

# 2005 Minnesota Corporate Income Tax Bulletin

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Minnesota Department of Revenue  
Tax Research Division

November 2009



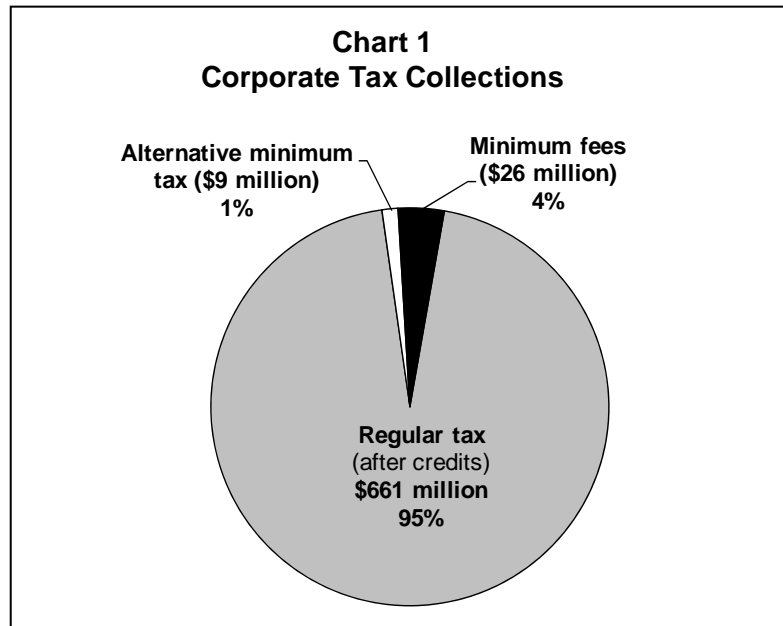
## Executive Summary

This bulletin summarizes data from corporate income tax returns (Minnesota Form M4) received by the Department of Revenue in calendar year 2005.

- It includes some tax returns for tax year 2003 and some for tax year 2004.
- It includes only original returns (not amended returns).

- The data do not include S corporations or other pass-through entities.

Those filing returns in 2005 paid a total of \$696 million in corporate tax. As shown in **Chart 1**, 95 percent was regular tax. The alternative minimum tax and minimum fees accounted for only a small portion of the total tax.

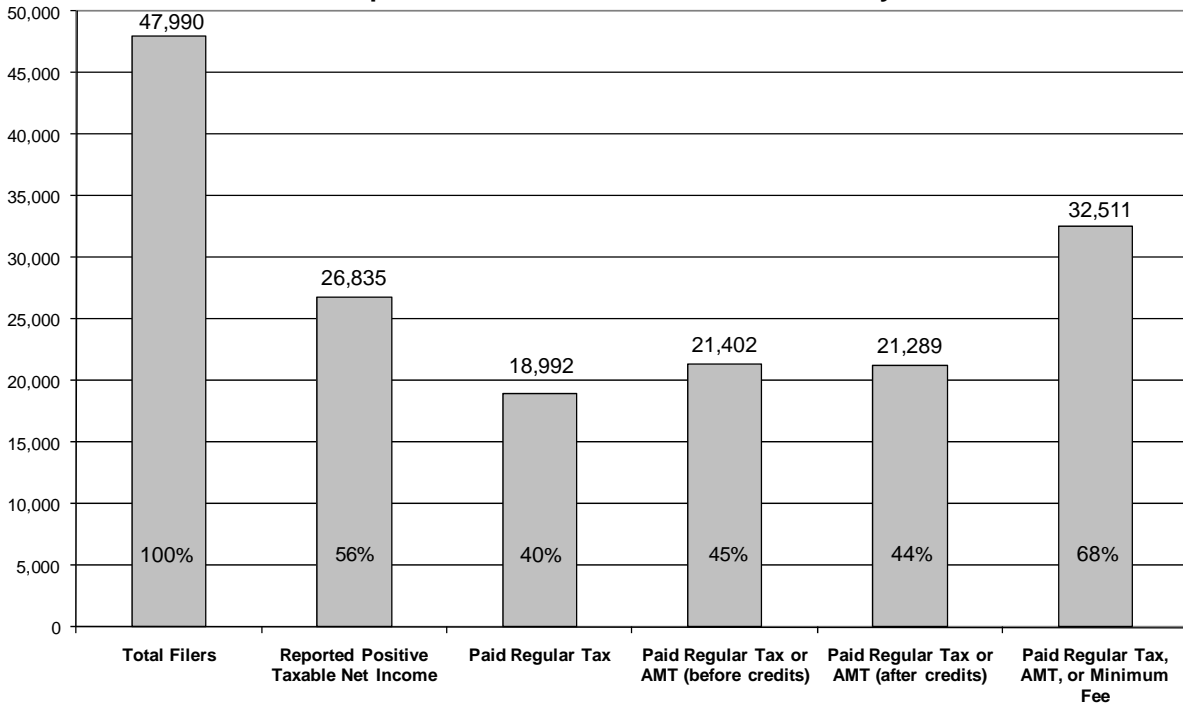


A total of 47,990 corporations filed returns in calendar year 2005. As shown in **Chart 2**, only 56 percent had positive taxable net income (before deductions). After deductions for net operating losses, dividends received, and JOBZ, only 40 percent paid regular tax. Some with no liability for regular tax paid the alternative minimum tax (AMT), so 45 percent of all filers owed either regular tax or AMT. Tax

credits (research and development credit, AMT credit, and transit pass credit) reduced those with regular tax or AMT liability to 44 percent.

An additional 24 percent of all filers had no regular or AMT liability after credits but paid a minimum fee of \$100 to \$5,000. As a result, the share of all filers with corporate tax liability – regular, AMT, or minimum fee – was 68 percent.

**Chart 2**  
**Corporate Filers and Those with Tax Liability**

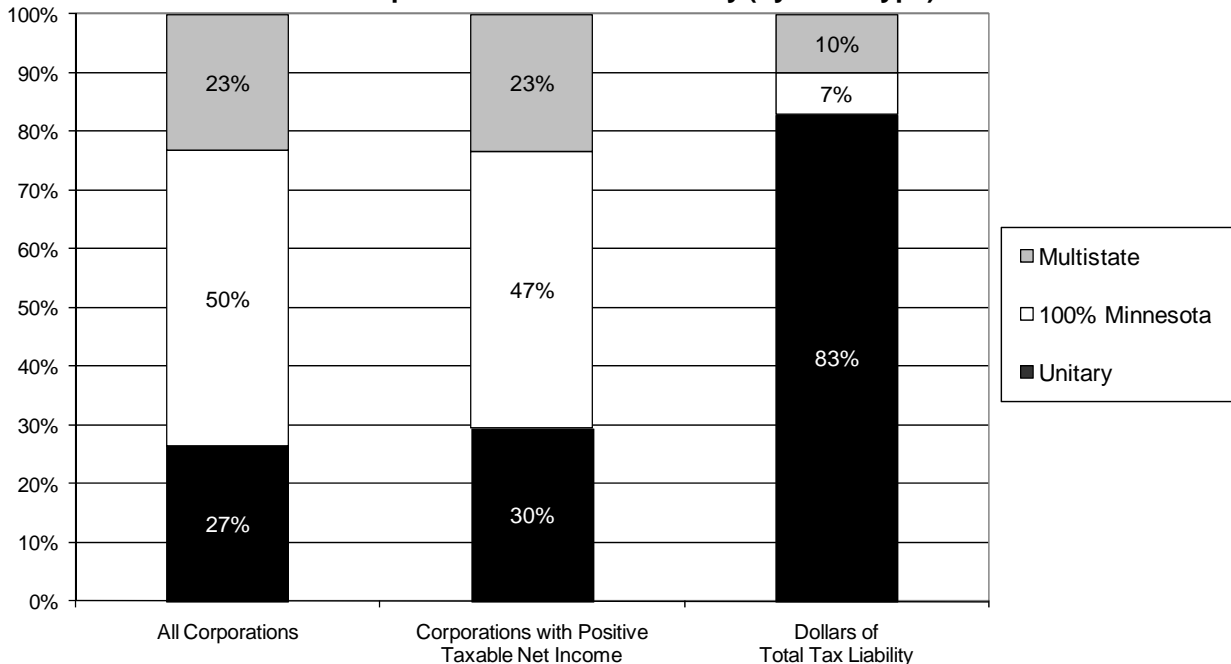


There are three types of corporate filers:

- A *unitary filer* is a corporation that is part of a business that includes multiple corporations. In this bulletin, each corporation that is a member of a unitary group is counted as a separate filer.
- A *100% Minnesota filer* is a non-unitary filer with all of its operations and sales in Minnesota.
- A *multistate filer* is a non-unitary filer with operations and sales both inside and outside Minnesota.

As shown in **Chart 3**, unitary filers account for only 27 percent of filers but 83 percent of total corporate tax liability. Although half of all filers are 100% Minnesota corporations, they pay only 7 percent of total corporate tax.

**Chart 3**  
**Percent of Corporations and Tax Liability (by Filer Type)**



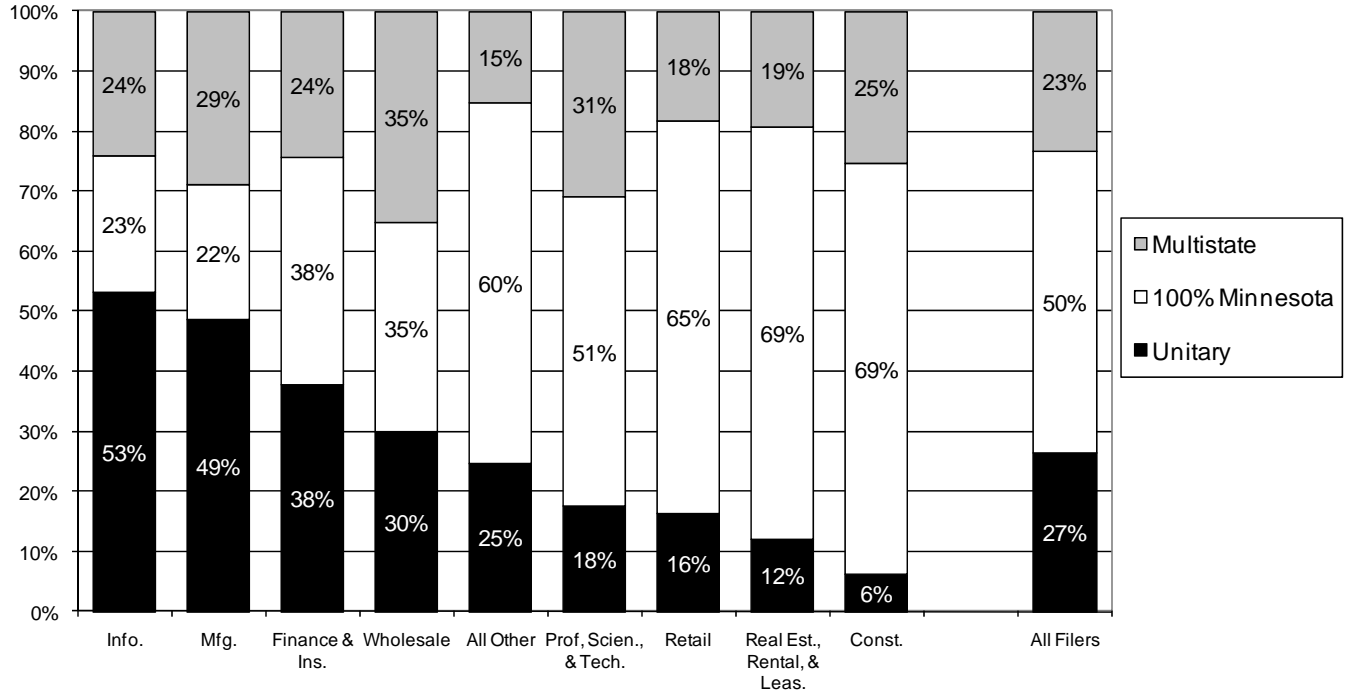
As shown in **Charts 4** and **5**, the proportion of filer types and their share of tax liability vary greatly by industry.

