



2019 Schedule M1CR, Credit for Income Tax Paid to Another State

Your First Name and Initial _____ Last Name _____ Social Security Number _____

State or Canadian Province or Territory That Taxed Income Also Taxed By Minnesota _____

You must complete a separate Schedule M1CR for each state or province you paid tax to. To report tax paid to Wisconsin, use Schedule M1RCR, Credit for Taxes Paid to Wisconsin.

To be eligible for this credit, you must have been a full- or part-year Minnesota resident in 2019 and have paid 2019 state income tax on the same income to Minnesota and also to another state or Canadian province. **Use Schedule M1RCR to report tax paid to Wisconsin.**

Round amounts to the nearest whole dollar.

Full-Year Residents and Part-Year Residents

- 1 Amount of adjusted gross income you received while a Minnesota resident that was taxed by the other state *(see instructions)* **1** _____
- 2 Your adjusted gross income adjusted by U.S. bond interest and bonds of another state *(determine from instructions)*.
Part-year residents: See instructions **2** _____
- 3 Divide line 1 by line 2. Enter the result as a decimal *(carry to five decimal places; if line 1 is more than line 2, enter 1.00000)* **3** _____
- 4 Complete the lines below to determine your Minnesota tax after credits.
 - a Tax from line 13 of Form M1. **4 a** _____
 - b Add lines 16 and 17 of Form M1, and lines 1 through 6 of Schedule M1C **4 b** _____
- Subtract line 4b from line 4a. If the result is zero or less, **STOP HERE**. You do not qualify for this credit **4** _____
- 5 Multiply line 4 by line 3 **5** _____
- 6 From the other state's income tax return, enter the tax amount before you subtract any tax withheld or estimated tax payments *(see instructions)*.
If you paid taxes to a Canadian province or territory, see instructions **6** ■ _____

Full-Year Residents

- 7 Amount from line 5 or line 6, whichever is less. Enter here and include on line 18 of Form M1 **7** _____

Part-Year Residents

- 8 From the other state's income tax return, of the other state, enter the amount of income taxed by that state before subtracting itemized or standard deductions **8** _____
- 9 Divide line 1 by line 8. Enter the result as a decimal *(carry to five decimal places; if line 1 is more than line 8, enter 1.00000)* **9** _____
- 10 Multiply line 6 by line 9 **10** _____
- 11 Amount from line 5 or line 10, whichever is less. Enter here and include on line 18 of Form M1 **11** _____

You must include this schedule with your Form M1.

2019 Schedule M1CR Instructions

Am I eligible?

You may be eligible for the credit for income tax paid to another state if all of the following are true:

- You were domiciled in Minnesota for all or part of 2019.
- You paid 2019 income tax to Minnesota and to another state on the same income.
- You filed an income tax return with the other state.
- You were a Minnesota resident when you received the income taxed by the other state.

A Canadian province or territory and the District of Columbia are considered states for purposes of this credit.

Include: Any income taxes paid to another state by an S corporation or a partnership that you included on line 5 of Schedule M1M.

Do not include: Tax paid to any of the following:

- Wisconsin (file Schedule M1RCR, *Credit for Tax Paid to Wisconsin*)
- A local unit of government (such as a city, county, or school district)
- A national government, including a possession of the United States or the national government of Canada
- A Canadian province or territory if you used the tax to claim a federal foreign tax credit. See the line 6 instructions for details.

Part-Year Residents

To be eligible, you must have been a Minnesota resident when you received the income taxed by both states. You must also file an income tax return with the other state.

Exception: You may be eligible for this credit if all of the following are true:

- You were a permanent resident of another state.
- You are required to file a Minnesota income tax return as a resident under the 183-day rule.
- You paid 2019 state income tax on the same income to Minnesota and your state of permanent residence.

You must get a statement from the other state's tax department stating you are not eligible to receive a credit on that state's return for income tax paid to Minnesota. Include the statement and Schedule M1CR with your Form M1.

Minnesota Residents Paying Income Tax to Wisconsin

Do not use Schedule M1CR. Use Schedule M1RCR to determine whether you qualify for a nonrefundable credit.

Minnesota Residents Working in Michigan or North Dakota

Do not use Schedule M1CR if both of the following apply:

- You received personal service income (wages, salaries, tips, commissions, and bonuses) from working in Michigan or North Dakota.
- You had 2019 Michigan or North Dakota income tax withheld from that income.

To get a refund of the tax withheld while you were a Minnesota resident, file an income tax return with the appropriate state.

If you paid 2019 income tax to one of those states on income other than from personal service income—such as income from rental property—you may be eligible for this credit. Complete Schedule M1CR.

What if I paid income taxes to more than one other state?

1. Complete a **separate** Schedule M1CR for each state.
2. Add the amounts from line 7 or line 11, whichever applies, from each Schedule M1CR and Schedule M1RCR.
3. Enter the result from step 2 on line 18 of Form M1.

Line Instructions

Round amounts to the nearest whole dollar.

Line 1

Your adjusted gross income is line 1 of Form M1. Determine the amount of adjusted gross income you received in 2019 while a Minnesota resident. Of that amount, determine the income that was taxed by the other state, and enter that amount on line 1. Include any non-Minnesota municipal bonds taxed by the other state. Do not include any income you received from a lump-sum distribution from a qualified retirement plan and listed as income on your Schedule M1LS, *Tax on Lump-Sum Distribution*.

Line 2

Full-Year Residents: Complete the Worksheet for Line 2 below.

Part-Year Residents: From Schedule M1NR, *Nonresidents/Part-Year Residents*, add line 18 column B, line 20 column B, and line 22. From that total, subtract the amount on line 10, column B. Enter the result on line 2 of Schedule M1CR.

Worksheet for Line 2 (for Full-Year Residents Only)

- 1 Add lines 1 and 2 of Schedule M1M
- 2 Adjusted gross income (see line 1 instructions)
- 3 Add step 1 and step 2
- 4 Net interest you received from U.S. bonds from line 18 of Schedule M1M.....
- 5 Subtract step 4 from step 3. Enter result here and on line 2 of Schedule M1CR

Line 6

Enter the tax amount from the other state’s tax return. The amount of tax must be before you subtract any income tax withheld by that state or any estimated tax you paid to that state. Do not include tax you paid to a local unit of government (such as a city, county, or school district).

If you filed Schedule MILS, do not include any tax you paid on income from a lump-sum distribution from a qualified retirement plan.

Note: If you paid taxes to a Canadian province or territory, complete the Worksheet for Line 6 below.

Worksheet for Line 6 (If You Paid Canadian Taxes)

- 1 Total foreign taxes paid from line 9 of the federal Form(s) 1116 you completed for your Canadian taxes paid
- 2 Total federal foreign tax credit from line 22 of the Form(s) 1116 for your Canadian taxes paid
- 3 Subtract step 2 from step 1
- 4 Tax paid to a Canadian province or territory on income you received while a Minnesota resident
- 5 Amount from step 3 or step 4, whichever is less. Enter the result here and on line 6 of Schedule M1CR.....