

Minnesota revenue notice

Revenue Notice # 91-17 Reporting Required of Regulated Investment Companies of Federally Tax-Exempt Interest Dividends

Effective tax year 1991 regulated investment companies who pay federally tax-exempt interest dividends of \$10 or more to a Minnesota resident individual must, by January 30, 1992, notify the individual of the amount of 1991 federal exempt interest dividend which is not exempt from Minnesota individual income tax.

The Department of Revenue would prefer the notification to read: 'Some or all of the federal tax-exempt dividend you have received is subject to Minnesota income tax. The amount which is not exempt from Minnesota tax is \$_____ and must be added to federal taxable income to arrive at Minnesota taxable income.' However, the Department will find acceptable any statement which tells the shareholder that 'X dollars' or 'X percent of your federally tax-exempt interest dividend' is not exempt from Minnesota tax and must be added to federal taxable income in computing Minnesota taxable income.

The notification can be either a part of the annual 1099 sent to the shareholder or a separate statement sent with the annual tax information sent to the shareholder.

Finally, if all of federally tax-exempt interest dividends are also exempt from Minnesota individual income taxes (RIC investment in state and local obligations is totally in Minnesota obligations), notification to the shareholder is not required.

Michael E. Boekhaus
Director, Appeals and Legal Services

Dated: November 25, 1991

JRH