts from Minnesota sources recognized while a nonresident.

Line 7, Column B Farm Income (loss)

Include net farm income or loss incurred while a resident, and amounts from a Minnesota farm while a nonresident.

Line 8, Column B Other Income

Include *other* income you received while a Minnesota resident and amounts from lines 14 and 21 of Form 1040 you received from Minnesota sources while a nonresident. (*Include all Minnesota gambling winnings.*)

Line 9, Column B Interest and Dividends from Non-Minnesota State or Municipal Bonds

Include the interest and dividends you earned from non-Minnesota state or municipal bonds while a Minnesota resident.

Continued

Line 10, Column B

Other Additions Required by Minnesota

Include on line 10 the additions from lines 5, 6, 9, 11 and 13 of your Schedule M1M that are attributable to income earned while a Minnesota resident or from Minnesota sources earned while a nonresident.

Line 12, Column B

Certain Business Expenses

Include any business expenses paid while a Minnesota resident and from income earned as a performing artist or fee-basis government official that you earned in Minnesota while a nonresident.

If you are a member of the Reserves or National Guard, include any travel expenses paid while a resident and for meetings attended in Minnesota while a nonresident.

Line 13, Column B

Pension Plans

To determine your:

- *Minnesota qualified plan contribution deduction:* Multiply your federal qualified plan contribution deduction by the percentage you determined in step 3 of the worksheet for line 16.
- *Minnesota IRA, SEP or SIMPLE plan deduction:* Multiply your deduction by the percentage of your total earned income that is allocable to Minnesota (without lowering your wages for self-employment losses). For purposes of this deduction only, earned income includes wages, alimony, self-employment income and all other earned income. Subtract your self-employment tax deduction (Schedule SE) from that total.

If your spouse also worked, determine the spousal deduction in the same way. Use only your spouse's earned income plus your spouse's federal IRA, SEP or SIMPLE plan deduction.

Line 14, Column B

Health Savings Account and Archer Medical Savings Account (MSA) Deductions

Add your health savings account deduction from line 25 of Form 1040 and the Archer MSA deduction included on line 36 of Form 1040. Multiply the result by the percentage your Minnesota earned income is to your federal earned income.

For purposes of this deduction only, earned income includes wages, self-employment income and all other earned income, plus all taxable alimony received.

Line 15, Column B

Moving and Educator Expenses

Include moving expenses paid while a Minnesota resident or that were attributable to a move into Minnesota.

Include the educator expenses paid while a Minnesota resident and the expenses for materials purchased when teaching in Minnesota while a nonresident

Line 16, Column B

Self-Employment Tax and Self-Employed Health Insurance

Complete the worksheet for line 16, column B, below.

Line 17, Column B

Deductions for Alimony Paid, Student Loan Interest, and Tuition and Fees

Part-year residents: Add the following items and enter the same total on line 17, column A and column B:

- alimony paid while a Minnesota resident included on line 31a of Form 1040;

- the portion of your student loan interest deduction (from line 33 of form 1040, line 18 of form 1040A) that represents interest paid while a Minnesota resident; and
- tuition and fees paid while a Minnesota resident that is included on line 34 of 1040 or line 19 of 1040A.

Nonresidents: Enter zero on line 17, column A and column B.

Line 18, Column B

Penalty on Early Withdrawal of Savings

Enter the penalty on early withdrawal you paid while a Minnesota resident.

Line 19, Column B

Other Subtractions Required by Minnesota

Enter the depreciation subtraction apportioned to Minnesota from lines 19 and 20 from Schedule M1M. The subtraction is based on the Minnesota apportionment ratio of the business in 2014.

Also include the full amounts from lines 33 and 34 from Schedule M1M.

Line 20, Column B

Net U.S. Bond Interest and Active Duty Military Pay Received by a Nonresident

The net amount of U.S. bond interest and active duty military pay received as a nonresident are not included in column B of lines 1 or 2. Do not subtract these amounts on line 20, column B.

Line 21

JOBZ Income Subtractions

Enter the JOBZ zone income you were able to subtract on your Form M1 in both columns A and B.

Line 25

The result on line 25 is the percentage of Minnesota income to federal income.

Worksheet for Line 16, Column B

- 1 Enter the amount from line 3 of your federal Schedule SE
- 2 Enter the amount from step 1 allocable to Minnesota.
- 3 Divide step 2 by step 1
- 4 Amount from line 27 of federal Form 1040
- 5 Multiply step 3 by step 4. The result is your Minnesota Self-Employed Tax Deduction.
- 6 Line 2 of the worksheet for line 29 of federal Form 1040 or line 13 of the Self Employment Health Insurance worksheet found in Publication 535.
- 7 Enter the amount from step 6 allocable to Minnesota.
- 8 Divide step 7 by step 6
- 9 Amount from line 29 of federal Form 1040
- 10 Multiply step 8 by step 9. The result is your Minnesota Self-Employed Health Insurance Deduction.
- 11 Add steps 5 and 10. Enter here and on line 16, column B