



2020 Schedule M1NC, Federal Adjustments

Minnesota has not adopted **certain** federal law changes enacted after December 31, 2018, which affect federal adjusted gross income for tax year 2020.

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.

Enter amounts as a positive or negative.
Round amounts to the nearest whole dollar.

Adjustments to federal adjusted gross income (FAGI)

- 1 This line intentionally left blank. 1 ■ _____
- 2 Tuition and fees deduction from line 21 of federal Schedule 1. 2 ■ _____
- 3 Distributions from higher education savings accounts used for apprenticeship programs or student loan payments. 3 ■ _____
- 4 This line intentionally left blank. 4 ■ _____
- 5 This line intentionally left blank. 5 ■ _____
- 6 Charitable contribution deduction for filers who claim the federal standard deduction 6 ■ _____
- 7 This line intentionally left blank. 7 ■ _____
- 8 This line intentionally left blank. 8 ■ _____
- 9 This line intentionally left blank 9 ■ _____
- 10 Exclusion for certain employer payments of student loans. 10 ■ _____
- 11 Employee Retention Credit under the CARES Act 11 ■ _____
- 12 Employee Retention Credit for employers affected by qualified disasters. 12 ■ _____
- 13 NOL carryovers and suspension of 80% Limit. 13 ■ _____
- 14 Modification of excess loss limitation or excess business loss 14 ■ _____
- 15 Subpart F Income Adjustment 15 ■ _____
- 16 Modification of business interest limitation 16 ■ _____
- 17 Qualified Improvement Property technical fix 17 ■ _____
- 18 Employer credit for paid medical leave and Employer payroll credit for required paid family leave 18 ■ _____
- 19 **TCDTR and TCDTR20** basis and depreciation provisions 19 ■ _____
- 20 Credit provisions impacting basis and depreciation 20 ■ _____
- 21 Credit provisions impacting business expenses 21 ■ _____
- 22 Other adjustments to federal adjusted gross income 22 ■ _____
- 23 TCDTR20 basis and depreciation provisions 23 ■ _____



- 24 **Restaurant revitalization grants excluded from income** (see instructions) 24 ■ _____
- 25 Temporary allowance of full deduction for business meals (see instructions) 25 ■ _____
- 26 This line intentionally left blank 26 ■ _____
- 27 This line intentionally left blank 27 ■ _____
- 28 This line intentionally left blank 28 ■ _____
- 29 This line intentionally left blank 29 ■ _____
- 30 This line intentionally left blank 30 ■ _____
- 31 If you have an amount on lines 1 through 30, and an adjustment to income subject to a rule involving
adjusted gross income such as an IRA deduction, Social Security income,
rental real estate loss, or student loan interest, see instructions 31 ■ _____
- 32 Add lines 1-31. If the result is positive, enter it on Form M1M, line 16.
If the amount is negative, enter it as a positive number on Form M1M, line 45 32 ■ _____
- 33 Line 1 of Form M1 33 ■ _____
- 34 **Minnesota adjusted gross income.** Add lines 32 and 33, then **see instructions** 34 ■ _____

You must include this schedule when you file Form M1.



2020 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 **generally** based on the Internal Revenue Code (IRC) as amended through December 31, 2018, **with certain exceptions**.

Since that date, federal tax laws were enacted containing provisions affecting tax year 2020. These federal laws include the Taxpayer Certainty and Disaster Tax Relief (TCDTR) Act of 2019, the Families First Coronavirus Response (FFCR) Act, the Coronavirus Aid, Relief, and Economic Security (CARES) Act, the Setting Every Community Up for Retirement Enhancement (SECURE) Act, the Taxpayer Certainty and Disaster Tax Relief Act (TCDTR20) of 2020, the COVID-Related Tax Relief (COVIDTR) Act, and the American Rescue Plan Act (ARPA) of 2021. Because Minnesota has not adopted **certain** federal changes, you may need to adjust your Minnesota return.

