



# 2019 Schedule M1NC, Federal Adjustments

Minnesota has not adopted the federal law changes made after December 31, 2018, that affect federal adjusted gross income for tax year 2019. This schedule allows for any necessary adjustments required to file a state tax return.

Your First Name and Initial \_\_\_\_\_ Last Name \_\_\_\_\_ Social Security Number \_\_\_\_\_

Read the instructions before you complete this schedule.

Round amounts to the nearest whole dollar.

## Adjustments to federal adjusted gross income (FAGI)

- 1 Home mortgage debt cancelled in 2019 and excluded from federal income . . . . . 1 ■ \_\_\_\_\_
- 2 Tuition and fees deduction from line 21 of federal Schedule 1. . . . . 2 ■ \_\_\_\_\_
- 3 Enhanced cost recovery items allowed under the under the Coronavirus, Aid, Relief and Economic Security (CARES) Act, the Families First Coronavirus Response (FFCR) Act, and the Taxpayer Certainty and Disaster Relief (TCDR) Act. 3 ■ \_\_\_\_\_
- 4 **Full Year residents:** Do not enter an amount on this line.  
**Part-year and nonresidents:** If your principal place of abode is in qualified disaster area and you withdrew funds from a qualified retirement account, enter the amount you would have included had your principal residence not been in the qualified disaster area (*see instructions*) . . . . . 4 ■ \_\_\_\_\_
- 5 Distributions from a Section 529 plan used for an apprenticeship program or student loan payments (*see instructions*). . . . . 5 ■ \_\_\_\_\_
- 6 This line intentionally left blank. . . . . 6 ■ \_\_\_\_\_
- 7 Excess business loss and NOL deduction adjustments (*See instructions*) . . . . . 7 ■ \_\_\_\_\_
- 8 Business interest limitation adjustment (*See instructions*) . . . . . 8 ■ \_\_\_\_\_
- 9 If you have an amount on lines 1 through 8, and an adjustment to income subject to a rule involving adjusted gross income such as an IRA deduction, Social Security income, or student loan interest, see instructions . . . . . 9 ■ \_\_\_\_\_
- 10 Add lines 1 through 9 . . . . . 10 ■ \_\_\_\_\_  
If a positive amount, enter this amount on line 16 of Schedule M1M.  
If a negative amount, enter this amount as a positive number on line 45 of Schedule M1M.  
See instructions if completing Form M1PR.
- 11 Line 1 of Form M1. . . . . 11 ■ \_\_\_\_\_
- 12 **Minnesota adjusted gross income.** Add lines 10 and 11, then **see instructions** . . . . . 12 ■ \_\_\_\_\_

You must include this schedule when you file Form M1.



# 2019 Schedule M1NC Instructions

For taxpayers who are affected by changes to federal tax law passed after December 31, 2018

## Purpose of This Schedule

Rules used to determine Minnesota Individual Income Tax are based on the Internal Revenue Code (IRC) as amended through December 31, 2018.

Since that date, federal tax law was enacted containing provisions affecting tax year 2019. Because Minnesota has not adopted these federal changes, you may need to adjust your Minnesota return.

If you are affected by any of the provisions described below, you must use Schedule M1NC, *Federal Adjustments*, and these instructions to complete your Minnesota return.

Save your entire 2019 Minnesota income tax return and all worksheets you use.

## Who Must File Schedule M1NC

If any of the following provisions affect your federal taxable income, you must complete and include Schedule M1NC to make the necessary adjustments when you file Form M1.

- Claimed a deduction for tuition and fees
- Excluded discharged home mortgage debt on your principal residence from income
- Excluded an IRA withdrawal that would have been included in income
- Received a distribution from a 529 savings plan for the following items:
  - Fees, books, supplies, and equipment required for participation in an apprenticeship program
  - Pay for education loans of the designated beneficiary or their sibling
- Claimed depreciation on a racehorse using a three-year class life
- Chose the seven-year recovery period for certain motorsport racing track facilities
- Claimed accelerated depreciation for business property on an Indian reservation
- Claimed the modified treatment of certain qualified film and television expenses
- Adjusted your federal taxable income for a change relating to an empowerment zone
- Deducted the additional first-year 50% bonus depreciation for cellulosic biofuel facilities
- Claimed an energy efficient commercial buildings deduction
- Elected to recognize the gain from qualifying electronic transmissions transactions ratably over an 8-year period
- Claimed any of the following federal credits:
  - Second Generation Biofuel Producer Credit
  - Credit for Qualified Fuel Cell Motor Vehicles
  - Alternative Fuel Refueling Property Credit
  - 2-Wheeled Plug-In Electronic Vehicle Credit
  - Energy Efficient Homes Credit
  - Indian Employment Credit
  - Employee Retention Credit
  - Mine Rescue Team Training Credit
- Claimed the following employer credits:
  - Employer credit for paid medical leave
  - Employer credit for required paid family leave
- Exclusion for employer payments of student loans
- Refundable credit for employers paying certain wages for leave related to COVID-19
- Allowance of retroactive NOL carrybacks and suspended 80% limitation
- Modification to the excess business loss limitations
- Modification of business interest limitation
- Claimed bonus depreciation for qualified leasehold improvement property, qualified restaurant property, and qualified retail improvement property in tax year 2018 or 2019

