

# MINNESOTA • REVENUE

## Nonresidents/Part-Year Residents 2010

Schedule M1NR  
Sequence #7

Your last name	Social Security number	Your residency status in 2010:	<input type="checkbox"/> Nonresident of Minnesota; Resident of _____ (state) <input type="checkbox"/> Minnesota resident from _____ to _____ (mm/dd/yyyy)
Spouse's last name	Spouse's Social Security number	Spouse's 2010 residency status:	<input type="checkbox"/> Nonresident of Minnesota; Resident of _____ (state) <input type="checkbox"/> Minnesota resident from _____ to _____ (mm/dd/yyyy)

Read the instructions for this schedule, which are on a separate sheet. Before you can complete this schedule, you must complete lines 1 through 13 of Form M1.

		A. Total amount	B. Minnesota portion (see instructions)
<b>Income</b>	<b>1</b> Wages, salaries, tips, etc. (from line 7 of federal Form 1040 or 1040A or line 1 of Form 1040EZ) . . . . .	<b>1</b> _____	_____
	<b>2</b> Taxable interest and ordinary dividend income (add lines 8a and 9a of Form 1040 or 1040A or from line 2 of Form 1040EZ) . . . . .	<b>2</b> _____	_____
	<b>3</b> Business income or loss (from line 12 of Form 1040) . . . . .	<b>3</b> _____	_____
	<b>4</b> Capital gain or loss (from line 13 of Form 1040 or line 10 of Form 1040A) . . . . .	<b>4</b> _____	_____
	<b>5</b> IRA distributions and pensions and annuities (add lines 15b and 16b of Form 1040, or lines 11b and 12b of Form 1040A) . . . . .	<b>5</b> _____	_____
	<b>6</b> Net income from rents, royalties, partnerships, S corporations, estates and trusts (from line 17 of Form 1040) . . . . .	<b>6</b> _____	_____
	<b>7</b> Farm income or loss (from line 18 of Form 1040) . . . . .	<b>7</b> _____	_____
	<b>8</b> Other income (add lines 10, 11, 14, 19, 20b and 21 of Form 1040, or lines 13 and 14b of Form 1040A, or from line 3 of 1040EZ) . . . . .	<b>8</b> _____	_____
	<b>9</b> Interest and dividends from non-Minnesota state or municipal bonds (add lines 1 and 2 of Schedule M1M) . . . . .	<b>9</b> _____	_____
	<b>10</b> Other additions required by Minnesota (add lines 3, 4, 10, 13 and 14 of Schedule M1M) . . . . .	<b>10</b> _____	_____
	<b>11</b> Add lines 1 through 10 for each column . . . . .	<b>11</b> _____	_____
<b>If your Minnesota gross income is below the minimum filing requirement, see the instructions under "Who must file" on how to complete the rest of this schedule.</b>			
<b>Deductions and subtractions</b>	<b>12</b> Educator expenses and certain business expenses (add lines 23 and 24 of Form 1040 or from line 16 of Form 1040A) . . . . .	<b>12</b> _____	_____
	<b>13</b> Self-employed SEP, SIMPLE and qualified plans and IRA deduction (add lines 28 and 32 of Form 1040, or from line 17 of Form 1040A) . . . . .	<b>13</b> _____	_____
	<b>14</b> Health savings account and Archer MSA deductions (add line 25 of Form 1040 and the Archer MSA amount included on line 36 of Form 1040) . . . . .	<b>14</b> _____	_____
	<b>15</b> Moving expenses (from line 26 of Form 1040) . . . . .	<b>15</b> _____	_____
	<b>16</b> One-half of self-employment tax and self-employed health insurance (add lines 27 and 29 of Form 1040) . . . . .	<b>16</b> _____	_____
	<b>17</b> Deductions for alimony paid, student loan interest and tuition and fees (see instructions) . . . . .	<b>17</b> _____	_____
	<b>18</b> Penalty on early withdrawal of savings (from line 30 of Form 1040) . . . . .	<b>18</b> _____	_____
	<b>19</b> Other subtractions required by Minnesota (from lines 20 and 21 of Schedule M1M) . . . . .	<b>19</b> _____	_____
	<b>20</b> Net U.S. bond interest (from line 6 of Form M1) and active military pay received while a nonresident (from line 28 of Schedule M1M) . . . . .	<b>20</b> _____	_____
	<b>21</b> Job Opportunity Building Zone (JOBZ) business and investment income exemptions (from line 31 of Schedule M1M) . . . . .	<b>21</b> _____	_____
<b>22</b> Add lines 12 through 21 for each column . . . . .	<b>22</b> _____	_____	
<b>Tax calculation</b>	<b>23</b> Subtract line 22, column B, from line 11, column B. Enter here and on line 14a of Form M1. If you're below the filing requirement or the result is a negative amount, enter 0 . . . . .	<b>23</b> _____	
	<b>24</b> Subtract line 22, column A, from line 11, column A. Enter the result here and on line 14b of Form M1 . . . . .	<b>24</b> _____	
	<b>25</b> Divide line 23 by line 24, and enter the result as a decimal (carry to five decimal places). If line 23 is more than line 24, enter 1.0. If line 23 is zero, enter 0 . . . . .	<b>25</b> _____	_____
	<b>26</b> Amount from line 13 of Form M1 . . . . .	<b>26</b> _____	_____
	<b>27</b> Multiply line 25 by line 26. Enter the result here and on line 14 of Form M1 . . . . .	<b>27</b> _____	_____