- About half of all manufacturing and information sector corporations are unitary filers, compared to less than 20 percent of corporations in the

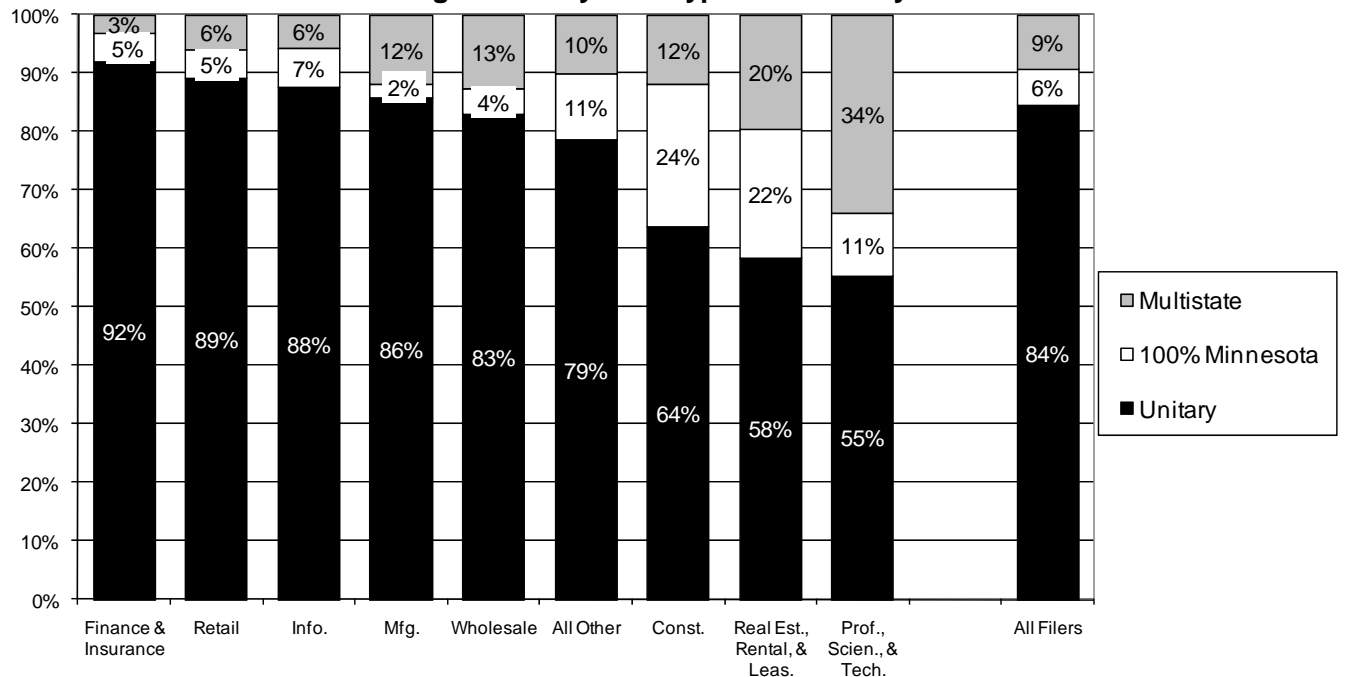
professional services, retail, real estate, or construction sectors.

- Corporations that are 100% Minnesota filers make up less than one-quarter of all manufacturing corporations but roughly two-thirds of those in retail, real estate, and construction.

**Chart 4**  
Percent of Corporations by Filer Type and Industry



**Chart 5**  
Percent of Regular Tax by Filer Type and Industry



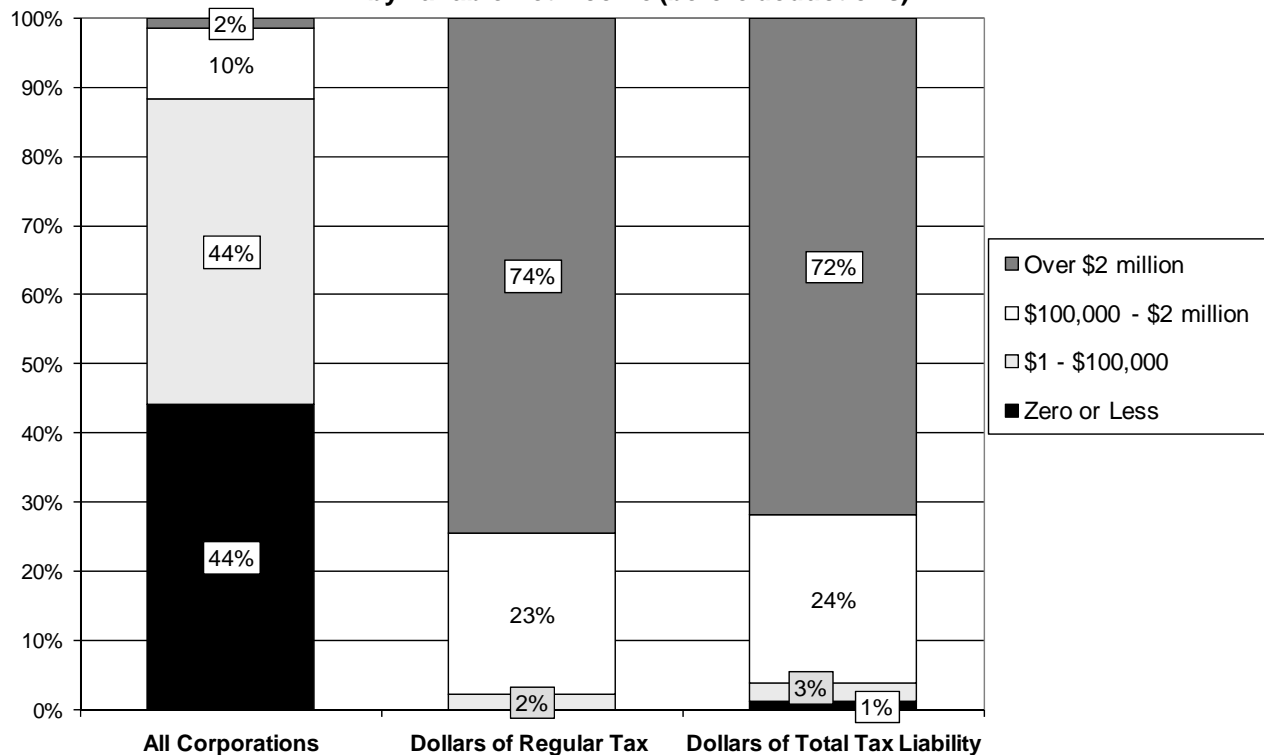
Corporate tax liability is concentrated among a fairly small number of corporations, as shown in **Chart 6**.

- Corporations with more than \$2 million in taxable net income accounted for only 2 percent of all returns. However, they paid 72 percent of total corporate taxes (and 74 percent of regular tax).

- Those with \$100,000 or less in taxable net income accounted for 88 percent of all filers. However, they paid less than 4 percent of total corporate taxes (and only 2 percent of regular tax).

As noted, each member of a unitary group is treated as a separate filer in this bulletin. If all members of a unitary group were instead counted as a single unit, the calculations would show an even higher concentration of tax liability.

**Chart 6**  
Percent of Corporations, Regular Tax, and Total Tax Liability  
by Taxable Net Income (before deductions)



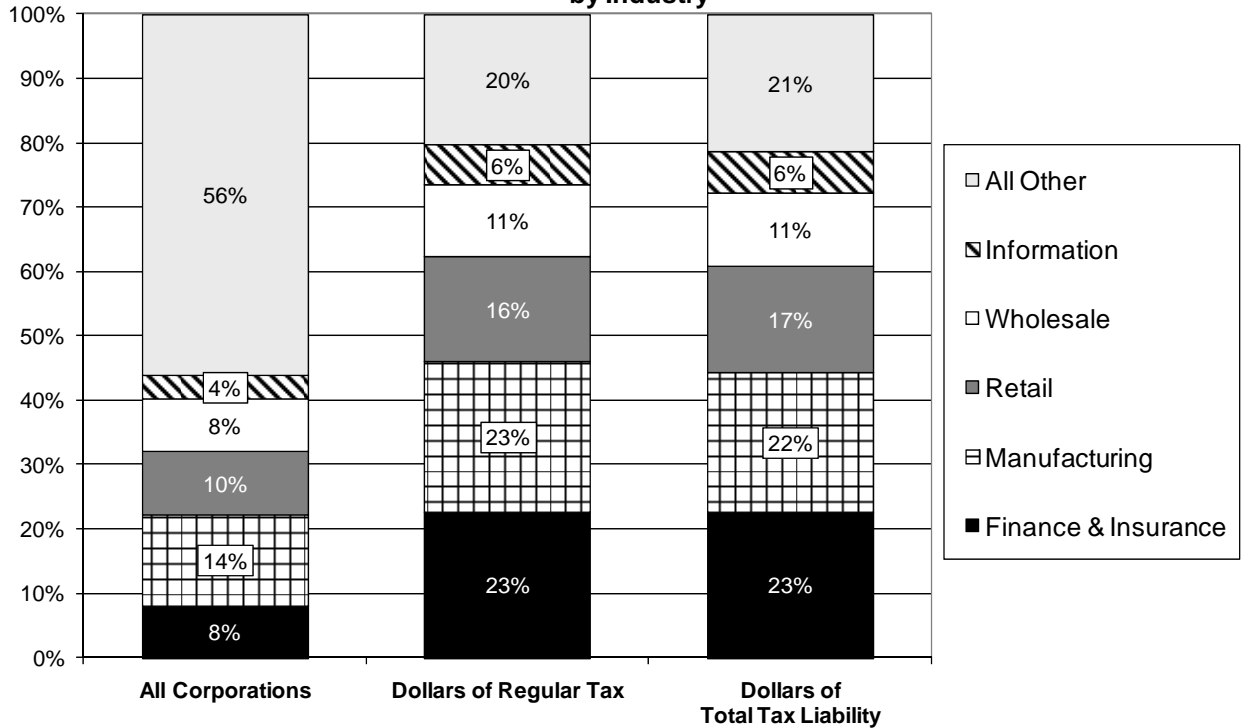
**Chart 7** shows how the shares of filers and tax liability are distributed across major business sectors.