You must use this Schedule to complete your Minnesota return if you are affected by any of its provisions. Several provisions may require an income adjustment for Minnesota tax purposes. This Schedule includes the most common adjustments; you must make adjustments as needed for **certain** provisions included in the TCDTR, FFCR, CARES, SECURE, TCDTR20, COVIDTR, and ARPA Acts.

Save your entire 2020 Minnesota income tax return and all worksheets you use.

Who Must File Schedule M1NC

If you are affected by any of the provisions included on this form, complete Schedule M1NC to make the necessary adjustments when you file Form M1. Refer to the line instructions below for more information about the adjustments for your Minnesota return.

Line Instructions

Line 3 — Distributions from higher education savings accounts used for apprenticeship programs or student loan payments (SECURE Act Sec. 302)

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 3.

- 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 6 — Charitable contribution deduction for filers who claim the federal standard deduction (CARES Act Sec. 2204)

If you had an “above the line” charitable contribution deduction and did not itemize deductions, enter the amount from line 10b on federal Form 1040.

Line 10 — Exclusion for certain employer payments of student loans (CARES Act Sec. 2206)

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 on line 10.

Line 11 — Employee Retention Credit under the CARES Act (CARES Act Sec. 2301; TCDTR20 Sec. 206 and 207; ARPA Sec. 9651)

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.

Line 12 — Employee Retention Credit for employers affected by qualified disasters (TCDTR Act Sec. 203 and TCDTR20 Sec. 303)

If you claimed the federal credit, include the disallowed wages as a negative number.

Line 13 — NOL carryovers and suspension of 80% Limit Carryovers from prior years

If you are carrying over a net operating loss from 2019, you must complete 2019 Schedule M1NC line 7 before determining your allowable carryover NOL amount for tax year 2020.

Your Minnesota net operating loss deduction for 2020 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 13, 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 carryover to tax year 2021

- 1 Enter the current year NOL as a negative. Do not include amounts federally carried back to 2020 from 2021 that are not losses from a farming business that you added back to income on line 13 of this form
- 2 Enter the amount from step 1 that was federally carried back to 2018 or 2019 as a positive number.
- 3 Enter the amount from step 13 of the worksheet for excess business losses. Enter as a negative number
- 4 Combine steps 1 through 3. This is your NOL carryover to 2021

Net operating loss carryback from 2021

If you are carrying back a net operating loss from 2021 (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 13.

If you are carrying back a net operating loss from 2021 that is a farming loss, your state NOL deduction is limited to 80% of taxable income. If you carried a farm loss back to 2019, you must use the 2019 Minnesota instructions to determine your allowable NOL that is carried over into 2020. Include the amount of your net operating loss deduction from a farm activity that exceeds 80% of taxable income on line 13 as a positive amount.

Line 14 — Modification of excess business loss (CARES Act Sec. 2304)

Your losses in 2020 may be subject to the excess business loss limits under the Internal Revenue Code.

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.

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.

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 7
- 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 4 of Schedule KSNC, line 4 of Schedule KFNC, and line 4 of Schedule KPINC. 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 \$259,000 (or \$518,000 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 1a of Form 1040NR.
- Step 2** - Enter any business income or loss reported on line 3 of federal Schedule 1.
- Step 3** - Enter any capital gains or losses reported on line 7 of Form 1040 or line 7 of Form 1040NR.
- Step 4** - Enter any other gains or losses reported on line 4 of federal Schedule 1.
- 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.
- Step 7** - Enter any unemployment compensation reported on line 7 of federal Schedule 1.
- 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 4 of Schedule KSNC, line 4 of Schedule KFNC, and line 4 of Schedule KPINC.
- 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 14 of Schedule MINC. 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.