## Line Instructions

### Line 1

#### Mortgage Debt Forgiveness

If you filed federal Form 982 and checked the box on line 1e, enter the amount of discharged qualified principal residence indebtedness included on line 2 of Form 982.

### Line 3

To report the differences for Minnesota tax purposes on line 3, you must attach to your Schedule M1NC a list of the federal provisions affecting your taxable income by section numbers listed below and show how you calculated each adjustment amount.

Subtotal all nonconformity adjustments (positive and negative) calculated from the provisions listed. If the net of all adjustments results in an increase to income, enter as a positive amount on line 3. If the net of all adjustments results in a decrease, enter as a negative on line 3.

Include the following amounts reported on Schedules KF, KS, and KPI as a positive number on line 3:

- Line 7 of Schedule KF
- Line 9 of Schedule KS
- Line 9 of Schedule KPI

Include the following amounts reported on Schedules KF, KS, and KPI as a negative number on line 3:

- Line 18 of Schedule KF
- Line 16 of Schedule KS
- Line 16 of Schedule KPI

#### Provisions that May Require an Income Adjustment

The following provisions may require an income adjustment for Minnesota tax purposes. This list includes the most common adjustments; you must make adjustments as needed for all provisions included in the Taxpayer Certainty and Disaster Tax Relief (TCDTR) Act and Taxpayer Certainty and Disaster Tax Relief Act (TCDTR20) of 2020.

##### TCDTR Section 111. Indian Employment Credit

If you were not allowed to deduct expenses due to the Indian Employment Credit on your federal return, include the amount of the disallowed expenses as a negative number.

##### TCDTR Section 112. Railroad Track Maintenance Credit

If you were not allowed to deduct expenditures due to the Railroad Track Maintenance Credit on your federal return, include the amount of the disallowed expenditures as a negative number.

##### TCDTR Section 113. Mine Rescue Team Training Credit

If you were not allowed to deduct expenses due to the Mine Rescue Team Training Credit on your federal return, include the amount of the disallowed expenses as a negative number.

##### TCDTR Section 114. Classification of Certain RaceHorses as 3-year Property

If you own racehorses and you claimed a 3-year recovery period on your federal return, calculate the difference between the 3-year recovery period and the recovery period you would have been allowed under 2018 IRC. If your recovery period reported on your federal return is greater than the recalculated amount, include the difference as a positive number. If your recovery period reported on your federal return is less than the recalculated amount, include the difference as a negative number.

##### TCDTR Section 115; TCDTR20 Section 115. 7-year Recovery Period for Motorsports Entertainment Complexes

If you have a motorsports entertainment complex and you claimed a 7-year recovery period on your federal return, calculate the difference between the 7-year recovery period and the recovery period you would have been allowed under 2018 IRC. If your recovery period reported on your federal return is greater than the recalculated amount, include the difference as a positive number. If your recovery period reported on your federal return is less than the recalculated amount, include the difference as a negative number.

##### TCDTR Section 116; TCDTR20 Section 138. Accelerated Depreciation for Business Property on Indian Reservations

If you have qualified Indian reservation property and claimed accelerated depreciation, calculate the depreciation you would have been allowed under 2018 IRC. If your depreciation reported on your federal return is greater than the recalculated amount, include the difference as a positive number. If your depreciation reported on your federal return is less than the recalculated amount, include the difference as a negative number.

##### TCDTR Section 117; TCDTR20 Section 116. Expensing Rules for Certain Productions

If you were allowed to deduct instead of capitalizing expenditures related to qualified film, television, and theatrical productions on your federal return, include the excess expenses deducted as a positive number.

##### TCDTR Section 118. Empowerment Zone Tax Incentives

If you had a tax change relating to an empowerment zone that impacted your FTI on your federal return, reverse the tax impacts to your FTI.

##### TCDTR Section 122; TCDTR20 Section 140. Second Generation Biofuel Producer Credit

If you claimed the Second Generation Biofuel Producer Credit on your federal return that impacted your FTI, reverse the tax impacts to your FTI.