- The finance and insurance sector accounts for 8 percent of returns but 23 percent of total tax liability.

- Manufacturing accounts for 14 percent of returns and 22 percent of total tax liability.

- The retail and wholesale sectors combined account for 18 percent of returns and 28 percent of total tax liability.

**Chart 7**  
**Percent of Corporations, Regular Tax, and Total Tax Liability**  
**by Industry**



As shown in **Chart 8**, the distribution of the AMT and minimum fees by sector differs from the distribution of regular tax. The manufacturing sector’s share of the AMT (49 percent) far exceeds its share of regular tax (23 percent). In contrast, the share of minimum fees paid by “other sectors” – at 40 percent – is double their share of regular tax (20 percent).

**Chart 8** also shows variations by sector in the distribution of three tax credits.

The R&D credit is the largest, with \$22 million claimed for calendar year 2005.

As might be expected, corporations in the manufacturing sector account for the largest share (89 percent) of the R&D credit.

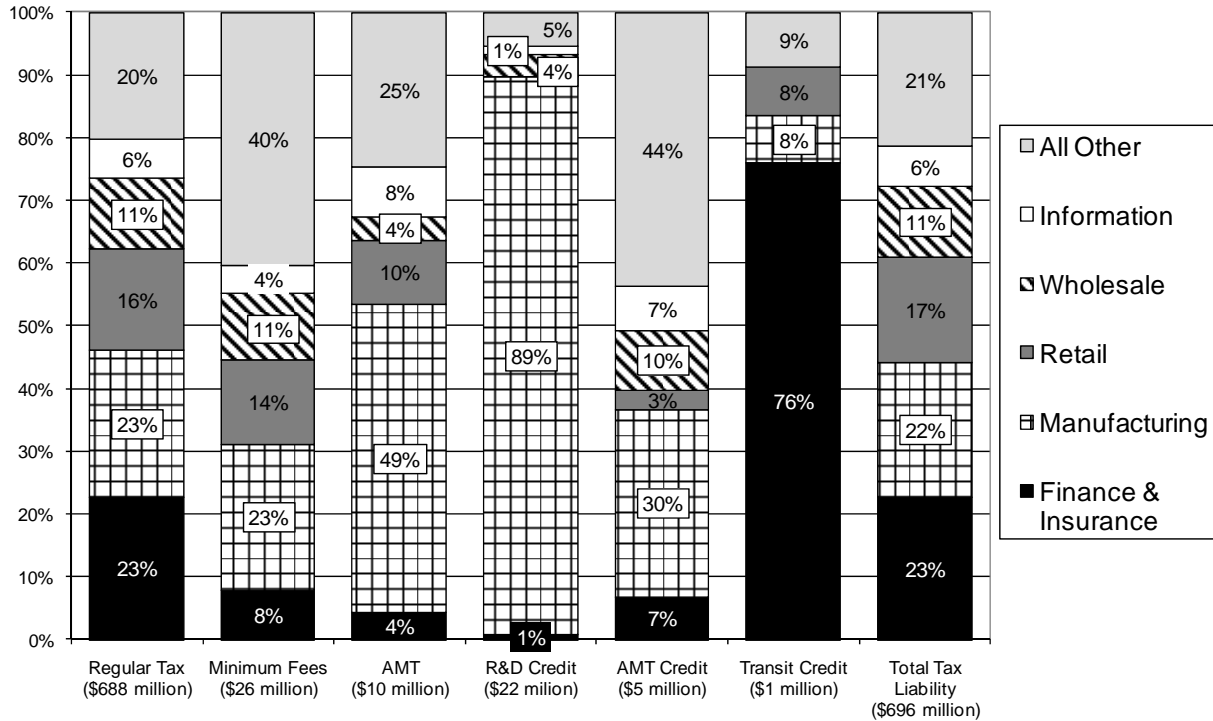
The AMT credit (\$5 million) is claimed by corporations that paid the alternative minimum tax in past years but owe no AMT in the current year. The distribution of this credit by sector differs from the distribution of the AMT. Corporations in the wholesale, finance, and “all other” sectors claimed a larger share of the AMT credit (61 percent total) than their combined share of AMT liability (33 percent).

The transit credit totaled less than \$1 million and more than 75 percent was claimed by financial corporations.

The distribution by sector of regular tax and total tax liability shows that the impact of the credits and additional taxes is fairly small. Total liability exceeds regular tax only slightly (by \$8 million – a net increase of only about one percent of regular tax). The

net impact of the credits and additional taxes is to reduce the share of tax paid by the manufacturing sector – despite its relatively high share of AMT – because manufacturers receive most of the R&D credit.

**Chart 8**  
**Percent of Regular Tax, AMT, Minimum Fees,**  
**and Total Tax Liability, by Industry**





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Alternative Minimum Tax .....	23
AMT Credit.....	23
Dividends Received Deduction.....	23
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Unitary .....	23
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## Description of Data

This bulletin tabulates data from all original corporate tax returns filed during calendar year 2005. Amended returns are excluded from the bulletin.

This bulletin summarizes data from Minnesota Form M4 (filed by corporations subject to corporate tax).

Excluded from the bulletin are corporations that elect to be S corporations. An S corporation files Minnesota Form M8 instead of Minnesota Form M4 and is exempt from the corporate income tax (though some are subject to the minimum fee). S corporation income and losses are passed through to shareholders and reported on shareholders' individual income tax returns. Election of S corporation status was available during tax years 2003 and 2004 if the number of shareholders did not exceed 75.

### Editing of Data

This bulletin generally presents the data as reported on the tax form as it was filed by the taxpayer.

In some cases, the tax liability reported by the taxpayer was inconsistent with other data reported on the tax return. Computer programs designed to recalculate tax liability were used to edit the data. If the tax liability as reported on Minnesota Form M4T, line 22 was significantly different from the tax liability recalculated by the computer programs, the tax return was examined to identify the source of the difference. In some cases, the data were corrected to make them consistent with the reported amounts of tax liability.



## Summary of Corporate Income Tax Data

*Some tables in this bulletin limit their data to the 26,835 corporations that reported positive taxable net income. This is because these tables focus on the calculation of regular tax (before credits), and only corporations with positive taxable income can be liable for regular tax. **Appendix Tables 1, 2, and 3** tabulate data only for corporations reporting positive taxable net income. In contrast, **Appendix Tables 4 through 8** include all corporations regardless of income.*

### Type of Data Included in the Bulletin

The data in this bulletin include corporate income tax returns (Minnesota Form M4) received by the Department of Revenue during calendar year 2005. Because the data include returns filed with (i.e., received by) the Department of Revenue in calendar year 2005, the data is described as filed 2005 data. Filed 2005 includes data from tax years 2003 and 2004.

The data included on the corporate income tax return can be separated into three broad categories:

- Total Income and deductions *before* the apportionment/assignment of income to Minnesota (Form M4I).
- Income and deductions *after* the apportionment/assignment of income to Minnesota (Form M4T).
- Components of tax liability (Form M4T).

The bulletin includes no information on the first of these – income before apportionment/assignment. It summarizes data from the other two. In each case, the data are tabulated by three sets of variables – filing basis, major industry, and ranges of taxable net income.

#### 1. Income and deductions after apportionment/assignment of income (Table A).

As shown in **Table A**, 47,990 corporations filed tax returns in 2005. They included 26,835 corporations with positive taxable net income and 21,155 corporations with zero or negative taxable net income.

Corporations with positive taxable net income reported a total of \$9.624 billion of taxable net income. As shown in Table A, there are three deductions that can reduce the dollar value of a corporation's taxable net income that is subject to tax – sometimes to zero.

The first deduction is for net operating losses (NOLs). If this deduction is large enough to reduce taxable net income after NOL to zero, only the amount needed to reach zero is included here. To the extent NOL deductions exceed taxable net income, they are excluded from the values reported here. The NOL deduction reduced taxable income by \$1.188 billion.

The dividends received deduction and the deduction for income earned in a Job Opportunity Building Zone (JOBZ) are taken after the NOL deduction. Amounts reported for these two deductions are reduced to zero if the NOL deduction has already reduced taxable net income to zero, and to the extent these two deductions exceed any remaining taxable net income, they are excluded from the values reported here. The dividends received deduction reduced taxable income by \$1.41 billion; the JOBZ deduction reduced taxable income by only 2 million.

Taxable income net of these deductions totaled \$7.023 billion. The regular tax, at a rate of 9.8 percent, totaled \$688 million.

More detail on the calculation of income and deductions is found in **Appendix Table 2**.

**Table A****Filed Year 2005 Data – All Corporations  
Income and Deductions after Apportionment /Assignment  
Corporations with Positive and Zero or Negative Taxable Net Income**

(Dollar amounts rounded to the nearest million.)

	Deductions	Corporations with Positive Taxable Net Income	Corporations with Zero or Negative Taxable Net Income	All Corporations
Count of Corporations		26,835	21,155	47,990
Taxable Net Income		\$9,624	-\$4,235	
Net Operating Loss	\$1,188	<u>1,188</u>		
Taxable Net Income after Net Operating Loss		\$8,436		
Dividends Received Deduction	\$1,410	\$1,410		
JOBZ and Biozone Deductions	<u>2</u>	2		
Total Deductions	\$2,600	<u>          </u>		
Taxable Income		\$7,023		
Regular Tax Rate		<u>X 9.8%</u>		
Regular Tax (before credits)		\$688	\$0	\$688

2. **The components of tax liability**  
**(Table B)**

**Appendix Tables 4 through 6** focus on the calculation of corporate tax liability, which is the sum of three taxes minus tax credits. In addition to the regular tax, corporations may pay the Alternative Minimum Tax (AMT) and the minimum fee. During filed year 2005, corporate liability (after credits) totaled \$696 million.

These tables include data from *all corporations*, because even those with no taxable net income may pay the AMT or minimum fee.

**Table B** shows that tax credits reduce the regular tax by \$27 million, to \$661 million. The \$27 million is the sum of three non-refundable credits: AMT credit, research and development (R&D) credit, and transit pass credit. The AMT and R&D credits can only reduce the regular tax. Although the transit pass credit can reduce all three taxes, it is here assumed to reduce the regular tax. As a result, the tables may

slightly understate regular tax after credits and slightly overstate the AMT and minimum fee collections.