Line 15 – Subpart F Income Adjustment (TCDTR Act Sec. 145 and TCDTR20 Sec. 111)

Filers who had income subject to the extension of the look-through rule for related controlled foreign corporations under IRC 954(c)(6) should make an adjustment reversing the impacts of this provision and enter the amount as a positive number.

Line 16 — Modification of business interest limitation (CARES Act Sec. 2306)

The amount of the business interest limitation that can be deducted for Minnesota is 30%.

Include the following amounts reported on Schedules KFNC, KSNC, and KPINC on line 16:

- Line 5 of Schedule KFNC
- Line 5 of Schedule KSNC
- Line 5 of Schedule KPINC

Line 17 — Qualified Improvement Property technical fix (CARES Act Sec. 2307)

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. Include the result as a positive number.

Do not include the bonus depreciation claimed for this property on your federal Form 4562 when you complete Step 1 of the Worksheet for Line 3 - Bonus Depreciation Modification.

If you claimed bonus depreciation on this property on your 2019 return and made an adjustment on your 2019 Schedule M1NC to add back 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 2020 on line 17. Include this amount as a negative number.

Line 18 — Employer credit for paid medical leave and employer payroll credit for required paid family leave (FFCR Act Sec. 7001, 7003; TCDTR Act Sec. 142; TCDTR20 Sec. 119; ARPA Section 9641)

FFCR Act Sec. 7001. Employer Credit for Paid Medical Leave

If you received the Employer Credit for Required Paid Medical Leave under the FFCR Act section 7001, include the amount of the credit which was included in your federal income as a negative amount.

FFCR Act Sec. 7003. Employer Payroll Credit for Required Paid Family Leave

If you received the Employer Credit for Paid Family and Medical Leave under the FFCR Act section 7003, include the amount of the credit which was included in your federal income as a negative amount.

TCDTR Act Sec. 142. Employer credit for paid family and medical leave

Expansion of the employer tax credit for paid family and medical leave to tax year 2020. Wages used in determining the credit are not allowed a business deduction.

Line 19 — Basis and depreciation provisions (TCDTR Act Sec. 114, 115, 118, and TCDTR20 Sec. 137, 115, 138, 116, 118, 102)

To report the differences for Minnesota tax purposes on line 19, 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 19. If the net of all adjustments results in a decrease, enter as a negative on line 19.

Include the following amounts reported on Schedules KFNC, KSNC, and KPINC as a positive number on line 19:

- Line 8 of Schedule KFNC
- Line 8 of Schedule KSNC
- Line 8 of Schedule KPINC

TCDTR Act Sec. 114. Classification of certain racehorses as 3-year property (TCDTR20 Sec. 137)

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 Act Sec. 115. 7-year recovery period for motorsports entertainment complexes (TCDTR20 Sec. 115)

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.

TCDTR20 Sec. 138. Accelerated depreciation for business property on Indian reservations, for property placed in service after December 31, 2020.

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.

TCDTR20 Sec. 116. Expensing rules for certain productions commencing after December 31, 2020.

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 Act Sec. 118. Empowerment Zone Tax incentives (TCDTR20 Sec. 118)

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.

TCDTR20 Sec. 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.

Line 20 — Credit provisions impacting basis and depreciation (TCDTR Act Sec. 112, 122, 124, 125, 126, 129, 141, and TCDTR20 Sec. 140, 142, 143, 144, 146, 112, 106)

To report the differences for Minnesota tax purposes on line 20, 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 20. If the net of all adjustments results in a decrease, enter as a negative on line 20.

Include the following amounts reported on Schedules KFNC, KSNC, and KPINC as a positive number on line 20:

- Line 9 of Schedule KFNC
- Line 9 of Schedule KSNC
- Line 9 of Schedule KPINC

TCDTR Act Sec. 122. Second generation biofuel producer credit (TCDTR20 Sec. 140)

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

TCDTR Act Sec. 124. Qualified fuel cell motor vehicles (TCDTR20 Sec. 142)

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 Act Sec. 125. Alternative fuel refueling property credit (TCDTR20 Sec. 143)

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 2020 IRC. Include any adjustments to FTI as a result of this Minnesota change in basis.

