

MINNESOTA • REVENUE

2011 Schedule M1LS, Tax on Lump-Sum Distribution

Sequence #9

Your First Name and Initial

Last Name

Social Security Number

You must complete federal Form 4972 before you can complete this schedule.

Round amounts to the nearest whole dollar.

- 1 Portion of your lump-sum distribution that is eligible for averaging (from line 19 of federal Form 4972) ... 1
2 If you completed Schedule M1R, see instructions. If you did not complete Schedule M1R, enter 0 ... 2
3 Subtract line 2 from line 1 ... 3
4 Multiply line 3 by 20% (.20) ... 4
5 From the tax table in the M1 instructions, find the tax for the amount on line 4 above using the column in the table for single persons ... 5
6 Multiply line 5 by 5 ... 6
If you did not complete lines 20 through 22 of federal Form 4972, skip lines 7 through 10 below, and enter the amount from line 6 on line 11.
7 Amount from line 22 of federal Form 4972 ... 7
8 Multiply line 7 by 20% (.20) ... 8
9 From the tax table in the M1 instructions, find the tax for the amount on line 8 above using the column in the table for single persons ... 9
10 Multiply line 9 by 5 ... 10
11 Tax on the ordinary income portion of your lump-sum distribution (subtract line 10 from line 6). If you shared the lump-sum distribution with other recipients, see instructions. Enter the result here and on line 13 of Form M1. (Estates and trusts: Include this amount on line 12 of Form M2 and check the box for M1LS) ... 11

You must include this schedule and a copy of your federal Form 4972 when you file Form M1.

# 2011 Schedule M1LS Instructions

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## Who Must File

If you received a lump-sum distribution from a pension, profit-sharing or stock bonus plan in 2011, you must file Schedule M1LS if both of the following conditions apply:

- you filed federal Form 4972, *Tax on Lump-Sum Distributions*, and
- you were a Minnesota resident when you received any portion of the lump-sum distribution.

You must include Schedule M1LS and a copy of your federal Form 4972 when you file Form M1.

**Part-Year Residents:** If you received the full amount of the distribution while you were a nonresident of Minnesota, you do not have to complete Schedule M1LS. If you received a portion while you were a nonresident and a portion while you were a resident, you must complete Schedule M1LS and include the full amount from federal Form 4972 on your Schedule M1LS.

## Five-Year Averaging Method

Even though federal Form 4972 allows you to use only the ten-year averaging method, you must use the five-year averaging method for Minnesota.

## Capital Gain Election

Minnesota does not allow a capital gain election for lump-sum distributions. Therefore, any capital gain reported on federal Form 4972, line 6, must be reported as an addition to federal taxable income on line 14 of Schedule M1M.

## Line Instructions

*Round amounts to the nearest whole dollar.*

### Line 2

#### Subtraction for Age 65 or Older or Disabled

If you completed Schedule M1R, *Age 65 or Older/Disabled Subtraction*, and line 4 of Form M1 is:

- **Zero or less**, enter the amount from line 13 of Schedule M1R on line 2 of Schedule M1LS.
- **More than zero**, read the rest of this instruction.

If line 4 minus line 7 of Form M1 is:

- **Zero or less**, assume for purposes of this line that the actual number is a positive rather than a negative number. Then, compare it (as a positive number) to the amount on line 13 of Schedule M1R and enter whichever amount is less on line 2 of Schedule M1LS.
- **More than zero**, enter zero on line 2 of Schedule M1LS.

### Line 11

#### Tax on Ordinary Income Portion of Lump-Sum Distribution

Subtract line 10 from line 6 and enter the result on line 11.

**Multiple recipients:** If you shared a lump-sum distribution from a qualified retirement plan, follow the steps below to determine line 11:

- 1 From the front of this schedule, subtract line 10 from line 6 . . . . . \_\_\_\_\_
- 2 Enter the percentage from box 9a of Form 1099-R . . . . . \_\_\_\_\_ %
- 3 Multiply step 1 by the percentage in step 2 . . . . . \_\_\_\_\_

Enter the result from step 3 on line 11 of Schedule M1LS. In the space to the left of line 11, print "MRD."