##### TCDTR Section 124; TCDTR20 Section 142. Qualified Fuel Cell Motor Vehicles

If you claimed the credit for Qualified Fuel Cell Motor Vehicles on your federal return that impacted your FTI, reverse the tax impacts to your FTI.

##### TCDTR Section 125; TCDTR20 Section 143. Alternative Fuel Refueling Property Credit

If you claimed the Alternative Fuel Refueling Property Credit on your federal return, adjust the property's basis without regard to the basis reduction required under 2019 IRC. Include any adjustments to FTI as a result of this Minnesota change in basis.

##### TCDTR Section 126; TCDTR20 Section 144. 2-Wheeled Plug-in Electric Vehicle Credit

If you claimed the 2-Wheeled Plug-In Electric Vehicle Credit on your federal return, adjust the vehicle's basis without regard to the basis reduction required under 2019 IRC. Include any adjustments to FTI as a result of this Minnesota change in basis.

**TCDTR Section 129; TCDTR20 Section 146. Energy Efficient Homes Credit**

If you claimed the Energy Efficient Homes Credit on your federal return, adjust the property's basis without regard to the basis reduction required under 2019 IRC. Include any adjustments to FTI as a result of this Minnesota change in basis.

**TCDTR Section 130. Special Allowance for Second Generation Biofuel Plant Property**

If you were allowed to deduct the additional first-year 50-percent bonus depreciation for cellulosic biofuel facilities on your federal return, include the additional depreciation as a positive number.

**TCDTR Section 131; TCDTR20 Section 102. Energy Efficient Commercial Buildings Deduction**

If you claimed an energy efficient commercial buildings deduction on your federal return that impacted your FTI, reverse the tax impacts to your FTI.

**TCDTR Section 132. Special Rule for Sales or Dispositions to Implement FERC or State Electric Restructuring Policy for Qualified Electric Utilities**

If you elected to recognize gain from qualifying electric transmission transactions ratably over an eight-year period on your federal return, include the amount of the deferred gain as a positive number.

**TCDTR Section 203; TCDTR20 Section 303. Employee Retention Credit for Employers Affected by Qualified Disasters.**

If you were not allowed to deduct wages due to the Employee Retention Credit on your federal return, include the amount of the disallowed wages as a negative number.

**Adjustments under the Families First Coronavirus Response (FFCR) Act, Coronavirus Aid, Relief, and Economic Security (CARES) Act, COVID-Related Tax Relief (COVIDTRA) Act Provisions that May Require an Income Adjustment**

The following provisions may require an income adjustment for Minnesota tax purposes. This list includes the most common adjustments; you must make adjustments for all provisions included in the FFCR Act, CARES Act, and COVIDTRA Act.

**FFCR Act Sections****Section 7001. Employer Credit for Paid Medical Leave**

If you claimed the Employer Credit for Paid Medical Leave, include the amount of the credit which was included in your federal gross income as a negative amount.

**Section 7003. Employer Payroll Credit for Required Paid Family Leave**

If you claimed the Employer Payroll Credit for Required Paid Family Leave, include the amount of the credit which was included in your federal gross income as a negative amount.

**CARES Act Sections****Section 1106. Paycheck Protection Program loan forgiveness (COVIDTRA Section 276)**

If you claimed Paycheck Protection Program loan forgiveness on your federal return, enter the amount of debt forgiveness income you excluded from federal gross income. Include the amount as a positive number.

**Section 2206. Exclusion for Employer Payments of Student Loans (TCDTR20 Section 120)**

If you or your lender received a contribution by your employer for principal or interest on any qualified education loan, and the payment was excluded from your federal gross income pursuant to an "Educational-Assistance Program," include the amount contributed by your employer.

**Section 2301. Employee Retention Credit (TCDTR20 Sections 206 and 207)**

If you claimed the federal credit and as a result claimed less wages as a business expense deduction, include the disallowed wages as a negative number.

**Section 2307. Qualified Improvement Property Technical Fix**

If you claimed federal bonus depreciation on this type of property, determine the difference between the federal bonus depreciation you claimed on this property, and the cost recovery deduction or expensing method you would have been able to claim prior to the CARES Act. This may include a Minnesota modification for section 179 expensing. Include the result as a positive number.

If you filed an amended federal return increasing your federal bonus depreciation as a result of this provision of the CARES Act, do not adjust your Minnesota addition for bonus depreciation on line 3 of Schedule M1M.

If you claimed bonus depreciation on this property on your 2018 return and made an adjustment on your 2018 Schedule M1NC to addback the amount not allowed for Minnesota purposes, you may calculate the depreciation you would have been able to claim prior to the CARES Act for 2019 on line 3. Include this amount as a negative number.