TCDTR Act Sec. 126. 2-Wheeled plug-in electric vehicle credit (TCDTR20 Sec. 144)

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 2020 IRC. Include any adjustments to FTI as a result of this Minnesota change in basis.

TCDTR Act Sec. 129. Energy efficient homes credit (TCDTR20 Sec. 146)

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 2020 IRC. Include any adjustments to FTI as a result of this Minnesota change in basis.

TCDTR Act. Sec. 141. New Markets Tax credit (TCDTR20 Sec. 112)

If you claimed a New Markets Tax Credit, adjust the basis of the qualified equity investment property by the amount of the credit.

TCDTR20 Sec. 106. Certain provisions related to beer, wine, distilled spirits

If your depreciation and property basis for beer, wine, and distilled spirits was impacted by the changes to the aging period, reverse the tax impacts accordingly. **Certain beer, wine, and distilled spirits are impacted by nonconformity to TCDTR20. Effective dates generally begin after December 31, 2020 depending on certain actions taken.**

Line 21 — Credit Provisions Impacting Business Expenses (TCDTR Act Sec. 111, 113)

To report the differences for Minnesota tax purposes on line 21, 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 21. If the net of all adjustments results in a decrease, enter as a negative on line 21.

Include the following amounts reported on Schedules KFNC, KSNC, and KPINC as a positive number on line 21:

- Line 10 of Schedule KFNC
- Line 10 of Schedule KSNC
- Line 10 of Schedule KPINC

TCDTR Act Sec. 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.

TCDR Act Sec. 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.

Line 23 - TCDTR20 basis and depreciation provisions (TCDTR20 Act Sec. 201, 202, 203, and 204)

TCDTR20 Sec. 201. Low Income Housing tax credit rate

If you claimed the Minimum Low-Income Housing Tax Credit on your federal return, adjust the property’s basis without regard to the basis adjustments required under current federal law. Include the difference between the basis under the 2018 IRC and current federal law on line 23.

TCDTR20 Sec. 202. 30-year residential real property depreciation

If you had certain residential property and claimed depreciation using a 30-year recovery period on your federal return, calculate the difference between the 30-year recovery period and the recover period allowed under the 2018 IRC. Include the difference as a positive number on line 23.

TCDTR20 Sec. 203. Waste energy recovery property

If you claimed the Energy Credit for waste energy recovery property on your federal return, adjust the property’s basis to what is allowed under the 2018 IRC. Include the difference between the basis under current federal law and basis under the 2018 IRC on line 23.

TCDTR20 Sec. 204. Energy credit for offshore wind facilities

If you claimed the Energy Credit for offshore wind facilities on your federal return, adjust the property’s basis to what is allowed under the 2018 IRC. Include the difference between the basis under current federal law and basis under the 2018 IRC on line 23.

Also include amounts from line 14 of Schedules KFNC, KSNC, and KPINC.

Line 24 - Restaurant revitalization grants excluded from income (ARPA Sec. 9673)

Include the restaurant revitalization grant on line 24 which were excluded from your federal adjusted gross income.

Also include amounts from line 15 of Schedules KFNC, KSNC, and KPINC.

Line 25 - Temporary Allowance of Full Deduction for Business Meals (COVIDTR Act 210)

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. Also include amounts from line 16 of Schedules KFNC, KSNC, and KPINC.

Include the amount as a positive amount.

Line 31 — 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 31 of this schedule.

Rental real estate losses. Complete the Worksheet for Line 31 – 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 31 – 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 31 – 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. If neither you or your spouse are covered by a retirement plan at work and were not required to determine a deduction limitation based on income on your federal return, do not complete the Worksheet for Line 31 - Minnesota IRA Deduction.

