

News Release

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Minnesota law changes affect 2012 taxes for some individuals

ST. PAUL, Minn. – Minnesota has adopted most federal tax changes enacted by Congress for the 2012 tax year under a new law signed by Gov. Mark Dayton. The changes will provide \$18.5 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 tax returns.

Legislation enacted February 20, 2013, adopts all of the federal tax provisions enacted since April 14, 2011 that affect federal taxable income for tax year 2012, except:

- The increased federal section 179 expensing is subject to an addback of 80 percent in the first year and a five-year recovery, as under current state law, and
- The additions related to the phase out of itemized deductions and personal exemptions, and the standard deduction for married taxpayers, which were enacted in 2011, are unaffected by this new law.

The new law eliminates the need for the 2012 Schedule M1NC, *Federal Adjustments*. It also eliminates the need to add back the federal educator expenses and college tuition and fees deductions on lines 16 and 37 of Schedule M1M, *Income Additions and Subtractions*, for tax year 2012.

For taxpayers who have not yet filed their 2012 Form M1:

- Do not complete Schedule M1NC. The schedule is now obsolete.
- Do not complete lines 16 and 37 of Schedule M1M. This adjustment on the 2012 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, and M1MT, revised February 2013, if they are:

- part-year residents or nonresidents
- claiming the child and dependent care credit, or the K-12 education credit
- 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, lines 16 or 37:

- Do **not** file an amended return.
- The department will review filed returns that reported an amount on Schedule M1M, lines 16 and 37, 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 new law, which applies only to the 2012 tax year, conforms Minnesota's income tax laws to most federal changes enacted through January 3, 2013.

For additional information – including the most current forms, schedules and instructions – go to the Minnesota Department of Revenue website at www.revenue.state.mn.us.

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