**COVIDTRA Sections****Section 210. Temporary Allowance of Full Deduction for Business Meals**

If you deducted more than 50% of the cost for food or beverages provided by a restaurant under this provision, enter the amount of the deduction that exceeds 50% of the cost as a positive number.

**Sections 277 and 278. Other loans, grants, and loan repayment assistance under the CARES Act**

Include the following amounts which were excluded from your federal gross income:

- Emergency financial aid grants received under CARES Act section 18004
- Loans forgiven under CARES Act section 1109
- Emergency Economic Insurance Disaster Loan (EIDL) Grants under CARES Act section 1110(e)
- Payments made on your behalf under CARES Act section 1112(c)
- Funding under section 331 of the Economic Aid to Hard-hit Businesses, Non-profits, and Venues Act

Enter the sum as a positive number.

**Line 4**  
**Certain Retirement Account Withdrawals Excluded From Income**

Complete line 4 if all of the following applied in 2019:

- Your principal abode was in a qualified disaster area
- You received a withdrawal from your retirement account
- You were able to exclude an amount of that withdrawal from your income because you lived in a qualified disaster area

Enter the difference between what you included in your federal income and what would have been if you had not lived in the qualified disaster area.

**Line 5**  
**Distributions From Higher Education Savings Accounts Used for Apprenticeship Programs or Student Loan Payments**

The Setting Every Community Up for Retirement Enhancement (SECURE) Act modified the definition of qualified distributions. If you received a distribution from a 529 savings plan for the following items, include the amount of earnings that were part of the distribution on line 5.

- Fees, books, supplies, and equipment required for participation in an apprenticeship program
- Pay for education loans of the designated beneficiary or their sibling

If you claimed the Minnesota section 529 plan credit or subtraction on a prior year return, you may be required to repay some of the benefit you received. Complete Schedule M1529, *Education Savings Account Contribution Credit or Subtraction* to calculate any recapture tax you be required to pay.

**Line 7**  
**Excess business loss and Net operating loss deduction adjustments**

Minnesota does not currently recognize the net operating loss (NOL) provisions under the CARES Act. Your losses in 2019 may be subject to the excess business loss limits and carryover limits under the Internal Revenue Code, as amended through December 31, 2018. You must add to income any amount of a net operating loss exceeding the excess business loss limitations in the Worksheet for Excess Business Losses. You must also adjust your 2019 NOL deduction if it includes a carryover NOL originating from tax years after December 31, 2017.

If you had a net operating loss carryover from tax years beginning after December 31, 2017, your net operating loss deduction is limited to 80% of taxable income for losses originating in those years and only losses from a farming activity may be carried back to the previous two years. If you have a carryover of a net operating loss, use the instructions under Net Operating Loss Carryover on the next page.

Complete the Worksheet for Excess Business Losses if your net losses from a trade or business are more than \$255,000 (\$510,000 if married filing jointly).

**Worksheet for Excess Business Losses**

1	Enter amount from Form 1040 or 1040-SR, line 1	_____
2	Enter amount from Schedule 1 (Form 1040 or 1040-SR), line 3	_____
3	Enter amount from Form 1040 or 1040-SR, line 6	_____
4	Enter amount from Schedule 1 (Form 1040 or 1040-SR), line 4	_____
5	Enter amount from Schedule 1 (Form 1040 or 1040-SR), line 5	_____
6	Enter amount from Schedule 1 (Form 1040 or 1040-SR), line 6	_____
7	Enter amount from Schedule 1 (Form 1040 or 1040-SR), line 7	_____
8	Enter other income, gain, or losses from a trade or business not reported on steps 1 through 7	_____
9	Combine steps 1 through 8	_____
10	Net amount of nonbusiness income and losses. Include amounts from line 10 of Schedule KS, line 10 of Schedule KF, and line 10 of Schedule KPI. If the total is less than zero, enter as a negative number	_____
11	If step 10 is a negative number, enter it here as a positive number. If step 10 is a positive number, enter it here as a negative number	_____
12	Add steps 9 and 11	_____
13	Enter \$255,000 (or \$510,000 if married filing jointly)	_____
14	Add steps 12 and 13. If the result is negative, you have an excess business loss. (See instructions)	_____

