

2020 Schedule M1LS Instructions

Should I file Schedule M1LS?

If you received a lump-sum distribution from a pension, profit-sharing, or stock bonus plan in 2020, you must file Schedule M1LS if both of the following apply:

- You filed federal Form 4972, *Tax on Lump-Sum Distributions*.
- 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.

What if I moved into or out of Minnesota in 2020?

Complete this schedule if you were a Minnesota resident when you received any portion of the distribution.

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 this schedule.

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. You must report any capital gain election on Form 4972, line 6, as an addition to federal taxable income on line 9 of Schedule M1M, *Income Additions and Subtractions*.

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 3 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 3 minus line 8 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 federal 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."