Student loan interest. Complete the Worksheet for Line 31 – Student Loan Interest if you deducted student loan interest on your federal return.

Worksheet for Line 31 — 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 30 of Schedule MINC
- 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 31 of Schedule MINC. If the result is negative, enter as a negative amount on line 31.

Worksheet for Line 31 – Social Security Income

- 1 Amount from line 7 of your federal Social Security Benefits Worksheet
- 2 Enter the total from 3 through 6 and 9 through 25 of Schedule M1NC. Also include the amount from step 15 of the Worksheet for Line 31 – 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 2020, enter \$25,000
 - Married filing separate and you lived with your spouse at any time in 2020, 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 2020, 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 6b.....
- 14 Enter the lesser of step 12 or step 13
- 15 Enter the amount from federal Form 1040, line 6b.
- 16 Subtract step 15 from step 14 and include it on Schedule M1NC, line 31. If the result is negative, enter as a negative amount on line 31.

Worksheet for Line 31 — 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 31 - Rental Real Estate Losses (if required) on the previous page
- Worksheet for Line 31 - 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 2020, enter \$75,000		
* Qualifying Widow(er), enter \$124,000		
* Married Filing Jointly, enter \$124,000 in both columns.		
If one spouse was not covered by a retirement plan, enter \$206,000 for the spouse who was not covered		
* Married filing separately and you lived with your spouse at any time in 2020 enter \$10,000		
2 Enter the sum of the following amounts:		
• Line 3 and lines 10 through 30 of Schedule M1NC		
• Step 15 of the Worksheet for Line 31 - Rental Real Estate Losses		
• Step 16 of the Worksheet for Line 31 - Social Security Income		
• Amounts on your federal Form 1040, line 9	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?		
No: None of your IRA is deductible for Minnesota purposes. Include the amount you entered on line 19 of federal Schedule 1 on line 31 of Schedule M1NC.		
Yes: 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 2020) 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 2020) 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 2020		
• \$7,000, if age 50 or older but under age 70 1/2 at the end of 2020		
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 31 of Schedule M1NC. If the result is negative, enter as a negative amount.	13 _____	

Save this worksheet and your 2020 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 31 — Student Loan Interest

If you are required to complete any of the other worksheets for line 31, you must complete those worksheets before completing this worksheet.

- 1 Enter the total interest you paid in 2020 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 9 of federal Form 1040.
- 3 Enter the total from line 3, and lines 10 through 30 of Schedule M1NC. Also include the amount from step 15 of the Worksheet for Line 31 - Rental Real Estate Losses; step 16 of the Worksheet for Line 31 - Social Security Income, and the amount from step 13 of the Worksheet for Line 31 - Minnesota IRA Deduction
- 4 Enter the sum of the totals from any other worksheets for line 31 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 31 of Schedule M1NC. If the result is negative, enter as a negative amount.

Line 32

Include this amount, excluding the amount on Step 16 from “Worksheet for Line 31 – Social Security Income,” 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 34 — 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 34 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 34 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 1-32 of Schedule M1NC.

- 1 Enter the amount from line 9 of federal Form 1040 or 1040-SR
- 2 Enter the amount from line 3, and lines 10 through 30 of Schedule M1NC. Also include the amount from step 15 of the Worksheet for Line 31 - Rental Real Estate Losses and the amount from step 13 of the Worksheet for Line 31 - Minnesota IRA Deduction.
- 3 Add Steps 1 and 2.
- 4 Enter the amount from line 6b of federal Form 1040 or 1040-SR.
- 5 Enter step 16 of your Worksheet for Line 31 - 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 6a 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 From federal Schedule 1, enter the total amount from lines 10 through 19, and any write-in adjustments from lines 10 through 19, or line 22.
- 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): \$79,480
Single or Head of household: \$62,090
Married Filing Separate: \$39,740
- 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): \$5,240
Single or Head of household: \$4,090
Married Filing Separate: \$2,620
- 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.