**Step instructions**

- Step 1** - Enter any wages, salaries, and tips reported on line 1 of Form 1040 or line 8 of Form 1040NR.
- Step 2** - Enter any business income or loss reported on line 3 of federal Schedule 1 or line 13 of Form 1040NR.
- Step 3** - Enter any capital gains or losses reported on line 6 of Form 1040 or line 14 of Form 1040NR.
- Step 4** - Enter any other gains or losses reported on line 4 of federal Schedule 1 or line 15 of Form 1040NR.
- Step 5** - Enter any supplemental income or loss reported on a Schedule E, such as income from rental real estate, royalties, partnerships, S corporations, estates, trusts, REMICs, etc. This is reported on line 5 of federal Schedule 1 or line 18 of Form 1040NR.
- Step 7** - Enter any unemployment compensation reported on line 7 of federal Schedule 1 or line 20 of Form 1040NR.
- Step 8** - Enter any other trade or business income, gain, or loss not reported on steps 1 through 7 that you reported on your tax return.
- Step 9** - Combine all entries from steps 1 through 8 on step 9. The resulting figure can be a positive or negative number.
- Step 10** - Combine the amount of income, gains, or losses on step 10 that were entered on steps 1 through 8 and are not from a trade or business. Include the amounts reported on line 10 of Schedule KS, line 10 of Schedule KF, and line 10 of Schedule KPI.
- Step 11** - Enter the opposite of the amount from step 10 on step 11.
- Step 14** - Add steps 12 and 13. If the result is negative, you have an excess business loss. Include this amount as a positive number on line 7 of Schedule M1NC. You will need to keep a record of your excess business loss from each tax year since it is treated as a net operating loss (NOL) carryover. Use this amount on step 3 of the net operating loss carryover to tax year 2020 worksheet. If the result is positive, you do not have an excess business loss.

**Trade or business**

An activity qualifies as a trade or business if your primary purpose for engaging in the activity is for income or profit and you are involved in the activity with continuity and regularity. The facts and circumstances of each case determine if an activity is a trade or business. The regularity of activities and transactions and the production of income are important elements. You do not need to actually make a profit to be in a trade or business as long as you have a profit motive. However, you do need to make ongoing efforts to further the interests of your business.

**Net Operating Loss Carryovers**

**Carryforward from prior years**

If you are carrying forward a net operating loss from 2018, you must complete 2018 Schedule M1NC line 15a before determining your allowable carryover NOL amount for tax year 2019.

**Net operating loss carryover to tax year 2020**

- 1 Enter the current year NOL as a negative. Do not include amounts federally carried back to 2019 from 2020 that are not losses from a farming business that you added back to income on line 7 of this form. . . . . \_\_\_\_\_
- 2 Enter the amount from step 1 that was federally carried back to 2017 or 2018 as a positive number . . . . . \_\_\_\_\_
- 3 Enter the amount from step 14 of the worksheet for excess business losses. Enter as a negative number . . . . . \_\_\_\_\_
- 4. Combine steps 1 through 3. This is your NOL carryover to 2020 . . . . . \_\_\_\_\_

Your Minnesota net operating loss deduction for 2019 is the sum of any unused NOLs from tax years beginning before 2018 plus the lesser of:

- The NOL from a tax year beginning after 2017; which includes any part of an NOL attributable to an excess business loss; or
- 80% of taxable income for the carryover year determined before any NOL deduction.

On line 7, include any NOL deduction claimed on your federal return from tax years beginning after 2017 that exceeds the 80% limitation on taxable income. Include as a positive amount.

**Net operating loss carryback from 2020**

If you are carrying back a net operating loss from 2020 (and it is not a farming loss eligible to be carried back under the IRC as amended through December 31, 2018), enter the full amount of the carryback you claimed from your federal return on line 7.

If you are carrying back a net operating loss from 2020 that is a farming loss, your state NOL deduction is limited to 80% of taxable income. If you carried a farm loss back to 2018, you must use the 2018 Minnesota instructions to determine your allowable NOL that is carried over into 2019. Include the amount of your net operating loss deduction from a farm activity that exceeds 80% of taxable income on line 7 as a positive amount.

**Line 8**

**Business Interest Limitation Adjustment**

The CARES Act created a special rule increasing the amount of business interest that can be deducted for the tax year for federal purposes from 30% to 50%. The Minnesota limitation has not changed. See the nonconformity instructions on pages 16-18 for more information on the CARES Act and its impact on the Minnesota return.

If your business interest expense deduction exceeds the sum of 30% of your adjusted taxable income, your business interest income, and your floor plan financing interest, and/or your combined group is different from your federal consolidated group, see instructions on page 8 for line 1b of Form M4I. Include the following amounts reported on Schedules KF, KS, and KPI as a positive number on line 8:

- Line 11 of Schedule KF
- Line 11 of Schedule KS
- Line 11 of Schedule KPI

**Line 9**

**Adjustments Due to Limitations Based on Adjusted Gross Income**

The following items are limited based on your Minnesota adjusted gross income. If you reported any of the following on your federal return, you may need to adjust your Minnesota return. Complete the appropriate worksheets listed below and enter the adjustment on line 9 of this schedule.