The calculation of AMT is based on a calculation of "AMT taxable income," a broader definition of income than is used to compute the regular tax. The AMT equals AMT taxable income multiplied times a 5.8 percent rate. AMT liability occurs when AMT exceeds regular tax. Every dollar of AMT paid in the current tax year generates AMT tax credits that may be used to reduce regular tax in future years. For filed year 2005 returns, AMT totaled \$9 million.

The minimum fee is based on the sum of Minnesota property, payroll, and sales. Corporations with less than \$0.5 million of Minnesota factors pay no minimum fee. Those with at least \$0.5 million but less one million pay \$100. The maximum minimum fee is \$5,000 for those with Minnesota factors greater than \$20 million. For filed year 2005 returns, minimum fee collections totaled \$26 million.



As shown in **Table B**, the regular tax accounts for 95 percent of total corporate tax liability. The amount paid

in minimum fee (4 percent) and AMT (1 percent) is relatively small.

### **Table B**

#### **Filed Year 2005 Data – All Corporations Components of Tax Liability**

(Dollar amounts rounded to the nearest million.)

	<b>Tax Liability</b>	<b>Percent of Total Tax Liability</b>
Regular Tax (before credits)	\$688	
Credits	<u>27</u>	
Regular Tax After Credits	\$661	95%
AMT (Alternative Minimum Tax)	9	1
Minimum Fee	<u>26</u>	<u>4</u>
Tax Liability	\$696	100%

### **Data Tabulated by Three Sets of Variables**

The Bulletin provides more detailed tabulations of the data summarized above in Tables A and B. The data on income and deductions after apportionment and the data on the components of tax are each tabulated by three sets of variables: filing basis, major industry, and ranges of taxable net income.

As a general rule, corporations with a unitary filing basis have operations and sales both inside and outside of Minnesota. Although members of a unitary group must file a combined return, each corporation within the group reports separately both its income and deductions after apportionment/assignment and its tax liability.

In this bulletin, each member of a unitary group is counted as a separate filer.

#### **1. Filing Basis (Tables C, D, and E)**

Filing basis is determined by (a) the portion of a corporation's business activity that is located in Minnesota and (b) whether a business operates through a single or multiple corporations.

- A corporation is defined as a "Unitary" filer if it is part of a business that includes multiple corporations.
- A corporation is defined as "100% Minnesota" filer if it is not a unitary filer and all of its operations and sales are located in Minnesota.
- A corporation is defined as a "Multistate" filer if is not a unitary filer but has part of its operations in Minnesota and part outside of Minnesota.

**Table C** shows how the 26,835 corporations with positive taxable net income are distributed across filing types. Almost half are 100% Minnesota filers, but they account for only 7 percent of total taxable net income.

In contrast, corporations with a unitary filing basis, though only 30 percent of the corporations with positive net income, account for 84 percent of taxable net income. More detail is provided in **Appendix Table 1**.

**Table C**

**Filed Year 2005 Data**

**Corporations with Positive Taxable Net Income**

**Count of Corporations and Percent of Taxable Net Income by Filing Basis**

<b>Filing Basis</b>	<b>Count of Corporations</b>	<b>Percent of Count</b>	<b>Percent of Total Taxable Net Income</b>
Unitary	7,924	30%	84%
100% Minnesota	12,648	47	7
Multistate	6,263	23	9
Total	26,835	100%	100%

**Table D** compares the count of corporations with positive taxable net income to the count of all corporations. Overall, 56 percent of corporations have positive taxable net income.

Unitary filers have a higher percentage (62 percent). Corporations that are 100% Minnesota filers have a lower percentage (52 percent).

**Table D**

**Filed Year 2005 Data – All Corporations**

**Count of Corporations with Positive Taxable Net Income as**

**Percent of All Corporations by Filing Basis**

<b>Filing Basis</b>	<b>Count of Corporations with Positive Taxable Net Income</b>	<b>Count of All Corporations</b>	<b>Percent with Positive Taxable Net Income</b>
Unitary	7,924	12,720	62%
100% Minnesota	12,648	24,100	52
Multistate	6,263	11,170	56
Total	26,835	47,990	56%

**Table E** summarizes the filing basis for all 47,990 corporations. The 100% Minnesota corporations account for half of all corporations but only 7 percent of total liability. In contrast, unitary filers account for only 27 percent of all corporations but pay 83 percent of the

tax. Non-unitary multistate filers account for the remaining 23 percent of corporations and 10 percent of the tax.

More detail is provided in **Appendix Table 4**.

**Table E**

**Filed Year 2005 Data – All Corporations**  
**Count of Corporations and Tax Liability by Filing Basis**  
 (Dollar amounts rounded to the nearest million.)

Filing Basis	Count of Corporations	Percent of Count	Tax Liability	Percent of Total Liability
Unitary	12,720	27%	\$577	83%
100% Minnesota	24,100	50	50	7
Multistate	11,170	23	69	10
Total	47,990	100%	\$696	100%

2. **Major Industry (Tables F and G)**

Major industry is based on 2002 NAICS codes as reported by taxpayers. (Note that the 2002 NAICS major industry classifications are not directly comparable to the SIC major industry classifications from previous years.)

Some editing was done in cases where the industry code appeared to be incorrect. Before editing the data, a large proportion of the tax was paid by corporations placed in the major industry category “management of companies.” This major industry includes both bank and nonbank holding companies.

If a corporation identifying itself as a *bank* holding company appeared to be operating as a bank, its classification was switched to the finance and insurance major industry.

The industry code of selected *nonbank* holding companies was also changed if the corporation appeared to have activities beyond those of a holding company. Those corporations were assigned to various other industries.

**Table F** shows the distribution of the count of corporations with positive taxable net income. Manufacturing (15.2 percent), Professional, Scientific, and Technical Services (11.3 percent), and Retail (10.3 percent) account for over one-third of all corporations with positive taxable net income.

**Table F** also shows the distribution of positive taxable net income by industry. Manufacturing (26.0 percent), Finance and Insurance (21.7 percent), and Retail (14.4 percent) account for almost two-thirds of the total positive taxable net income.

More detail is shown in **Appendix Table 2**.

**Table F****Filed Year 2005 Data****Corporations with Positive Taxable Net Income****Count of Corporations and Percent of Taxable Net Income by Major Industry**

<b>Major Industry Classification</b>	<b>Count of Corporations</b>	<b>Percent of Count</b>	<b>Percent of Total Taxable Net Income</b>
Agriculture	1,420	5.3%	0.9%
Mining	109	0.4	0.9
Utilities	99	0.4	1.8
Construction	2,168	8.1	2.3
Manufacturing	4,082	15.2	26.0
Wholesale	2,490	9.3	10.5
Retail	2,771	10.3	14.4
Transportation & Warehousing	948	3.5	2.2
Information	959	3.6	6.3
Finance & Insurance	2,150	8.0	21.7
Real Estate, Rental, & Leasing	1,640	6.1	2.8
Prof., Scientific, & Tech. Services	3,025	11.3	3.1
Management of Companies	1,034	3.9	3.2
Admin., Support, & Waste Mgt.	671	2.5	0.7
Educational Services	116	0.4	0.3
Health Care & Social Assistance	1,039	3.9	1.2
Arts, Entertainment, & Recreation	302	1.1	0.3
Accommodations & Food Services	610	2.3	0.8
Other Services	1,086	4.0	0.5
Unclassified	116	0.4	0.1
<b>Total</b>	<b>26,835</b>	<b>100.0%</b>	<b>100.0%</b>

**Table G** presents the same information for all corporations (including those with zero or negative taxable net income).

The industries paying the largest shares of tax liability are Finance and Insurance (23 percent), Manufacturing (22 percent), Retail (17 percent), and Wholesale (11 percent). All of the service sectors combined pay less than 10 percent of

the tax (although they account for over 30 percent of all corporations).

More detail for all corporations combined is shown in **Appendix Table 5**. Tabulations by major industry are also shown separately by filing basis (Unitary, 100% Minnesota, and Multistate) in **Appendix Tables 7.1, 7.2, and 7.3**.

**Table G****Filed Year 2005 Data – All Corporations  
Tax Liability by Major Industry**

(Dollar amounts rounded to the nearest million.)

Major Industry Classification	Count of Corporations	Percent of Count	Tax Liability	Percent of Total Tax Liability
Agriculture	2,108	4.4%	\$6.1	0.9%
Mining	179	0.4	6.4	0.9
Utilities	183	0.4	13.0	1.9
Construction	3,859	8.0	19.4	2.8
Manufacturing	6,826	14.2	150.5	21.6
Wholesale	3,928	8.2	78.7	11.3
Retail	4,691	9.8	116.1	16.7
Transportation & Warehousing	1,623	3.4	16.7	2.4
Information	1,749	3.6	44.0	6.3
Finance & Insurance	3,850	8.0	157.4	22.6
Real Estate, Rental, & Leasing	3,335	7.0	19.8	2.8
Prof., Scientific, & Tech. Services	5,923	12.3	20.6	3.0
Management of Companies	2,119	4.4	17.5	2.5
Admin., Support, & Waste Mgt.	1,329	2.8	5.7	0.8
Educational Services	231	0.5	1.8	0.3
Health Care & Social Assistance	1,780	3.7	9.1	1.3
Arts, Entertainment, & Recreation	675	1.4	2.2	0.3
Accommodations & Food Services	1,204	2.5	6.3	0.9
Other Services	1,949	4.1	4.5	0.6
Unclassified	449	0.9	0.4	0.1
<b>Total</b>	<b>47,990</b>	<b>100.0%</b>	<b>\$696.2</b>	<b>100.0%</b>

3. **Ranges of Taxable Net Income**  
**(Tables H, I, and J)**

**Table H** provides the distribution, by range of taxable net income, of the corporations with positive taxable net income. The first two ranges of taxable net income (\$1 to \$15,000) include nearly half of all such corporations, but

they pay only 0.5 percent of total positive taxable net income. The top two ranges (over \$1,000,000) include 5 percent of the corporations but account for over 80 percent of total positive taxable net income.

More detail is shown in **Appendix Table 3**.