You must include this schedule with Form M1. Also enter amounts from lines 23 and 24 of this schedule on lines 14a and 14b of Form M1.

## Schedule M1NR Instructions 2010

### Nonresidents/Part-Year Residents

#### Update as of March 2011

A bill signed into law on March 21, 2011 eliminates the need for Schedule M1NC, *Federal Adjustments*, and the need to make separate adjustments for the federal educator expense deduction and the college tuition and fees deduction for Minnesota tax purposes. These Minnesota modifications were removed from lines 10 and 19.

In addition, to correctly determine your Minnesota tax, the federal educator expense deduction is now included on line 12 and the tuition and fees deduction is included on line 17 of Schedule M1NR.

#### Wisconsin/Minnesota reciprocity ended

The individual income tax reciprocity agreement between Minnesota and Wisconsin is terminated, effective January 1, 2010.

#### If you are a Wisconsin resident who worked in Minnesota during 2010:

- File a 2010 Minnesota income tax return as a nonresident using Form M1 and Schedule M1NR. All personal service income earned in Minnesota is taxable by Minnesota.
- File a 2010 Wisconsin income tax return. Report on your Wisconsin return all income received, including personal service income earned in Minnesota. You can claim a credit from Wisconsin for taxes paid to Minnesota on income that is taxed by both states.

#### Who must file

If you were a nonresident or part-year Minnesota resident in 2010, you may reduce your Minnesota tax by completing Schedule M1NR. To determine if you were a full-year resident, part-year resident or nonresident for tax purposes, see Fact Sheet 1, *Residency*.

You must file a Minnesota Form M1 and Schedule M1NR if you and your spouse received **gross income** assignable to Minnesota of \$9,350 or more, including income passed through to you from all partnerships (line 22 of Schedule KPI), S corporations (line 22 of Schedule KS) and estates or trusts (line 25 of Schedule KF).

*Gross income* is income before any deductions and expenses. Gross income does not include military pay paid to a Minnesota resident for service outside Minnesota.

Married taxpayers who file a joint federal return must file a joint Minnesota return even if only one spouse is a Minnesota resident or has Minnesota income. Include Schedule M1NR when you file your return.

**If your Minnesota gross income is below the minimum filing requirement (less than \$9,350), and you had tax withheld or paid estimated tax, follow the steps below to complete your Schedule M1NR:**

- 1 Complete lines 1–11 of Schedule M1NR.
- 2 Skip lines 12–22.
- 3 Enter a zero on line 23.
- 4 Enter the amount from line 11, column A, on line 24.
- 5 Then complete the rest of the schedule.