**Rental real estate losses.** Complete the Worksheet for Line 9 – Rental Real Estate Losses if line 7 of your federal Schedule 8582 was less than \$150,000.

**Social Security income.** Complete the Worksheet for Line 9 – Social Security Income if you include less than 85% of your Social Security benefits in your federal taxable income.

**IRA deduction.** Complete the Worksheet for Line 9 – IRA Deduction if you deducted contributions to an IRA on your federal return. If you were required to complete a worksheet in IRS Publication 590-A, complete that worksheet using Minnesota income amounts.

**Student loan interest.** Complete the Worksheet for Line 9 – Student Loan Interest if you deducted student loan interest on your federal return.

### Worksheet for Line 9 — Rental Real Estate Losses

Before you complete this worksheet, you will need to complete federal Form 8582.

- 1 Enter the amount from line 6 of your federal Form 8582 .....
- 2 Enter the amount from line 7 of your federal Form 8582 .....
- 3 Enter the total from lines 1 through 8 of Schedule M1NC .....
- 4 Add steps 2 and 3 .....
- 5 Subtract step 4 from step 1 (if zero or less, enter 0 here and on step 13) .....
- 6 Multiply step 5 by 50% (0.5). Do not enter more than the amount on line 9 of your federal Form 8582.....
- 7 Enter the lesser of line 5 of your federal Form 8582 or step 6 of this worksheet. If line 2c of your federal Form 8582 is negative, go to step 8. Otherwise, go to step 12. ....
- 8 Enter the amount from line 11 of your federal Form 8582 .....
- 9 Enter the amount from line 12 of your federal Form 8582 .....
- 10 Subtract step 7 from step 9 .....
- 11 Enter the smallest of line 2c (treated as a positive amount) from your federal Form 8582, step 8, or step 10 .....
- 12 Enter the amount from line 15 of your federal Form 8582 .....
- 13 Add steps 7, 11, and 12.....
- 14 Enter the amount from line 16 of your federal Form 8582. ....
- 15 Subtract step 13 from step 14. Include the result on line 9 of Schedule M1NC.  
If the result is negative, enter as a negative amount on line 9.....

### Worksheet for Line 9 – Social Security Income

- 1 Amount from line 7 of your federal Social Security Benefits Worksheet .....
- 2 Enter the total from lines 1 through 8 of Schedule M1NC. Also include the amount from step 15 of the Worksheet for Line 9 – Rental Real Estate Losses.....
- 3 Add steps 1 and 2 .....
- 4 If you are:
  - Married Filing Jointly, Enter \$32,000
  - Single, Head of Household, Qualifying Widow(er), or Married Filing Separately and lived apart from your spouse for all of 2019, enter \$25,000
  - Married filing separate and you lived with your spouse at any time in 2019, skip steps 4 through 11; multiply step 3 by 85% (0.85) and enter the result on step 12. Then, go to step 13 .....
- 5 Subtract step 4 from step 3 (if zero or less, enter 0 on step 14) .....
- 6 If you are:
  - Married Filing Jointly, enter \$12,000
  - Single, Head of Household, Qualifying Widow(er), or Married Filing Separately and you lived apart from your spouse for all of 2019, enter \$9,000 .....
- 7 Subtract step 6 from step 5 (if zero or less, enter 0) .....
- 8 Enter the lesser of step 5 or step 6 .....
- 9 Multiply step 8 by 50% (0.50) .....
- 10 Enter the lesser of step 9 or 50% of the total amount from box 5 of your Forms SSA-1099 and RRB-1099 .....
- 11 Multiply step 7 by 85% (0.85). If step 7 is zero, enter 0 .....
- 12 Add steps 10 and 11.....
- 13 Enter the amount from step 17 of your worksheet for federal Form 1040, line 5b.....
- 14 Enter the lesser of step 12 or step 13 .....
- 15 Enter the amount from federal Form 1040, line 5b.....
- 16 Subtract step 15 from step 14 and include it on Schedule M1NC, line 9. If the result is negative, enter as a negative amount on line 9.....