**Table H**

Filed Year 2005 Data

Corporations with Positive Taxable Net Income

Count of Corporations and Percent of Taxable Net Income

by Ranges of Taxable Net Income

Taxable Net Income Ranges	Count of Corporations	Percent of Count	Percent of Taxable Net Income
\$ 1 - \$ 5,000	8,057	30.0%	0.1%
5,001 - 15,000	4,563	17.0	0.4
15,001 - 25,000	2,420	9.0	0.5
25,001 - 50,000	3,407	12.7	1.3
50,001 - 75,000	1,742	6.5	1.1
75,001 - 100,000	1,051	3.9	0.9
100,001 - 150,000	1,158	4.3	1.5
150,001 - 250,000	1,085	4.0	2.2
250,001 - 500,000	1,183	4.5	4.4
500,000 - 1,000,000	825	3.1	6.1
1,000,001 - 2,000,000	595	2.2	8.8
Over 2,000,000	749	2.8	72.7
Total	26,835	100.0%	100.0%

**Table I** presents the same information for all corporations (including those with zero or negative taxable net income). Because 44 percent of all corporations report zero or negative taxable income, the share of corporations with less than \$15,000 in taxable net income rises to almost 70 percent. Because some tax (AMT or minimum fee) is paid by those with no taxable net income, the share of tax liability for those with incomes below \$15,000 rises slightly to 1.7 percent when they are included.

The share of corporations in the top two ranges (over \$1,000,000) falls to 2.8 percent and their share of tax liability falls to slightly less than 80 percent when corporations with zero or negative taxable net income are included.

More detail is provided in **Appendix Table 6**. Tabulations by income range are also shown separately by filing basis (Unitary, 100% Minnesota, and Multistate) in **Appendix Tables 8.1, 8.2, and 8.3**.

**Table I****Filed Year 2005 Data – All Corporations  
Tax Liability by Ranges of Taxable Net Income**

(Dollar amounts rounded to the nearest million.)

<b>Taxable Net Income Ranges</b>	<b>Count of Corporations</b>	<b>Percent of Count</b>	<b>Tax Liability</b>	<b>Percent of Total Liability</b>
Less Than or Equal To \$0	21,155	44.1%	\$7.2	1.0%
\$ 1 - 5,000	8,057	16.8	1.6	0.2
5,001 - 15,000	4,563	9.5	3.5	0.5
15,001 - 25,000	2,420	5.0	3.5	0.5
25,001 - 50,000	3,407	7.1	9.6	1.4
50,001 - 75,000	1,742	3.6	8.4	1.2
75,001 - 100,000	1,051	2.2	6.9	1.0
100,001 - 150,000	1,158	2.4	10.9	1.6
150,001 - 250,000	1,085	2.3	15.4	2.2
250,001 - 500,000	1,183	2.5	32.2	4.6
500,000 - 1,000,000	825	1.7	43.5	6.3
1,000,001 - 2,000,000	595	1.2	64.1	9.2
Over 2,000,000	749	1.6	489.4	70.3
<b>Total</b>	<b>47,990</b>	<b>100.0%</b>	<b>\$696.2</b>	<b>100.0%</b>

**Table J** collapses the thirteen taxable net income ranges in Table I into two ranges – (a) zero or negative income and (b) positive income.

Corporations with positive taxable net income include 56 percent of all corporations and pay 99 percent of total tax liability.

**Table J****Filed Year 2005 Data – All Corporations  
Tax Liability for Corporations With and Without Positive Taxable Net Income**

(Dollar amounts rounded to the nearest million.)

<b>Taxable Net Income Ranges</b>	<b>Count of Corporations</b>	<b>Percent of Count</b>	<b>Tax Liability</b>	<b>Percent of Total Liability</b>
Zero or Negative Taxable Net Income	21,155	44%	\$7	1%
Positive Taxable Net Income	26,835	56	689	99
<b>Total</b>	<b>47,990</b>	<b>100%</b>	<b>\$696</b>	<b>100%</b>





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**Statistical Appendix**

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**Filed Year 2005 Data**  
**Corporations with Positive Taxable net income**

**Table 1** Income and Deductions after Apportionment/Assignment by Filing Basis

Filing Basis	Taxable Net Income	Count of Corporations	Net Operating Loss		Taxable Net Income After NOL Deduction		Dividends Received Deduction		Tax Free Zone Exemption	Taxable Income	Regular Tax	
				Count		Count		Count				Count
Unitary	\$8,093,016,558	7,924	\$778,211,191	2,028	\$7,314,805,367	6,663	\$1,382,828,148	3,535	\$1,708,358	\$5,930,268,861	\$580,645,660	6,177
100% MN	639,116,967	12,648	189,510,112	5,853	449,606,855	8,337	7,614,815	447	180,266	441,811,774	43,223,286	8,156
Multistate	891,567,464	6,263	220,454,248	2,089	671,113,216	4,825	19,369,461	434	61,544	651,682,211	63,843,283	4,659
<b>Total</b>	<b>\$9,623,700,989</b>	<b>26,835</b>	<b>\$1,188,175,551</b>	<b>9,970</b>	<b>\$8,435,525,438</b>	<b>19,825</b>	<b>\$1,409,812,424</b>	<b>4,416</b>	<b>\$1,950,168</b>	<b>\$7,023,762,846</b>	<b>\$687,712,229</b>	<b>18,992</b>

**Table 2** Income and Deductions after Apportionment/Assignment by Major Industry

Major Industry	Taxable Net Income	Count of Corporations	Net Operating Loss		Taxable Net Income After NOL Deduction		Dividends Received Deduction*		Taxable Income	Regular Tax	
				Count		Count		Count			Count
Agriculture	\$82,143,031	1,420	\$27,099,044	588	\$55,043,987	992	\$96,946	76	\$54,947,041	\$5,388,749	975
Mining	91,139,104	109	10,152,881	50	80,986,223	77	17,181,865	30	63,804,358	6,250,539	70
Utilities	174,283,860	99	1,617,663	15	172,666,197	90	32,007,271	36	140,658,926	13,784,576	90
Construction	217,832,435	2,168	26,789,186	910	191,043,249	1,485	6,811,922	108	184,231,327	18,048,845	1,454
Manufacturing	2,505,849,586	4,082	434,077,657	1,478	2,071,771,929	3,085	432,501,719	1,280	1,639,270,210	160,609,629	2,899
Wholesale	1,012,563,355	2,490	67,477,894	804	945,085,461	1,968	157,926,846	364	787,158,615	76,861,901	1,922
Retail	1,387,754,890	2,771	81,751,985	1,015	1,306,002,905	2,014	162,854,156	314	1,143,148,749	111,822,764	1,970
Transportation & Warehousing	215,844,960	948	34,288,474	362	181,556,486	683	17,683,848	82	163,872,638	16,038,376	666
Information	601,500,924	959	109,180,847	339	492,320,077	741	57,060,541	300	435,259,536	42,697,861	688
Finance & Insurance	2,093,006,876	2,150	73,092,204	445	2,019,914,672	1,836	428,944,951	796	1,590,969,721	155,842,836	1,691
Real Estate, Rental, & Leasing	264,749,279	1,640	52,518,315	592	212,230,964	1,242	18,444,638	167	193,786,326	18,972,868	1,178
Professional, Scientific, & Technical Services	302,007,043	3,025	59,735,611	1,334	242,271,432	2,074	50,655,743	299	191,615,689	18,770,065	1,996
Management of Companies	309,818,069	1,034	134,868,761	392	174,949,308	766	15,594,454	282	159,354,854	15,653,188	704
Administrative, Support, & Waste Management	67,490,596	671	12,060,040	250	55,430,556	500	2,189,617	76	53,240,939	5,213,385	480
Educational Services	24,840,741	116	7,772,730	45	17,068,011	82	35,691	10	17,032,320	1,669,161	78
Health Care & Social Assistance	111,152,709	1,039	28,671,160	504	82,481,549	669	898,168	31	81,583,381	7,998,310	655
Arts, Entertainment, & Recreation	25,266,457	302	4,897,362	139	20,369,095	197	116,980	10	20,252,115	1,974,358	187
Accommodations & Food Services	78,222,998	610	11,790,323	255	66,432,675	442	8,025,381	74	58,407,294	5,719,536	432
Other Services	52,154,596	1,086	7,616,141	405	44,538,455	795	2,306,535	62	42,231,920	4,116,237	774
Unclassified	6,079,480	116	2,717,273	48	3,362,207	87	425,320	19	2,936,887	279,045	83
<b>Total</b>	<b>\$9,623,700,989</b>	<b>26,835</b>	<b>\$1,188,175,551</b>	<b>9,970</b>	<b>\$8,435,525,438</b>	<b>19,825</b>	<b>\$1,411,762,592</b>	<b>4,416</b>	<b>\$7,023,762,846</b>	<b>\$687,712,229</b>	<b>18,992</b>

\*Includes \$1,950,168 in Tax Free Zone exemptions, which cannot be separately shown at this level of detail.

Filed Year 2005 Data  
Corporations with Positive Taxable net income

**Table 3** Income and Deductions after Apportionment/Assignment by Taxable Net Income Ranges

Taxable Net Income Ranges	Taxable Net Income	Count of Corporations	Net Operating Loss		Taxable Net Income After NOL Deduction		Dividends Received Deduction*		Taxable Income	Regular Tax	
				Count		Count		Count			Count
\$1 - \$5,000	\$13,353,539	8,057	\$4,907,528	3,138	\$8,446,011	5,480	\$392,266	753	\$8,053,745	\$790,667	5,091
5,001 - 15,000	42,405,259	4,563	15,757,001	1,982	26,648,258	3,109	1,065,595	511	25,582,663	2,548,457	3,022
15,001 - 25,000	47,375,203	2,420	17,009,954	1,034	30,365,249	1,708	1,410,403	293	28,954,846	2,842,466	1,660
25,001 - 50,000	123,315,658	3,407	36,471,208	1,261	86,844,450	2,588	3,329,232	448	83,515,218	8,162,222	2,525
50,001 - 75,000	106,372,759	1,742	29,118,840	594	77,253,919	1,378	2,667,826	220	74,586,093	7,298,142	1,357
75,001 - 100,000	90,801,590	1,051	26,534,778	372	64,266,812	825	3,137,557	191	61,129,255	5,943,425	805
100,001 - 150,000	141,561,852	1,158	38,114,319	392	103,447,533	924	5,586,747	249	97,860,786	9,575,864	891
150,001 - 250,000	210,282,708	1,085	56,662,741	379	153,619,967	871	12,161,050	292	141,458,917	13,785,564	829
250,001 - 500,000	421,750,604	1,183	89,444,847	341	332,305,757	1,004	27,864,126	387	304,441,631	29,799,442	957
500,001 - 1,000,000	586,853,439	825	115,409,144	217	471,444,295	704	47,057,945	327	424,386,350	41,574,818	677
\$1,000,001 - 2,000,000	843,450,655	595	124,465,997	121	718,984,658	542	73,032,370	281	645,952,288	63,147,426	516
Over \$2,000,000	6,996,177,723	749	634,279,194	139	6,361,898,529	692	1,234,057,475	464	5,127,841,054	502,243,736	662
<b>Total</b>	<b>\$9,623,700,989</b>	<b>26,835</b>	<b>\$1,188,175,551</b>	<b>9,970</b>	<b>\$8,435,525,438</b>	<b>19,825</b>	<b>\$1,411,762,592</b>	<b>4,416</b>	<b>\$7,023,762,846</b>	<b>\$687,712,229</b>	<b>18,992</b>

\*Includes \$1,950,168 in Tax Free Zone exemptions, which cannot be separately shown at this level of detail.

