

Part-Year Residents

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Income Tax Fact Sheet 2**Fact Sheet**

This fact sheet explains what income is taxed by Minnesota if you are a part-year resident. For more information on residency, see Fact Sheet 1, *Residency*, or Fact Sheet 3, *Nonresidents*.

If you are a member of the military, see Fact Sheet 5, *Military Personnel - Residency*.

If you are a resident or nonresident alien, see Fact Sheet 16, *Aliens*.

Are you a part-year resident?

You're considered a part-year resident of Minnesota if either of the following is true:

- You moved to or from Minnesota during the tax year and established residency (domicile).
- You spent at least 183 days in Minnesota* and you rent, own, maintain, or occupy a residence suitable for year-round use and equipped with its own cooking and bathing facilities. In this case, you are considered a Minnesota resident for income tax purposes for the length of time you maintained a residence in Minnesota, even if your permanent residence may be in another state for the full year.

*Exceptions to the 183 day rule

The 183-day rule does not apply in the following situations:

- Members of the military (or their spouses) who are stationed in Minnesota but are permanent residents of other states
- Residents of Michigan and North Dakota (These states have tax reciprocity agreements with Minnesota)

Filing Requirements

You are required to file a Minnesota income tax return if your Minnesota gross income meets the minimum filing requirement (\$10,650 for 2018)*. File electronically, or use Form M1, *Individual Income Tax*, and Schedule M1NR, *Nonresidents/Part-Year Residents*, to file your return. For more information, see Fact Sheet 12, *Filing Past Due Returns*.

*You should file a Minnesota return to claim a refund if you had any Minnesota tax withheld, made estimated tax payments, or qualify for any refundable credits even if your Minnesota gross income is less than the minimum filing requirement.

Follow the steps below to determine your Minnesota gross income:

Step 1:

Calculate the total income received while you were a Minnesota resident. Include income from all sources, as well as income received outside of Minnesota.

Step 2:

Calculate the total Minnesota income you received while you were a nonresident. This includes:

- Wages, salaries, fees, commissions, tips, and bonuses for work done in Minnesota
 - Gross winnings from gambling in Minnesota
 - Gross rents and royalties from Minnesota property
 - Gains from the sale of land or other tangible property in Minnesota
 - Gains from the sale of a partnership interest that had property or sales in Minnesota
 - Gains on the sale of goodwill or income from a "non-compete" agreement connected with a business operating in Minnesota
 - Minnesota gross income from a business or profession conducted partly or entirely in Minnesota
- Note:** For 2018, a partnership will find this amount on line 20 of Schedule KPI and an S corporation will find the amount on line 20 of Schedule KS.

Step 3:

Combine the totals from steps 1 and 2. If this amount meets the minimum filing requirement for the year (\$10,650 for 2018), you must file a Minnesota return using Form M1 and Schedule M1NR.

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How Your Income is Taxed

For the portion of the year you are a Minnesota resident, you are taxed on income you receive inside and outside of Minnesota. This means that when you live in Minnesota but work in another state, we tax your out-of-state income.

If another state taxes the same income that is taxed by Minnesota, you may qualify for a credit on taxes paid to the other state. For more information on this credit, see Schedule M1CR, *Credit for Income Taxes Paid to Another State*. However, if you are a Minnesota resident who paid Wisconsin tax on the same income taxed by Minnesota, see Schedule M1RCR, *Credit for Tax Paid to Wisconsin*.

In addition, for the portion of the year you were a nonresident, you must pay tax on income derived from Minnesota sources, including wages earned for work performed in Minnesota.

Filing Status

Your Minnesota filing status must be the same as your federal filing status. If you are filing a joint return and only one spouse has income that's taxable to Minnesota, you must file a joint Form M1 and Schedule M1NR. Enter your joint taxable income from the federal return on line 1 of your Form M1; do not modify the amount. Your income will be apportioned when you complete Schedule M1NR.

Eligibility for Minnesota Credits

Part-year residents may qualify for Minnesota credits. For general information on available credits, see the instructions for Form M1. Some credits may be prorated for part-year residents. To find out if a credit needs to be prorated, see the instructions for each credit.

Estimated Tax

If you did not have Minnesota tax withheld from your income and you expect to owe more than \$500 of Minnesota tax, you may be required to pay quarterly estimated tax. For more information, go to www.revenue.state.mn.us and type **Estimated Tax** in the Search box.

Minnesota Homestead Credit Refund (for Homeowners) and Renter's Property Tax Refund

As a part-year resident, you may be eligible for a homeowners or renters refund if you meet the requirements. See the instructions for Form M1PR, *Homestead Credit Refund (for Homeowners) and Renter's Property Tax Refund*.

Homeowners: File using your household income for the entire year, including the income you received before moving to Minnesota.

Renters: File using your household income for the period you lived in Minnesota. If you were married, include your spouse's income for the period you lived in Minnesota. Enclose a note explaining how income was determined.

Information and Assistance

Additional forms and information, including fact sheets and frequently asked questions, are available on our website.

Website: www.revenue.state.mn.us

Email: individual.incometax@state.mn.us

Phone: 651-296-3781 or 1-800-652-9094 (toll free)

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