## Worksheet for Line 9 — Minnesota IRA Deduction

Before completing this worksheet, you will need to complete the following other worksheets:

- Federal IRA Deduction Worksheet - Schedule 1, Line 19
- Worksheet for Line 9 - Rental Real Estate Losses (if required) on the previous page
- Worksheet for Line 9 - Social Security Income (if required) on the previous page

	Your IRA		Spouse's IRA
1 Enter the amount shown below that applies to you . . . . .	1a _____		1b _____
* Single, Head of Household, or Married Filing Separately and you lived apart from your spouse for all of 2019, enter \$74,000			
* Qualifying Widow(er), enter \$123,000			
* Married Filing Jointly, enter \$123,000 in both columns.			
If one spouse was not covered by a retirement plan, enter \$203,000 for the spouse who was not covered			
* Married filing separately and you lived with your spouse at any time in 2019 enter \$10,000			
2 Enter the sum of the following amounts:			
• Lines 1 through 8 of Schedule M1NC			
• Step 15 of the Worksheet for Line 9 - Rental Real Estate Losses			
• Step 16 of the Worksheet for Line 9 - Social Security Income			
• Amounts on your federal Form 1040, line 7b . . . . .	2 _____		
3 Enter the total of the amounts from Form 1040, Schedule 1, lines 10 through 18a, plus any write-in adjustments you entered on the dotted line next to line 22. . . . .	3 _____		
4 Subtract step 3 from step 2. If Married Filing Jointly, enter the result in both columns. . . . .	4a _____		4b _____
5 Is the amount on step 4 less than the amount on step 1?			
<b>No:</b> None of your IRA is deductible for Minnesota purposes. Include the amount you entered on line 19 of federal Schedule 1 on line 9 of Schedule M1NC.			
<b>Yes:</b> Subtract step 4 from step 1. . . . .			
	5a _____		5b _____
6 Using the amount on step 5, determine the amount to enter based on the instructions below . .	6a _____		6b _____
* If Single, Head of Household, or Married Filing Separately, and the result is \$10,000 or more, enter \$6,000 (\$7,000 if age 50 or older but under 70 1/2 at the end of 2019) for that column on steps 6 and 7. If the result is less than \$10,000, go to step 7.			
* If Married Filing Jointly or Qualifying Widow(er), and the result is \$20,000 or more (\$10,000 or more in the column for the IRA of the person not covered by a retirement plan), enter \$6,000 (\$7,000 if age 50 or older but under age 70 1/2 at the end of 2019) for that column on steps 6 and 7. Otherwise, go to step 7.			
7 Multiply step 5 by the percentage you used to determine step 7 of your federal worksheet for line 19 of federal Schedule 1. Increase the result to the next \$10 increment . . . . .	7a _____		7b _____
If you checked "No" on line 1a of the federal worksheet for line 19 (and "No" on line 1b if married filing jointly), enter the applicable amount below on step 7a (and step 7b if applicable).			
• \$6,000, if under age 50 at the end of 2019			
• \$7,000, if age 50 or older but under age 70 1/2 at the end of 2019			
8 Enter the sum of steps 8 and 9 of the worksheet for line 19 of federal Schedule 1 . . . . .	8 _____		
9 Enter the amount from step 11 of the worksheet for line 19 of federal Schedule 1 . . . . .	9a _____		9b _____
10 Enter the smallest of steps 7a, 8, or 9a on step 10a. Enter the smallest of steps 7b, 8, or 9b on step 10b. If you elected to deduct a smaller amount on your federal return, reduce the amount for this line by the amount you elected to treat as a nondeductible contribution on your federal return. . . . .	10a _____		10b _____
11 Add steps 10a and 10b . . . . .	11 _____		
12 Enter the amount from line 19 of federal Schedule 1 . . . . .	12 _____		
13 Subtract step 11 from step 12. Enter the result on line 9 of Schedule M1NC. If the result is negative, enter as a negative amount. . . . .	13 _____		

Save this worksheet and your 2019 Minnesota income tax return for your records until at least 3½ years after you file your Minnesota return for the year in which your IRA balance became \$0.



## Worksheet for Line 9 — Student Loan Interest

If you are required to complete any of the other worksheets for line 9, you must complete those worksheets before completing this worksheet.

- 1 Enter the total interest you paid in 2019 on qualified student loans (see instructions for line 20 of federal Schedule 1). Do not enter more than \$2,500 .....
- 2 Enter the amount from line 7b of federal Form 1040. ....
- 3 Enter the total from lines 1 through 8 of Schedule M1NC. Also include the amount from step 15 of the Worksheet for Line 9 - Rental Real Estate Losses; step 16 of the Worksheet for Line 9 - Social Security Income, and the amount from step 13 of the Worksheet for Line 9 - Minnesota IRA Deduction .....
- 4 Enter the sum of the totals from any other worksheets for line 9 that you completed. If the result is negative, enter as a negative amount. ....
- 5 Add steps 2 through 4. ....
- 6 Enter the total of the amounts from your federal lines 10 through 18a of your federal Schedule 1 plus any write-in adjustments on line 22. ....
- 7 Subtract step 6 from step 5. ....
- 8 If your filing status is Single, Head of Household, or Qualifying Widow(er), enter \$70,000. If your filing status is married filing joint, enter \$140,000. ....
- 9 Subtract step 8 from step 7. If the result is \$0 or less, skip steps 10 and 11, and enter the amount from step 1 on step 12. ....
- 10 Divide step 9 by \$15,000 (\$30,000 if married filing jointly). Enter the result as a decimal rounded to at least three places. If the result is 1.000 or more, enter 1.000. ....
- 11 Multiply step 1 by step 10 .....
- 12 Subtract step 11 from step 1 .....
- 13 Enter the amount from line 20 of federal Schedule 1. ....
- 14 Subtract step 12 from step 13. Enter the result on line 9 of Schedule M1NC. If the result is negative, enter as a negative amount. ....

