



Webinar on MeF and 2021 Minnesota Tax Form Changes – Questions and Answers

Here are questions received and answers provided from our September 21, 2021, webinar with software providers and tax professionals.

Tax Forms

When will the department release instructions for the 2021 Minnesota tax forms?

October 13, 2021.

Are children born in a current year no longer listed on recomputed Forms 2441?

The child would be listed on Schedule M1CD. Taxpayers will not need a recomputed Form 2441. We will provide more information in our finalized form instructions.

Will there be updates for the 2021 Certificate of Rent Paid (CRP)?

We are reviewing the CRP and its instructions. We will release the 2021 CRP in November.

Are there plans for the department to allow electronic filing for amended returns?

We are working on a solution for accepting amended returns electronically.

Where can taxpayers file a claim of right on the Minnesota return?

Use line 10 of Schedule M1REF, Refundable Credits, to file a claim of right. Final instructions for this form will be released soon.

Electronic Filing

When will test packages be posted? Will they be different from previous years?

We will post test packages by November 1, 2021. Test packages are slightly different each year.

What will be the nature of the Schedule M1CD overflow statement?

The overflow statement allows taxpayers to list additional information when space is not available for it on Schedule M1CD.

Tax Questions

Will updated amounts on the 2021 federal Form 2441 affect Minnesota Schedule M1CD, Child and Dependent Care Credit?

No. We have moved the calculation for the credit to Schedule M1CD for 2021. We do not use calculations from Form 2441.

Are VA benefits included in household income for the 2021 Form M1PR, Homestead Credit Refund (for Homeowners) and Renter's Property Tax Refund? Is this change retroactive for prior years?

For 2021 Forms M1PR, "income" does not include veterans disability compensation paid under title 28 of the U.S. Code. This law applies to taxable years 2021 and later.

If a business took one-fifth of the section 179 subtraction in 2020, can they take the remaining four-fifths of the subtraction in 2021?

No. The section 179 subtraction must be claimed over the standard five-year timeline.

Under what circumstances would the pass-through entity (PTE) tax election on 2021 Schedule KPI not satisfy the partner's filing requirement?

The PTE tax election may satisfy your Minnesota filing requirement if you meet all these qualifications:

- You are a full-year Minnesota nonresident who is a partner, member, or shareholder in an electing entity
- Your only Minnesota source income is from an entity or entities that are filing and paying composite tax or PTE tax on your behalf

If owners receive a share of gross profit or income from an installment sale reported to them by a partnership or S corporation, they are not eligible to have the PTE tax satisfy their filing requirement.

Does the exclusion of veterans disability compensation from 2021 Forms M1PR also apply to the K-12 Education Credit?

No. This change was made only for the Homestead Credit Refund (for Homeowners) and Renter's Property Tax Refund.

Is the Economic Injury Disaster Loan (EIDL) advance treatment the same for federal and Minnesota tax?

For taxable years beginning after December 31, 2019, and before January 1, 2021, Minnesota law recognizes the effect of Internal Revenue Code, section 278(b).

If an S corporation receives Paycheck Protection Program (PPP) loan forgiveness and a taxpayer gets Schedule K-1, does this impact Form M1PR?

All PPP loan forgiveness is included as income on Form M1PR.

Are other VA benefits excluded from 2021 Forms M1PR, such as Death Indemnity Compensation (DIC)?

Only veterans disability compensation paid under title 38 of the U.S. Code is excluded from 2021 Forms M1PR. (See Minnesota Statute 290A.03, subdivision 3.)