**Filed Year 2005 Data**  
**All Corporations**

**Table 4 Tax Credits and Tax Liability by Filing Basis**

Filing Basis	Count of Corporations	Regular Tax		AMT		AMT Credit		Minnesota Research Credit		Minimum Fee		Employee Transit Pass Credit	Tax Liability	
			Count		Count		Count		Count		Count			Count
Unitary	12,720	\$580,645,660	6,177	\$8,202,201	1,510	\$3,616,490	323	\$20,580,274	127	\$13,736,883	7,547	\$513,416	\$577,874,564	9,801
100% MN	24,100	43,223,286	8,156	285,523	306	314,370	87	48,576	9	6,636,739	12,268	1,096	49,781,506	15,041
Multistate	11,170	63,843,283	4,659	1,162,867	820	607,090	209	1,218,712	79	5,387,683	5,499	9,483	68,558,548	7,669
<b>Total</b>	<b>47,990</b>	<b>\$687,712,229</b>	<b>18,992</b>	<b>\$9,650,591</b>	<b>2,636</b>	<b>\$4,537,950</b>	<b>619</b>	<b>\$21,847,562</b>	<b>215</b>	<b>\$25,761,305</b>	<b>25,314</b>	<b>\$523,995</b>	<b>\$696,214,618</b>	<b>32,511</b>

**Table 5 Tax Credits and Tax Liability by Major Industry Category**

Major Industry	Count of Corporations	Regular Tax		AMT	AMT Credit	Minnesota Research Credit	Minimum Fee		Employee Transit Pass Credit	Tax Liability	
			Count					Count			Count
Agriculture	2,108	\$5,388,749	975	\$23,236	\$5,628	\$7,496	\$730,105	1,586	\$0	\$6,128,966	1,765
Mining	179	6,250,539	70	83,361	1,423	0	101,800	86	0	6,434,277	117
Utilities	183	13,784,576	90	12,688	980,859	24,024	208,800	114	415	13,000,766	142
Construction	3,859	18,048,845	1,454	72,646	242,955	5,663	1,474,800	2,173	0	19,347,673	2,657
Manufacturing	6,826	160,609,629	2,899	4,742,329	1,358,966	19,442,519	6,002,160	4,374	39,769	150,512,864	5,312
Wholesale	3,928	76,861,901	1,922	345,419	432,392	782,103	2,735,900	2,392	0	78,728,725	2,917
Retail	4,691	111,822,764	1,970	999,459	138,544	91	3,488,600	3,172	40,438	116,131,750	3,574
Transportation & Warehousing	1,623	16,038,376	666	124,137	182,837	95,463	768,700	868	0	16,652,913	1,141
Information	1,749	42,697,861	688	771,636	314,884	273,542	1,119,900	801	0	44,000,971	1,170
Finance & Insurance	3,850	155,842,836	1,691	405,874	306,012	161,570	2,011,500	1,504	397,811	157,394,817	2,217
Real Estate, Rental, & Leasing	3,335	18,972,868	1,178	353,767	229,478	36	704,400	905	0	19,801,521	1,682
Professional, Scientific, & Technical Services	5,923	18,770,065	1,996	496,760	81,202	391,162	1,852,634	2,463	13,023	20,634,072	3,514
Management of Companies	2,119	15,653,188	704	967,816	105,449	661,599	1,708,506	1,020	32,539	17,529,923	1,372
Administrative, Support, & Waste Management	1,329	5,213,385	480	26,178	30,442	2,294	442,500	556	0	5,649,327	777
Educational Services	231	1,669,161	78	42,601	0	0	79,800	95	0	1,791,562	146
Health Care & Social Assistance	1,780	7,998,310	655	94,110	66,764	0	1,103,900	1,235	0	9,129,556	1,363
Arts, Entertainment, & Recreation	675	1,974,358	187	17,253	764	0	154,600	271	0	2,145,447	379
Accommodations & Food Services	1,204	5,719,536	432	41,933	54,466	0	554,600	740	0	6,261,603	875
Other Services	1,949	4,116,237	774	15,707	720	0	405,800	863	0	4,537,024	1,247
Unclassified	449	279,045	83	13,681	4,165	0	112,300	96	0	400,861	144
<b>Total</b>	<b>47,990</b>	<b>\$687,712,229</b>	<b>18,992</b>	<b>\$9,650,591</b>	<b>\$4,537,950</b>	<b>\$21,847,562</b>	<b>\$25,761,305</b>	<b>25,314</b>	<b>\$523,995</b>	<b>\$696,214,618</b>	<b>32,511</b>

**Filed Year 2005 Data**  
**All Corporations**

**Table 6 Tax Credits and Tax Liability by Taxable Net Income Ranges**

Taxable Net Income Ranges	Count of Corporations	Regular Tax		AMT		AMT Credit		Minnesota Research Credit	Minimum Fee		Employee Transit Pass Credit	Tax Liability	
			Count		Count		Count			Count			Count
Less Than or Equal To \$0	21,155	\$0	0	\$381,744	79	\$0	0	\$0	\$6,852,260	8,208	\$6,096	\$7,227,908	8,234
\$1 - 5,000	8,057	790,667	5,091	14,635	466	5,068	70	871	826,800	2,493	0	1,626,163	6,413
5,001 - 15,000	4,563	2,548,457	3,022	59,789	334	12,656	69	8,045	868,300	2,383	861	3,454,984	4,016
15,001 - 25,000	2,420	2,842,466	1,660	41,090	188	20,079	46	10,894	701,311	1,636	7,119	3,546,775	2,240
25,001 - 50,000	3,407	8,162,222	2,525	80,640	298	28,877	52	21,578	1,438,000	2,753	4,109	9,626,298	3,280
50,001 - 75,000	1,742	7,298,142	1,357	103,679	220	36,138	49	36,291	1,106,000	1,547	0	8,435,392	1,719
75,001 - 100,000	1,051	5,943,425	805	132,056	157	46,119	36	45,595	908,734	954	0	6,892,501	1,036
100,001 - 150,000	1,158	9,575,864	891	214,068	185	73,098	40	82,717	1,252,300	1,089	0	10,886,417	1,149
150,001 - 250,000	1,085	13,785,564	829	390,560	211	126,171	55	159,435	1,453,700	1,019	0	15,344,218	1,080
250,001 - 500,000	1,183	29,799,442	957	481,224	185	186,834	56	297,307	2,403,500	1,130	2,444	32,197,581	1,180
500,001 - 1,000,000	825	41,574,818	677	825,541	141	463,025	55	752,241	2,332,700	797	0	43,517,793	821
1,000,001 - 2,000,000	595	63,147,426	516	889,004	73	663,318	42	1,422,417	2,158,083	582	8,162	64,100,616	595
Over 2,000,000	749	502,243,736	662	6,036,561	99	2,876,567	49	19,010,171	3,459,617	723	495,204	489,357,972	748
<b>Total</b>	<b>47,990</b>	<b>\$687,712,229</b>	<b>18,992</b>	<b>\$9,650,591</b>	<b>2,636</b>	<b>\$4,537,950</b>	<b>619</b>	<b>\$21,847,562</b>	<b>\$25,761,305</b>	<b>25,314</b>	<b>\$523,995</b>	<b>\$696,214,618</b>	<b>32,511</b>

**Filed Year 2005 Data**  
**Corporations by Filing Basis**

**Table 7.1 Tax Credits and Tax Liability by Major Industry Category - Unitary**

Major Industry	Count of Corporations	Regular Tax		AMT	AMT Credit	Minnesota Research Credit	Minimum Fee		Employee Transit Pass Credit	Tax Liability	
			Count					Count			Count
Agriculture	44	\$1,120,459	24	\$80	\$510	\$0	\$50,000	28	\$0	\$1,170,029	33
Mining	79	5,730,076	37	82,598	1,029	0	63,000	39	0	5,874,645	58
Utilities	103	13,574,358	60	12,137	980,859	10,000	172,400	73	415	12,767,621	86
Construction	234	11,487,895	127	8,922	161,052	5,663	230,600	139	0	11,560,702	177
Manufacturing	3,313	137,753,711	1,654	4,287,082	973,309	18,461,564	3,993,783	2,106	39,769	126,559,934	2,713
Wholesale	1,172	63,707,002	646	178,451	352,835	668,552	1,240,400	695	0	64,104,466	876
Retail	764	99,572,633	433	872,126	124,811	91	1,287,600	550	40,438	101,567,019	648
Transportation & Warehousing	367	14,055,251	195	110,394	172,810	95,463	392,500	219	0	14,289,872	292
Information	931	37,365,150	424	620,044	119,208	272,404	901,500	509	0	38,495,082	720
Finance & Insurance	1,456	143,257,961	926	346,311	298,412	157,140	1,611,400	864	397,811	144,362,309	1,164
Real Estate, Rental, & Leasing	402	11,088,997	161	247,959	178,510	0	374,700	214	0	11,533,146	284
Professional, Scientific, & Technical Services	1,037	10,395,319	414	386,232	51,118	249,144	761,100	533	2,444	11,239,945	747
Management of Companies	1,753	13,151,462	582	906,980	98,915	660,253	1,546,800	924	32,539	14,813,535	1,189
Administrative, Support, & Waste Management	252	4,003,552	117	16,716	29,797	0	232,800	140	0	4,223,271	178
Educational Services	59	876,969	23	34,858	0	0	41,700	35	0	953,527	47
Health Care & Social Assistance	183	4,976,700	89	41,520	16,857	0	206,500	124	0	5,207,863	145
Arts, Entertainment, & Recreation	53	737,635	22	3,112	455	0	46,300	29	0	786,592	39
Accommodations & Food Services	249	4,839,130	135	23,876	51,804	0	349,600	163	0	5,160,802	200
Other Services	149	2,814,625	69	9,662	34	0	138,000	98	0	2,962,253	123
Unclassified	120	136,775	39	13,141	4,165	0	96,200	65	0	241,951	82
<b>Total</b>	<b>12,720</b>	<b>\$580,645,660</b>	<b>6,177</b>	<b>\$8,202,201</b>	<b>\$3,616,490</b>	<b>\$20,580,274</b>	<b>\$13,736,883</b>	<b>7,547</b>	<b>\$513,416</b>	<b>\$577,874,564</b>	<b>9,801</b>

