

# Minnesota Department of Revenue

## Revenue Notice # 17-04: Unrelated Business Income Tax – Calculation of Income – Net Operating Loss Carryforwards

### Introduction

This Revenue Notice revokes and replaces Revenue Notice # 93-19.

### Department Position

The term “unrelated business income” is defined in *Minnesota Statutes* section 290.05, subdivision 3(a)(3), by a cross-reference to sections 511 to 515 of the Internal Revenue Code. Section 512(b)(6) of the Internal Revenue Code permits net operating losses to be deducted in the calculation of Unrelated Business Income as provided in section 172 of the Internal Revenue Code.

Accordingly, exempt entities that are subject to Minnesota unrelated business income tax are required to use the attribute calculation and timing provisions provided for in section 172 of the Internal Revenue Code in determining their income under *Minnesota Statutes* section 290.05, subdivision 3(a)(3).

Unrelated business income taxpayers are not subject to the limitations and modifications on net operating losses provided for under *Minnesota Statutes* sections 290.0133, subdivision 5, and 290.095.

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RYAN CHURCH, Deputy Commissioner