



## News Release

**CONTACT** Lisa Waldrup  
**PHONE** 651-556-NEWS (6397)  
**E-MAIL** lisa.waldrup@state.mn.us

### **FOR IMMEDIATE RELEASE:**

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### **Law Changes Affect 2010 Taxes for Some Individuals**

**Saint Paul** – Minnesota has adopted most federal tax changes enacted by Congress for the 2010 tax year under a new law signed by Gov. Mark Dayton. The changes will provide \$13 million in tax benefits to Minnesotans.

Conforming to federal tax law also helps provide clear and consistent rules that help reduce taxpayer confusion and makes it easier to calculate and file state taxes.

Legislation enacted March 21, 2011, adopts all of the federal tax provisions enacted between March 18 and December 31, 2010 that affect federal taxable income for tax year 2010, with the following exceptions:

- The 100 percent federal bonus depreciation and the increased federal section 179 expensing have been adopted, but these provisions are subject to an addback of 80 percent in the first year and a five-year recovery, as under current state law.

The bill eliminates the need for the 2010 Schedule M1NC, *Federal Adjustments*. The bill also eliminates the need to add back the federal educator expenses and college tuition and fees deductions on line 9 of Schedule M1M, *Income Additions and Subtractions*, for tax year 2010.

For taxpayers who have not yet filed their 2010 Form M1:

- Do not complete Schedule M1NC. The schedule is now obsolete.
- Do not complete line 9 of Schedule M1M. This adjustment on the 2010 Minnesota return is no longer required of taxpayers who deducted educator expense or college tuition and fees on their federal return.
- Use the Schedules M1NR, M1CD, M1ED, M1H and M1MT, revised March 2011, if they are:
  - part-year residents or nonresidents
  - claiming the child and dependent care credit, the K-12 education credit, or the credit for new participants in a section 125 employer health insurance plan
  - reporting alternative minimum tax

For those taxpayers who have already filed their Minnesota return and included Schedule M1NC or reported an amount on Schedule M1M, line 9:

- Do **not** file an amended return.
- The department will review filed returns that reported an amount on Schedule M1M, line 9, and/or included Schedule M1NC, to determine if adjustments are required based on available information. When possible, the department will make needed adjustments, notify taxpayers of changes and send any additional refunds due.
- Taxpayers will be notified if further action is required by them.

The legislation, which applies only to the 2010 tax year, conforms Minnesota's income tax laws to most federal changes enacted through Dec. 31, 2010.

For additional information – including the most current forms, schedules and instructions – go to the Minnesota Department of Revenue website: [www.taxes.state.mn.us](http://www.taxes.state.mn.us).

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