**Filed Year 2005 Data**  
**Corporations by Filing Basis**

**Table 7.2 Tax Credits and Tax Liability by Major Industry Category - 100% Minnesota**

Major Industry	Count of Corporations	Regular Tax		AMT	AMT Credit	Minnesota Research Credit	Minimum Fee		Employee Transit Pass Credit	Tax Liability	
			Count					Count			Count
Agriculture	1,814	\$3,564,327	815	\$20,869	\$3,492	\$0	\$599,405	1,414	\$0	\$4,181,109	1,526
Mining	68	104,958	18	727	358	0	19,600	34	0	124,927	38
Utilities	42	61,664	11	0	0	0	13,700	26	0	75,364	29
Construction	2,650	4,389,978	910	13,709	59,597	0	882,500	1,598	0	5,226,590	1,834
Manufacturing	1,535	3,684,558	458	25,998	18,432	30,367	525,400	910	0	4,187,157	1,008
Wholesale	1,368	3,353,351	528	21,750	4,213	0	597,800	772	0	3,968,688	915
Retail	3,071	5,522,323	1,139	46,317	4,115	0	1,590,700	2,122	0	7,155,225	2,288
Transportation & Warehousing	794	694,747	243	8,913	455	0	188,600	394	0	891,805	485
Information	397	2,920,154	113	44,302	191,449	0	67,500	136	0	2,840,507	193
Finance & Insurance	1,452	7,708,146	439	6,241	832	0	141,600	391	0	7,855,155	595
Real Estate, Rental, & Leasing	2,285	4,150,359	777	12,821	2,717	0	173,000	513	0	4,333,463	1,052
Professional, Scientific, & Technical Services	3,047	1,988,745	903	23,954	12,422	15,915	490,434	1,178	1,096	2,473,700	1,607
Management of Companies	123	513,527	35	122	0	0	7,300	12	0	520,949	44
Administrative, Support, & Waste Management	748	562,591	228	3,818	255	2,294	115,300	299	0	679,160	402
Educational Services	115	26,425	32	0	0	0	6,500	28	0	32,925	54
Health Care & Social Assistance	1,448	1,808,510	517	32,601	14,484	0	780,100	1,032	0	2,606,727	1,119
Arts, Entertainment, & Recreation	480	309,018	100	13,271	53	0	79,600	202	0	401,836	251
Accommodations & Food Services	863	712,353	271	5,954	1,496	0	141,200	524	0	858,011	611
Other Services	1,530	1,089,824	587	3,616	0	0	209,100	662	0	1,302,540	945
Unclassified	270	57,728	32	540	0	0	7,400	21	0	65,668	45
<b>Total</b>	<b>24,100</b>	<b>\$43,223,286</b>	<b>8,156</b>	<b>\$285,523</b>	<b>\$314,370</b>	<b>\$48,576</b>	<b>\$6,636,739</b>	<b>12,268</b>	<b>\$1,096</b>	<b>\$49,781,506</b>	<b>15,041</b>

**Filed Year 2005 Data**  
**Corporations by Filing Basis**

**Table 7.3 Tax Credits and Tax Liability by Major Industry Category - Multistate**

Major Industry	Count of Corporations	Regular Tax		AMT	AMT Credit	Minnesota Research Credit	Minimum Fee		Employee Transit Pass Credit	Tax Liability	
			Count					Count			Count
Agriculture	250	\$703,963	136	\$2,287	\$1,626	\$7,496	\$80,700	144	\$0	\$777,828	206
Mining	32	415,505	15	36	36	0	19,200	13	0	434,705	21
Utilities	38	148,554	19	551	0	14,024	22,700	15	0	157,781	27
Construction	975	2,170,972	417	50,015	22,306	0	361,700	436	0	2,560,381	646
Manufacturing	1,978	19,171,360	787	429,249	367,225	950,588	1,482,977	1,358	0	19,765,773	1,591
Wholesale	1,388	9,801,548	748	145,218	75,344	113,551	897,700	925	0	10,655,571	1,126
Retail	856	6,727,808	398	81,016	9,618	0	610,300	500	0	7,409,506	638
Transportation & Warehousing	462	1,288,378	228	4,830	9,572	0	187,600	255	0	1,471,236	364
Information	421	2,412,557	151	107,290	4,227	1,138	150,900	156	0	2,665,382	257
Finance & Insurance	942	4,876,729	326	53,322	6,768	4,430	258,500	249	0	5,177,353	458
Real Estate, Rental, & Leasing	648	3,733,512	240	92,987	48,251	36	156,700	178	0	3,934,912	346
Professional, Scientific, & Technical Services	1,839	6,386,001	679	86,574	17,662	126,103	601,100	752	9,483	6,920,427	1,160
Management of Companies	243	1,988,199	87	60,714	6,534	1,346	154,406	84	0	2,195,439	139
Administrative, Support, & Waste Management	329	647,242	135	5,644	390	0	94,400	117	0	746,896	197
Educational Services	57	765,767	23	7,743	0	0	31,600	32	0	805,110	45
Health Care & Social Assistance	149	1,213,100	49	19,989	35,423	0	117,300	79	0	1,314,966	99
Arts, Entertainment, & Recreation	142	927,705	65	870	256	0	28,700	40	0	957,019	89
Accommodations & Food Services	92	168,053	26	12,103	1,166	0	63,800	53	0	242,790	64
Other Services	270	211,788	118	2,429	686	0	58,700	103	0	272,231	179
Unclassified	59	84,542	12	0	0	0	8,700	10	0	93,242	17
<b>Total</b>	<b>11,170</b>	<b>\$63,843,283</b>	<b>4,659</b>	<b>\$1,162,867</b>	<b>\$607,090</b>	<b>\$1,218,712</b>	<b>\$5,387,683</b>	<b>5,499</b>	<b>\$9,483</b>	<b>\$68,558,548</b>	<b>7,669</b>



**Filed Year 2005 Data**  
**Corporations by Filing Basis**

**Table 8.1 Tax Credits and Tax Liability by Taxable Net Income Ranges - Unitary**

Taxable Net Income Ranges	Count of Corporations	Regular Tax		AMT	AMT Credit	Minnesota Research Credit	Minimum Fee		Employee Transit Pass Credit	Tax Liability	
			Count					Count			Count
Less Than or Equal To \$0	4,796	\$0	0	\$283,730	\$0	\$0	\$3,440,100	2,057	\$5,000	\$3,718,830	2,067
\$1 - 5,000	1,603	183,633	1,164	6,452	1,826	149	78,800	244	0	266,910	1,460
5,001 - 15,000	967	641,722	724	43,836	5,402	3,002	154,000	422	0	831,154	942
15,001 - 25,000	491	618,195	358	22,863	7,736	560	122,300	292	0	755,062	485
25,001 - 50,000	781	1,964,044	606	46,378	8,897	6,322	353,300	612	2,606	2,345,897	776
50,001 - 75,000	374	1,483,334	284	51,356	11,156	7,448	221,200	334	0	1,737,286	372
75,001 - 100,000	333	1,913,314	263	63,013	23,901	19,427	275,800	306	0	2,208,799	330
100,001 - 150,000	466	3,815,557	358	133,736	27,781	39,443	526,800	451	0	4,408,869	464
150,001 - 250,000	529	6,623,119	399	284,067	95,563	42,440	741,100	511	0	7,510,283	528
250,001 - 500,000	671	17,111,823	549	322,948	104,509	155,196	1,391,000	653	2,444	18,563,622	671
500,001 - 1,000,000	589	29,337,635	484	617,257	345,631	339,448	1,667,900	571	0	30,937,713	587
1,000,001 - 2,000,000	461	49,080,073	400	740,649	573,821	1,118,002	1,700,483	455	8,162	49,821,220	461
Over 2,000,000	659	467,873,211	588	5,585,916	2,410,267	18,848,837	3,064,100	639	495,204	454,768,919	658
<b>Total</b>	<b>12,720</b>	<b>\$580,645,660</b>	<b>6,177</b>	<b>\$8,202,201</b>	<b>\$3,616,490</b>	<b>\$20,580,274</b>	<b>\$13,736,883</b>	<b>7,547</b>	<b>\$513,416</b>	<b>\$577,874,564</b>	<b>9,801</b>

**Table 8.2 Tax Credits and Tax Liability by Taxable Net Income Ranges - 100% Minnesota**

Taxable Net Income Ranges	Count of Corporations	Regular Tax		AMT	AMT Credit	Minnesota Research Credit	Minimum Fee		Employee Transit Pass Credit	Tax Liability	
			Count					Count			Count
Less Than or Equal To \$0	11,452	\$0	0	\$1,203	\$0	\$0	\$1,894,600	4,373	\$1,096	\$1,894,707	4,374
\$1 - 5,000	4,403	395,212	2,477	1,116	946	0	592,200	1,834	0	987,582	3,212
5,001 - 15,000	2,549	1,250,335	1,544	911	3,867	0	515,500	1,422	0	1,762,879	2,078
15,001 - 25,000	1,345	1,472,877	875	0	2,914	3,317	385,405	923	0	1,852,051	1,180
25,001 - 50,000	1,919	4,503,870	1,388	4,043	4,596	9,347	741,800	1,556	0	5,235,770	1,809
50,001 - 75,000	952	4,035,047	749	18,257	5,500	0	584,200	836	0	4,632,004	933
75,001 - 100,000	455	2,422,926	341	28,887	5,254	0	413,834	400	0	2,860,393	443
100,001 - 150,000	418	3,236,937	314	22,872	21,006	3,548	463,800	383	0	3,699,055	412
150,001 - 250,000	273	3,342,168	207	35,669	3,035	0	303,100	235	0	3,677,902	269
250,001 - 500,000	202	4,691,198	155	39,493	29,456	0	417,300	186	0	5,118,535	199
500,001 - 1,000,000	70	3,254,864	55	18,712	43,564	32,364	162,600	68	0	3,360,248	70
1,000,001 - 2,000,000	38	3,235,397	30	39,144	6,090	0	107,800	34	0	3,376,251	38
Over 2,000,000	24	11,382,455	21	75,216	188,142	0	54,600	18	0	11,324,129	24
<b>Total</b>	<b>24,100</b>	<b>\$43,223,286</b>	<b>8,156</b>	<b>\$285,523</b>	<b>\$314,370</b>	<b>\$48,576</b>	<b>\$6,636,739</b>	<b>12,268</b>	<b>\$1,096</b>	<b>\$49,781,506</b>	<b>15,041</b>

