

**This notice was revoked on October 20, 2008 by Revenue Notice # 08-10.**

## **Minnesota revenue notice number 01-10**

### **Individual Income Tax - Assignability of Income Recognized on Employer Provided Stock Options; Revocation of Revenue Notice #96-21**

Income from employee stock options treated as wages for federal withholding tax purposes is assignable to Minnesota if the income is recognized in the year in which the taxpayer is a full or part year resident of Minnesota.

- If the income from the option is recognized while the taxpayer is a resident of Minnesota all of the income is assignable to Minnesota.
- If the income from the option is recognized while the taxpayer is a non-resident of Minnesota in a year when the taxpayer is a part year resident of Minnesota, the amount assignable to Minnesota is the income recognized for federal purposes multiplied by the ratio of the days worked in Minnesota during the contract period granting the option over the total days worked under the contract.
- If the income from the option is recognized in a year when the taxpayer was not a resident of Minnesota for any portion of the year none of the income from the option is assignable to Minnesota.

Income from employee stock options which is not defined as wages for federal withholding tax purposes under IRC 3401 (a) or (f) are assigned to the taxpayer's state of residence at the time the income is recognized for federal purposes.

This Revenue Notice revokes Revenue Notice #96-21 and is effective for income recognized after May 15, 2000.

Dated: 15 October, 2001

Jennifer Engh  
Assistant Commissioner for Tax Policy