### Line 10

Include this amount on Form M1PR, *Homestead Credit Refund (for Homeowners) and Renter's Property Tax Refund*:

- Line 5, if positive
- Line 11, if negative (enter as a positive amount on Form M1PR)

### Line 12

#### Minnesota Adjusted Gross Income

If you are claiming the social security subtraction on line 39 of Schedule M1M, *Income Additions and Subtractions*, use the Worksheet for Line 39 of Schedule M1M below to determine your subtraction.

If you are filing the following forms, use the amount from line 12 on the appropriate lines:

- Line 1 of Schedule M1CD, *Child and Dependent Care Credit*
- Line 1 of Schedule M1ED, *K-12 Education Credit*
- Line 3 of Schedule M1WFC, *Minnesota Working Family Credit*
- Lines 2 and 21 of Schedule M1SA, *Minnesota Itemized Deductions*
- Line 18 of Schedule M1CAT, *Casualty and Theft*
- Line 9 of Schedule M1R, *Age 65 or Older/Disabled Subtraction*
- Line 1 of Schedule M1MT, *Alternative Minimum Tax*
- Line 2 of Schedule M1SLC, *Student Loan Credit*
- Line 1 of Schedule M1CR, *Credit for Income Tax Paid to Another State* (use this amount in the instructions for line 1)

#### Use line 12 of Schedule M1NC on the following worksheets:

- Form M1 - Step 1 of the Worksheet for Line 4 – Standard Deduction Limitation
- Form M1 - Step 4 of the Worksheet for line 5 – Dependent Exemptions
- Schedule M1SA - Step 5 of the Worksheet for Line 26
- Schedule M1529 - Step 3 of the Worksheet for Line 5 (529 Credit)

**Worksheet for Line 39 of Schedule M1M**

Do not complete this worksheet if you did not enter an amount on lines 1- 10 of Schedule M1NC.

- 1 Enter the amount from line 7b of federal Form 1040 or 1040-SR . . . . .
- 2 Enter the amount from line 10 of Schedule M1NC. Do not include adjustments to your Social Security income or student loan interest deduction from line 9 . . . . .
- 3 Add Steps 1 and 2. . . . .
- 4 Enter the amount from line 5b of federal Form 1040 or 1040-SR . . . . .
- 5 Enter step 16 of your Worksheet for Line 9 - Social Security Income (enter as a negative, if the result was negative) . . . . .
- 6 Add steps 4 and 5 . . . . .
- 7 Subtract step 6 from step 3 . . . . .
- 8 Enter the amount from line 5a of federal Form 1040 or 1040-SR . . . . .
- 9 Multiply step 8 by 50% (0.50) . . . . .
- 10 Enter the amount you included or should have included on line 2a of federal Form 1040 or 1040-SR . . . . .
- 11 Add steps 7, 9, and 10 . . . . .
- 12 Enter the total of amounts on lines 10 through 19, and any write-in adjustments on 10 through 19, or line 22 of federal Schedule 1 . . . . .
- 13 Subtract step 12 from step 11. If zero or less, enter 0 . . . . .
- 14 Enter the amount for your filing status from below:  
Married Filing Jointly or Qualifying Widow(er): \$78,180  
Single or Head of household: \$61,080  
Married Filing Separate: \$39,090
- 15 Subtract step 14 from step 13. If zero or less, enter 0 . . . . .
- 16 Multiply step 15 by 20% (.20) . . . . .
- 17 Enter the amount for your filing status from below . . . . .  
Married Filing Jointly or Qualifying Widow(er): \$5,150  
Single or Head of household: \$4,020  
Married Filing Separate: \$2,575
- 18 Subtract step 16 from step 17. If zero or less, enter 0 . . . . .
- 19 Enter the amount from step 6 . . . . .
- 20 Enter the amount of Tier 1 railroad retirement benefits included on line 24 of Schedule M1M. . . . .
- 21 Subtract step 20 from step 19. If zero or less, enter 0 . . . . .
- 22 Enter step 18 or step 21, whichever is less. Also enter this amount on line 39 of Schedule M1M. . . . .