



News Release

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FOR IMMEDIATE RELEASE:

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2010 Minnesota Income Tax Filing Season Begins *Minnesota Remains a National Leader in Electronic Filing*

Saint Paul - The Minnesota Department of Revenue announced today that the state income tax filing season is officially underway. The department is now accepting individual income tax returns for tax year 2010.

Tax law changes made by Congress and signed in December will cause some taxpayers to wait until mid to late February to file their tax returns. The IRS should be prepared to accept affected returns at that time. Taxpayers should not file their Minnesota returns until their 1040 is accepted. Among others, this delay will affect those that itemize their deductions or subtract tuition and educator expenses.

Taxpayers who e-file their returns should visit the Minnesota Department of Revenue website for information on approved software products. Additional e-file software providers will be added to the department's website when they are approved.

"We encourage taxpayers to e-file returns to ensure a faster refund with increased accuracy," said acting Revenue Commissioner Dan Salomone. "Doing so will also allow taxpayers to maximize allowable deductions."

This year, there are several state tax changes for taxpayers to be aware of:

Three new credits for individuals:

- **Angel investment tax credit:** refundable credit for individuals who invest in small businesses focused on technology. The credit is equal to 25 percent of the qualified investment.
- **Credit for historic structure rehabilitation:** refundable credit for taxpayers improving a certified historic structure in Minnesota.
- **Credit for increasing research activities:** available to partners of partnerships and shareholders of s-corporations. The credit is refundable and equal to 10 percent of the first \$2 million of expenses and 2.5 percent of expenses over \$2 million.

Federal changes not adopted by Minnesota: At this time, Minnesota has not adopted federal law changes enacted after March 18, 2010. Taxpayers will need to make adjustments on their state returns.

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Lower income motor fuels tax credit ended: the credit was repealed beginning with tax year 2010. The \$25 refundable credit was only available for tax year 2009.

Last year, Minnesota received more than 1.9 million e-filed returns – 76 percent of returns filed, up 3 percent from 2009. Electronic-filing programs are designed to help filers receive all the credits they qualify for which could lead to a larger refund.

In addition to e-filing, taxpayers can also make payments electronically to control when the money is transferred.

Acting Commissioner Salomone expects the rapid refund generated by e-filing to eliminate the perceived need of a Refund Anticipation Loan (RAL). Offered by some tax preparers, RALs often charge very high interest rates and reduce a taxpayer's refund.

Other tax reminders:

Tax reciprocity: The income tax reciprocity agreement between Minnesota and Wisconsin was terminated beginning with tax year 2010. Minnesota and Wisconsin residents who worked in the other state during 2010 must file returns in both states.

Delayed filing deadline: Due to Emancipation Day falling on Friday, April 15 this year, the due date for filing state returns is Monday, April 18, 2011.

Automatic mailing of M1 tax booklets to end: Beginning in 2012, the department will no longer offer automatic mailing of Form M1 tax booklets. They will still be available on our website. Most individuals filing paper returns use downloaded or software-generated forms.

For more information regarding state income taxes, visit our website: www.taxes.state.mn.us.

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