Enter the appropriate amounts from your Schedule M1NR on lines 14a, 14b and 14 of Form M1 and include the schedule when you file your return.

**If you were a resident of Michigan or North Dakota for all of 2010**, do not complete this schedule if your only Minnesota source income is exempt due to reciprocity (see page 5 of the M1 instructions). Complete Schedule M1NR only if you received income from sources in Minnesota that does not qualify under reciprocity. (Income that qualifies for reciprocity includes wages, salaries, tips, commissions, bonuses, fees and similar compensation for work performed in Minnesota.)

#### Column A instructions

*Round amounts to the nearest whole dollar.*  
Enter the appropriate amount from your 2010 federal or Minnesota income tax return, as instructed for each line.

#### Column B instructions

*Round amounts to the nearest whole dollar.*  
Assign income or expenses to Minnesota according to the following instructions. However, if you are a partner, shareholder or beneficiary, enter the amounts from the Schedule KPI, KS or KF and follow the instructions with that schedule.

#### Line 1, column B

##### Wages, salaries, tips, etc.

Include wages, salaries and tips, commissions and bonuses received while a Minnesota resident. Include the amounts received from work performed in Minnesota while a nonresident, including amounts earned in a prior year but received in 2010.

Also include wages received for work performed while a Minnesota resident but deferred to a year when you were a nonresident.

Do not include on line 1, column B:

- Minnesota wages earned while a resident of Michigan or North Dakota that is covered under a reciprocity agreement,
- military pay received while a *nonresident* (from line 26 of Schedule M1M), or
- wages received as a nonresident military spouse, if certain requirements are met (see page 5 of the M1 instructions).

#### Line 2, column B

##### Interest and ordinary dividend income

Include the interest and dividends you earned (or credited to your account) while you were a Minnesota resident.

Do not include any interest or mutual fund dividends you received from U.S. bonds.

#### Line 3, column B

##### Business income (loss)

Include net business income or loss incurred while a Minnesota resident, and amounts from Minnesota sources earned while a nonresident. Include income you received from operating a qualified business in a Job Opportunity Building Zone (JOBZ) in Minnesota.

Do not include income from personal or professional service performed in Minnesota while a resident of Michigan or North Dakota.

#### Line 4, column B

##### Capital gain (loss)

Include net capital gain or loss received while a Minnesota resident, and net capital gain or loss from Minnesota sources received while a nonresident. Also include gains you received from the sale or exchange of real or tangible personal property used by a qualified business located in a JOBZ zone.

*Nonresidents:* If you had a gain on a sale of a partnership interest and your home state does not allow a credit for Minnesota taxes paid, see Schedule M1CRN.

#### Line 5, column B

##### IRA distributions and pensions and annuities

Include IRA distributions and pension and annuity payments received while a Minnesota resident.

**Line 6, column B**

**Net income from rents, royalties, partnerships, S corporations, estates and trusts**

Include income or loss reported on federal Schedule E from rents, royalties, partnerships, S corporations, estates and trusts recognized while a Minnesota resident, and amounts from Minnesota sources recognized while a nonresident.

**Line 7, column B**

**Farm income (loss)**

Include net farm income or loss incurred while a resident, and amounts from a Minnesota farm while a nonresident.

**Line 8, column B**

**Other income**

Include *other* income you received while a Minnesota resident and amounts from lines 14 and 21 of Form 1040 you received from Minnesota sources while a nonresident. (Include all Minnesota gambling winnings.)

**Line 9, column B**

**Interest and dividends from non-Minnesota state or municipal bonds**

Include the interest and dividends you earned from non-Minnesota state or municipal bonds while a Minnesota resident.

**Line 10, column B**

**Other additions required by Minnesota**

Include on line 10 the additions from lines 3, 4, 10, 13 and 14 of your Schedule M1M that are attributable to income not taxable to Minnesota earned while a Minnesota resident or from Minnesota sources earned while a nonresident.

**Line 12, column B**

**Educator and certain business expenses**

Include the educator expenses paid while a Minnesota resident and the expenses for materials purchased when teaching in Minnesota while a nonresident.