[Filed Year 2005 Data](#)  
Corporations by Filing Basis

**Table 8.3 Tax Credits and Tax Liability by Taxable Net Income Ranges - Multistate**

Taxable Net Income Ranges	Count of Corporations	Regular Tax		AMT	AMT Credit	Minnesota Research Credit	Minimum Fee		Employee Transit Pass Credit	Tax Liability	
			Count					Count			Count
Less Than or Equal \$0	4,907	\$0	0	\$96,811	\$0	\$0	\$1,517,560	1,778	\$0	\$1,614,371	1,793
\$1 - 5,000	2,051	211,822	1,450	7,067	2,296	722	155,800	415	0	371,671	1,741
5,001 - 15,000	1,047	656,400	754	15,042	3,387	5,043	198,800	539	861	860,951	996
15,001 - 25,000	584	751,394	427	18,227	9,429	7,017	193,606	421	7,119	939,662	575
25,001 - 50,000	707	1,694,308	531	30,219	15,384	5,909	342,900	585	1,503	2,044,631	695
50,001 - 75,000	416	1,779,761	324	34,066	19,482	28,843	300,600	377	0	2,066,102	414
75,001 - 100,000	263	1,607,185	201	40,156	16,964	26,168	219,100	248	0	1,823,309	263
100,001 - 150,000	274	2,523,370	219	57,460	24,311	39,726	261,700	255	0	2,778,493	273
150,001 - 250,000	283	3,820,277	223	70,824	27,573	116,995	409,500	273	0	4,156,033	283
250,001 - 500,000	310	7,996,421	253	118,783	52,869	142,111	595,200	291	0	8,515,424	310
500,001 - 1,000,000	166	8,982,319	138	189,572	73,830	380,429	502,200	158	0	9,219,832	164
1,000,001 - 2,000,000	96	10,831,956	86	109,211	83,407	304,415	349,800	93	0	10,903,145	96
Over 2,000,000	66	22,988,070	53	375,429	278,158	161,334	340,917	66	0	23,264,924	66
<b>Total</b>	<b>11,170</b>	<b>\$63,843,283</b>	<b>4,659</b>	<b>\$1,162,867</b>	<b>\$607,090</b>	<b>\$1,218,712</b>	<b>\$5,387,683</b>	<b>5,499</b>	<b>\$9,483</b>	<b>\$68,558,548</b>	<b>7,669</b>

## Glossary of Terms Used in Bulletin

### Alternative Minimum Tax

The alternative minimum tax is usually abbreviated as the AMT. Between 1987 and 1989, Minnesota had an AMT based on 0.1 percent of Minnesota property, payroll, and sales apportionment factors. This AMT is sometimes called the factors AMT.

Beginning in 1990, Minnesota law based its AMT on the federal AMT. The calculation of AMT is based on the calculation of AMT taxable income, which is a modification of the taxable income calculation used to compute the regular tax. Included in the calculation is adjustments used to compute the federal AMT. The tentative alternative minimum tax is AMT income multiplied by 5.8 percent. Alternative minimum tax is paid if the tentative alternative minimum tax exceeds the amount of the regular tax. In this bulletin, the amount that tentative AMT exceeds the regular tax is reported as the amount in the AMT data field.

### AMT Credit

An alternative minimum tax credit may be claimed if a corporation paid the alternative minimum tax in the past and in the current year the taxpayer does not owe alternative minimum tax.

### Dividends Received Deduction

On the Minnesota return, the dividends received deduction is the amount of dividends received deduction reported on the federal return multiplied by a corporation's apportionment percentage.

In cases where the dividends received deduction was greater than taxable net income after the NOL deduction, the dividends received deduction was reduced to the value of taxable net income after the NOL deduction.

### Federal Taxable Income

Because Minnesota adopts the federal definition of federal taxable income, the first step in calculating the Minnesota corporate income tax begins with the amount of federal taxable income calculated on line 28 of federal tax Form 1120. In effect, the Minnesota corporate tax return is an extension of the process of filing a federal tax return (generally Form 1120).

### Filing Basis

The amount of business activity in Minnesota and whether a business operates through single or multiple corporations determines filing basis. In this bulletin, there are three classes of filing basis:

- 1) Unitary
- 2) 100% Minnesota
- 3) Multistate

Below is a brief description of the three filing bases used in this bulletin.

**Unitary:** A grouping of commonly owned corporations is called a unitary group and its filing basis is unitary. The income and losses of the individual corporations are combined together to determine net income. Net income is the income of an entire unitary group before apportionment. As with multistate filing basis taxpayers, taxable net income is the result of net income multiplied by an apportionment percentage.

Each corporation in a unitary group computes its own apportionment percentage. As with multistate filing basis taxpayers, an apportionment percentage for each corporation in a unitary group is based on the weighting of three separately computed ratios. Minnesota law requires the property, payroll, and sales ratios to be weighted at 12.5, 12.5, and 75 percent respectively.

As with the multistate filing basis returns, the numerator of property, payroll, and sales ratios includes a single corporation's Minnesota property, payroll, and sales. Unlike the multistate filing basis returns, the denominator of the property, payroll, and sales ratios includes the total property, payroll, and sales of an entire unitary group.

**100% Minnesota:** If 100 percent of a corporation's business is conducted in Minnesota, all of its income is taxable and it is classified as 100% Minnesota.

**Multistate:** If a single corporation conducts business inside and outside of Minnesota, it is classified as multistate. Under apportionment rules, the entire net income of such a corporation is divided among Minnesota and other states. Taxable net income is the result of net income multiplied by an apportionment percentage.

An apportionment percentage for a corporation is based on the weighting of three separately computed ratios. The three ratios are the Minnesota portions of a company's total property, payroll, and sales and these ratios are weighted at 12.5, 12.5, and 75 percent respectively.

### **JOBZ Deduction**

On the Minnesota tax return, the JOBZ deduction is allowed for all income reported on the federal tax return that is earned by a qualified business in a Job Opportunity Building Zone (JOBZ). Qualified businesses include expanding businesses, business startups, business relocations from other states, as well as some business relocations from within Minnesota (if the business increases employment by a minimum of 5 jobs or 20 percent, whichever is greater). Retail development is not eligible for JOBZ benefits. All zones are located outside the 7-county Twin Cities metropolitan area, and a qualifying business must pay each employee compensation equal to at least 110 percent of the federal poverty level for a family of four.

In cases where the JOBZ deduction was greater than taxable net income after the NOL and dividends received deductions, the JOBZ deduction was reduced to the value of taxable net income after those deductions.

### **Major Industry**

The major industry designation is a summation of taxpayer reported principle business activity codes. The list of principle business activity codes is compiled by the IRS, and they are based on the North American Industry Classification System (NAICS). According to IRS instructions, taxpayers select a principle business activity code based on which activity generates the most sales.

The principle business activity code is reported by the taxpayer on Form M4 or it is from an attached Form 1120, Schedule K, line 2. Approximately 15 percent of returns did not report a principle business activity code. Industry codes from the business registration system were used to identify the industry codes of returns with no principle business activity codes. During the editing process, a special emphasis was placed on finding principle business activity codes on returns that paid the regular tax.

### **Minimum Fee**

The minimum fee is based on the sum of Minnesota property, payroll, and sales apportionment factors. The fee varies from \$100 to \$5,000. If Minnesota apportionment factors are greater than or equal to \$0.5 million, the fee is \$100. The table below shows the minimum fee at various factor amounts. When the factors are equal to or greater than \$20 million, the minimum fee is \$5,000.

The minimum fee is leveled on the Minnesota apportionment factors of partnerships and S corporations. The bulletin reports the minimum fee paid by corporations filing Minnesota Form M4.

Minnesota Apportionment Factors Property, Payroll, and Sales		Minimum Fee
Less than	\$ 500,000	\$0
\$500,000 –	999,999	100
1,000,000 –	4,999,999	300
5,000,000 –	9,999,999	1,000
10,000,000 –	19,999,999	2,000
Over	\$20,000,000	5,000

### Modifications: Additions and Subtractions

Minnesota law adopts the federal definition of income with some modifications. Modifications are either added to or subtracted from federal taxable income.

One of the reasons why a modification is necessary is when there is a lack of conformity between the federal and Minnesota definitions of income. For example, before 1988 Minnesota law did not fully conform with the federal definitions of depreciation. The modifications to account for the difference between the federal and Minnesota depreciation deductions for assets placed in service before 1988.

Modifications are reported on Form M4I. A summary of the total additions and subtractions is reported on line 2 (additions) and line 4 (subtractions).

### Net Income

Minnesota Statute 290.01, Subd. 19 defines net income as the result of the federal taxable income increased or decreased by modifications. On the tax forms, net income is labeled Minnesota net income. Minnesota net income is entered on line 7 of Form M4I.

The term net income was labeled total net income in bulletins previous to 1998. The term total net income is not used in this bulletin.

### Net Operating Loss/NOL

NOL is an abbreviation for the term net operating loss. A taxpayer may use losses from previous years to reduce current year income. A deduction that may be used in future years is called a carryforward deduction. If a deduction reduces tax liability on a prior year return, the deduction is said to be a carryback deduction.

Minnesota law allows a carryforward of NOLs, and unlike federal law, Minnesota law prohibits carrybacks of NOLs. After a taxpayer computes his taxable net income, a taxpayer may claim a NOL deduction that is based on the product of NOL before apportionment multiplied by the apportionment percentage.

In cases where the reported NOL deduction was greater than taxable net income, the NOL deduction was reduced to the value of taxable net income.

### Regular Tax

Taxable income multiplied by the corporate income tax rate, 9.8 percent, equals the regular corporate tax.

### Research Credit

Minnesota law allows a research tax credit. A credit is given if a corporation increases its spending effort on research and development over a base period. Minnesota law generally conforms to federal law determining the effort in a base period and what qualifies as research and development expenditures. In order to qualify as a research expenditure, the research and development must take place in Minnesota. A tax credit of 5 percent applies to the first \$2 million of research and development over the base period effort. Research and development expenditures over \$2 million of the base period effort receive a 2.5 percent tax credit.

In cases where the research credit was greater than regular tax, the research credit was reduced to the value of the regular tax.

**Taxable Income**

Taxable income is the result of reducing taxable net income by any of the following: the net operating loss deduction, JOBZ deduction, or the dividends received deduction.

**Tax Liability**

The total amount of regular tax, AMT, and minimum fee minus tax credits.

**Taxable Net Income**

Taxable net income is the sum of apportioned income and non-apportioned (assigned) income. Returns with a positive taxable net income may not pay the regular tax because the amount of the three deductions (net operating loss, JOBZ deduction, and dividends received deduction) exceed the taxpayer's taxable net income.

**Taxable Net Income after Net Operating Loss**

This figure is an informal label, and it is a result of the calculation taxable net income minus net operating loss. The figure is created by its placement on the tax forms, and the term is not defined in statutes.

For most taxpayers, this field is found on Form M4T, line 7. Please note that in bulletins previous to 1998, the taxable net income after net operating loss amount was labeled Minnesota net income.

**Transit Pass Credit**

The transit pass credit allows a credit equal to 30 percent of the expenses incurred by a taxpayer to provide transit passes to the taxpayer's employees. The credit applies to transit passes that are for use in Minnesota. Unlike the tax credits, this credit may be used to reduce regular tax liability, AMT liability, and minimum fee liability.

In cases where the reported transit pass credit was greater than the sum of regular tax, AMT, and minimum fee, the transit pass credit was reduced to the sum of the regular tax, AMT, and the minimum fee.