

## Income Tax Fact Sheet 2, Part-Year Residents

This fact sheet explains what income is taxed by Minnesota if you are a part-year resident. For more information on residency, see Income Tax Fact Sheet 1, *Residency*, or Income Tax Fact Sheet 3, *Nonresidents*.

If you are a member of the military, see Income Tax Fact Sheet 5, *Military Personnel - Residency*.

If you are a resident or nonresident alien, see Income Tax Fact Sheet 16, *Aliens*.

### Are you a part-year resident?

You're considered a part-year resident of Minnesota if either of the following is true:

- You moved to or from Minnesota during the tax year and established residency (domicile).
- You spent at least 183 days in Minnesota\* and you rent, own, maintain, or occupy a residence suitable for year-round use and equipped with its own cooking and bathing facilities. In this case, you are considered a Minnesota resident for income tax purposes for the length of time you maintained a residence in Minnesota, even if your permanent residence was in another state for the full year.

### The 183-day rule does not apply in the following situations:

- Members of the military (or their spouses) who are stationed in Minnesota but are permanent residents of other states
- Residents of Michigan and North Dakota (these states have tax reciprocity agreements with Minnesota)

### Filing Requirements

You are required to file a Minnesota income tax return if your Minnesota gross income meets the minimum filing requirement (\$12,400 for 2020). File electronically, or use Form M1, *Individual Income Tax*, and Schedule M1NR, *Nonresidents/Part-Year Residents*, to file your return. For more information, see Fact Sheet 12, *Filing Past Due Returns*.

If your Minnesota gross income is less than the requirement, you should file a Minnesota return to claim a refund if any of these apply:

- You had Minnesota tax withheld
- You made estimated tax payments to Minnesota
- You qualify for refundable credits

### Follow the steps below to determine your Minnesota gross income:

#### Step 1:

Calculate the total income received while you were a Minnesota resident. Include income from all sources, as well as income received outside of Minnesota.

#### Step 2:

Calculate the total Minnesota income you received while you were a nonresident. This includes:

- Wages, salaries, fees, commissions, tips, and bonuses for work done in Minnesota
- Gross winnings from gambling in Minnesota
- Gross rents and royalties from Minnesota property
- Gains from the sale of land or other tangible property in Minnesota
- Gains from the sale of a partnership interest that had property or sales in Minnesota
- Gains on the sale of goodwill or income from a "non-compete" agreement connected with a business operating in Minnesota
- Minnesota gross income from a business or profession conducted partly or entirely in Minnesota

**Note:** For 2020, a partnership will find this amount on line 27 of Schedule KPI and an S corporation will find the amount on line 27 of Schedule KS.

#### Step 3:

Combine the totals from steps 1 and 2. If this amount meets the minimum filing requirement for the year (\$12,400 for 2020), you must file a Minnesota return using Form M1 and Schedule M1NR.

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## How Your Income is Taxed

For the portion of the year you are a Minnesota resident, you are taxed on income you receive inside and outside of Minnesota. When you live in Minnesota but work in another state, Minnesota taxes your out-of-state income.

If another state taxes the same income that Minnesota taxes, you may qualify for a credit on taxes paid to the other state. For more information on this credit, see Schedule M1CR, *Credit for Income Taxes Paid to Another State*. However, if you are a Minnesota resident who paid Wisconsin tax on the same income that Minnesota taxed, see Schedule M1RCR, *Credit for Tax Paid to Wisconsin*.

Also, for the portion of the year you were a nonresident, you must pay tax on income derived from Minnesota sources, including wages earned for work performed in Minnesota.

## Filing Status

Your Minnesota filing status must be the same as your federal filing status. If you are filing a joint return and only one spouse has income that is taxable to Minnesota, you must file a joint Form M1 and Schedule M1NR. Enter your joint taxable income from the federal return on line 1 of your Form M1; do not modify the amount. Your income will be apportioned when you complete Schedule M1NR.

## Eligibility for Minnesota Credits

Part-year residents may qualify for Minnesota credits. For general information on available credits, see the instructions for Form M1. Some credits may be prorated for part-year residents. To find out if a credit needs to be prorated, see the instructions for each credit.

## Estimated Tax

If you did not have Minnesota tax withheld from your income and you expect to owe more than \$500 of Minnesota tax, you may be required to pay quarterly estimated tax. For more information, go to [www.revenue.state.mn.us](http://www.revenue.state.mn.us) and r **Estimated Tax** into the Search box.

## Minnesota Homestead Credit Refund (for Homeowners) and Renter's Property Tax Refund

As a part-year resident, you may be eligible for a homeowner's or renter's refund if you meet the requirements. For details, see the instructions for Form M1PR, *Homestead Credit Refund (for Homeowners) and Renter's Property Tax Refund*.

**Homeowners:** File using your household income for the entire year, including the income you received before moving to Minnesota.

**Renters:** File using your household income for the period you lived in Minnesota. If you were married, include your spouse's income for the period you lived in Minnesota. Enclose a note explaining how income was determined.

## Information and Assistance

Additional forms and information, including fact sheets and frequently asked questions, are available on our website.

Website: [www.revenue.state.mn.us](http://www.revenue.state.mn.us)

Email: [individual.incometax@state.mn.us](mailto:individual.incometax@state.mn.us)

Phone: 651-296-3781 or 1-800-652-9094 (toll free)

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