Include any business expenses paid while a Minnesota resident and from income earned as a performing artist or fee-basis

government official that you earned in Minnesota while a nonresident.

If you are a member of the Reserves or National Guard, include any travel expenses paid while a resident and for meetings in Minnesota while a nonresident.

**Line 13, column B**

**Pension plans**

To determine your:

- *Minnesota Keogh deduction:* Multiply your federal Keogh deduction by the percentage you determined in step 1 of the worksheet for line 16.
- *Minnesota IRA, SEP or SIMPLE plan deduction:* Multiply your federal deduction by the percentage your Minnesota earned income is to your federal earned income (without lowering your wages by self-employment losses). For purposes of this deduction only, earned income includes wages, self-employment income and all other earned income, plus all taxable alimony received. Subtract deductible Keogh contributions and self-employment tax deductions (Schedule SE) from that total.

If your spouse also worked, determine the spousal deduction in the same way. Use only your spouse's earned income plus your spouse's federal IRA, SEP or SIMPLE plan deduction.

**Line 14, column B**

**Health savings account and Archer MSA deductions**

Add your health savings account deduction from line 25 of Form 1040 and the Archer MSA deduction included on line 36 of Form 1040. Multiply the result by the percentage your Minnesota earned income is to your federal earned income.

For purposes of this deduction only, earned income includes wages, self-employment income and all other earned income, plus all taxable alimony received.

**Line 15, column B**

**Moving expenses**

Include moving expenses paid while a Minnesota resident or that were attributable to a move into Minnesota.

**Line 16, column B**

**Self-employment tax and self-employed health insurance**

Complete the worksheet for line 16, column B, below.

**Line 17, column B**

**Deductions for alimony paid, student loan interest and tuition and fees**

*Part-year residents:* Add the following items and enter the same total on line 17, column A and column B:

- alimony paid while a Minnesota resident included on line 31a of Form 1040,
- the portion of federal student loan interest deduction (from line 33 of Form 1040 or line 18 of Form 1040A) that represents interest paid while a Minnesota resident, and
- tuition and fees paid while a Minnesota resident that is included on line 34 of Form 1040 or line 19 of Form 1040A.

*Nonresidents:* Enter zero on line 17, column A and column B.

**Line 18, column B**

**Penalty on early withdrawal of savings**

Enter the penalty on early withdrawal you paid while a Minnesota resident.

**Line 19, column B**

**Other subtractions required by Minnesota**

Add the amounts from lines 20 and 21 of Schedule M1M. Enter the result on line 19, column A and column B.

**Line 20, column B**

**Net U.S. bond interest and active duty military pay received by a nonresident**

The net amount of U.S. bond interest and active duty military pay received as a nonresident are not included in column B of lines 1 or 2. Therefore, there is no need for you to subtract these amounts on line 20, column B.

**Line 21**

**JOBZ income subtractions**

Enter the JOBZ zone income you were able to subtract on your Form M1 in both columns A and B.

**Line 25**

The result on line 25 is the percentage of Minnesota income to federal income.

**Worksheet for line 16, column B**

- 1 Multiply line 27 of Form 1040 by the percentage that your Minnesota self-employment income is to your total self-employment income. (Total self-employment income is the sum of lines 1a, 1b and 2 of federal Schedule SE.) The result is your Minnesota self-employment tax deduction . . . \_\_\_\_\_
- 2 Determine the amount you received from self-employment in Minnesota that is included on line 2 of the worksheet for line 29 of Form 1040 (or line 13 of the worksheet found in Publication 535) . . . . . \_\_\_\_\_
- 3 Divide step 2 by line 2 of the worksheet for line 29 of Form 1040 (or line 13 of the worksheet found in Publication 535) . . . . . \_\_\_\_\_
- 4 Multiply line 29 of Form 1040 by step 3. The result is your Minnesota self-employed health insurance deduction . . . . . \_\_\_\_\_
- 5 Add step 1 and step 4. Enter the result from step 5 on line 16, column B . . . . . \_\_\_\_\_