

2020 Schedule M1REF Instructions

These credits may allow you to receive a refund even if you do not have a tax liability.

Is there a penalty for fraudulently claiming a credit?

Yes. If you file a return that fraudulently claims a credit that results in a refund, you will be assessed a penalty equal to 50 percent of the portion of the refund attributable to fraud. If a fraudulently claimed credit reduced your tax liability, you may also be assessed a penalty equal to 50 percent of the unpaid tax.

Line Instructions

Line 1—Child and Dependent Care Credit (Schedule M1CD)

Married persons filing separate returns cannot claim this credit.

To qualify for the Child and Dependent Care Credit, your adjusted gross income must be less than \$65,100 with one qualifying person or \$77,100 with two or more qualifying persons, and one of the following must apply:

- You paid someone (other than your dependent child or stepchild younger than age 19) to care for a qualifying person while you (and your spouse if filing a joint return) were working or looking for work. A qualifying person and qualified expenses are the same as for the federal credit for child and dependent care expenses.
- You were a licensed family daycare operator caring for your own dependent child who had not reached the age of six by the end of the year.
- You are married and filing a joint return, your child was born in 2020, and you did not participate in a pretax dependent care assistance program.

If you qualify, complete Schedule M1CD, *Child and Dependent Care Credit*, and include it with your Minnesota income tax return.

Enter the number of qualifying persons on line 1a.

Line 2—Minnesota Working Family Credit (Schedule M1WFC)

Married persons filing separate returns cannot claim this credit.

You may qualify for the Minnesota Working Family Credit if you earned income from a job or were self-employed. See the requirements on Schedule M1WFC, *Working Family Credit*. Include Schedule M1WFC with your Minnesota income tax return.

If you are a part-year resident, you may be eligible for this credit based on your percentage of income taxable to Minnesota.

Enter the number of your qualifying children on line 2a.

Line 3—K–12 Education Credit (Schedule M1ED)

Married persons filing separate returns cannot claim this credit.

You may receive a credit if you paid education-related expenses in 2020 for a qualifying child in grades kindergarten through 12 (K–12). See qualifying expenses in the Form M1 instructions.

To qualify, your household income (adjusted gross income plus most nontaxable income) must be under the limit based on the number of qualifying children you have in grades K–12. A qualifying child is the same as for the federal earned income credit.

Enter the number of qualifying children on line 3a.

Number of Qualifying Children	Your household income limit is:
1 or 2	\$37,500
3	\$39,500
4	\$41,500
5	\$43,500
6 or more	\$43,500 plus \$2,000 for each additional qualifying child.

If you qualify for the credit, complete Schedule M1ED, *K–12 Education Credit*, and include it with your Minnesota income tax return.

Line 4—Credit for Parents of Stillborn Children (Schedule M1PSC)

You may be eligible for the Credit for Parents of Stillborn Children if:

- You experienced a stillbirth in 2020
- You received a Certificate of Birth Resulting in Stillbirth from the Minnesota Department of Health, Office of Vital Records
- The child would have been your dependent if the child had been born alive

We may ask you to provide a copy of your Certificate of Birth Resulting in Stillbirth.

If you qualify for the credit, complete Schedule M1PSC, *Credit for Parents of Stillborn Children*, and include it with your Minnesota income tax return.

If you are a part-year or nonresident, you may be eligible for this credit based on your percentage of income taxable to Minnesota.

Continued

Line 5—Refundable credit for taxes paid to Wisconsin (Schedule M1RCR)

You may be eligible for a refundable credit if you were a Minnesota resident who paid taxes to Wisconsin in 2020. If you qualify for this credit, complete Schedule M1RCR, *Credit for Tax Paid to Wisconsin*, and include it with your Minnesota income tax return.

Line 6 — Credit for Historic Structure Rehabilitation

You may be eligible for a Minnesota credit if all of the following apply:

- You made qualified improvements to a historic property in Minnesota
- The improvements qualify for the federal Historic Rehabilitation Credit under Internal Revenue Code, section 47
- You applied for certification to the Minnesota State Historic Preservation Office (SHPO) before starting the project
- The SHPO issued a credit certificate upon the project's completion

Enter your credit amount and National Park Service number listed on your credit certificate from the SHPO.

Note: We reserve the right to audit any amount you claim.

Enclose a copy of the credit certificate when you file your Minnesota return.

If you are eligible for the federal Historic Rehabilitation Credit through an interest in a partnership, S corporation, estate, or trust, enter the amount of the credit from your Schedule KPI, KS, or KF.

If you receive a grant in lieu of the credit for the entire amount, you are not eligible for the tax credit. However, if you received a grant for a portion of the claimed amount, you may be eligible for a partial credit. The credit or grant is paid in five equal annual installments beginning with the year the project is completed.

Assignment of credit. If you are eligible for this credit but have assigned it to another taxpayer, you may not claim the portion of the credit that you assigned.

Line 7 — Enterprise Zone Credit

The Enterprise Zone Credit is a refundable credit for sole proprietors, partners of a partnership, or shareholders of an S corporation.

If you qualify, you would have received paperwork from the Minnesota Department of Employment and Economic Development (DEED). Include a copy of the documentation with Form M1.

Include the total of amounts reported to you on Schedule KS, line 21 and Schedule KPI, line 21.