# DEPARTMENT OF REVENUE



## 2021 Schedule M1CR, Credit for Income Tax Paid to Another State

Your First Name and Initial	Last Name	Social Security Number
State or Canadian Province or Terri	tory That Taxed Income Also Taxed By Minnesota	
You must complete a separat Schedule M1RCR, <i>Credit for T</i>	e Schedule M1CR for each state or province to which a state or province to which a state or province to which a	you paid taxes. To report tax paid to Wisconsin, use
To be eligible for this credit, all		
<ul> <li>You were a full- or part-year</li> </ul>		
	tax to both Minnesota and another state or Canadian pro	ovince on the same income
	ent when both states taxed the same income.	
Use Schedule M1RCR to report	tax paid to Wisconsin.	Round amounts to the
		nearest whole dollar.
Full-Year Residents and Pa	art-Year Residents	
1 Amount of adjusted gross		
	was taxed by the other state (see instructions)	
2 Your adjusted gross incom	e adjusted by U.S. bond interest and	
	etermine from instructions).	
	structions	2
	er the result as a decimal (carry to	
	1 is more than line 2, enter 1.00000)	
	to determine your Minnesota tax after credits.	
a Tax from line 13 of Fo	rm M1	4a
<b>b</b> Add lines 1-2 and 4-9	of Schedule M1C	4b
Subtract line 4b from line	4a. If the result is zero or less, <b>STOP HERE</b> . You do not qu	alify for this credit 4
5 Multiply line 4 by line 3		
	come tax return, enter the tax amount before	
	held or estimated tax payments (see instructions).	
	adian province or territory, see instructions	6 🔳
Full-Year Residents		
7 Amount from line 5 or lin	e 6, whichever is less. Enter here and include on line 3 of	Schedule M1C 7
Part-Year Residents		
	come tax return, enter the amount of income	
taxed by that state before	subtracting itemized or standard deductions	
	ter the result as a decimal (carry to	
five decimal places; if line	1 is more than line 8, enter 1.00000)	
<b>10</b> Multiply line 6 by line 9		
<b>11</b> Amount from line 5 or lin	e 10, whichever is less. Enter here and include on line 3 o	f Schedule M1C 11
You must include this sch	edule with your Form M1.	

## Am I eligible?

You may be eligible for the credit for income tax paid to another state if all of these are true:

- You were domiciled in Minnesota for all or part of 2021
- · You paid 2021 income tax to Minnesota and to another state on the same income
- You filed an income tax return with the other state. This may include a corporate entity paying taxes on your behalf. If an entity paid taxes on your behalf, please include the other state's return
- · You were a Minnesota resident when you received the income taxed by the other state

A Canadian province or territory and the District of Columbia are considered states for purposes of this credit.

Include: Any income taxes paid to another state by an S corporation or a partnership that you included on line 2 of Schedule M1MB.

#### Do not include: Taxes paid to:

- Wisconsin (file Schedule M1RCR, Credit for Tax Paid to Wisconsin)
- A local unit of government (such as a city, county, or school district)
- · A national government, including a possession of the United States or the national government of Canada
- A Canadian province or territory if you used the tax to claim a federal foreign tax credit (see the line 6 instructions for details)

#### **Part-Year Residents**

To be eligible, you must have been a Minnesota resident when you received the income taxed by both states. You must also file an income tax return with the other state.

Exception: You may be eligible for this credit if all of these are true:

- You were a permanent resident of another state
- You are required to file a Minnesota income tax return as a resident under the 183-day rule
- · You paid 2021 state income tax on the same income to Minnesota and your state of permanent residence

You must get a statement from the other state's tax department stating you are not eligible to receive a credit on that state's return for income tax paid to Minnesota. Include the statement and Schedule M1CR with your Form M1.

#### Minnesota Residents Paying Income Tax to Wisconsin

Do not use Schedule M1CR. Use Schedule M1RCR to determine whether you qualify for a nonrefundable credit.

#### Minnesota Residents Working in Michigan or North Dakota

Do not use Schedule M1CR if both of these apply:

- · You received personal service income (wages, salaries, tips, commissions, and bonuses) from working in Michigan or North Dakota
- · You had 2021 Michigan or North Dakota income tax withheld from that income

To get a refund of the tax withheld while you were a Minnesota resident, file an income tax return with the appropriate state.

If you paid 2021 income tax to one of those states on income other than from personal service income—such as income from rental property—you may be eligible for this credit. Complete Schedule M1CR.

#### What if I paid income taxes to more than one other state?

- 1. Complete a separate Schedule M1CR for each state
- 2. Add the amounts from line 7 or line 11, whichever applies, from each Schedule M1CR and Schedule M1RCR
- 3. Enter the result from step 2 on line 3 of Schedule M1C

### **Line Instructions**

Round amounts to the nearest whole dollar.

#### Line 1

- To determine the amount to enter on line 1, follow these steps:
- 1. Find your adjusted gross income on line 1 of Form M1
- 2. Determine the amount of adjusted gross income you received in 2021 while a Minnesota resident
- 3. Determine the amount from Step 2 that was also taxed by the other state
- 4. Enter the amount from Step 3 on line 1

Include any non-Minnesota municipal bonds taxed by the other state. Do not include any income you received from a lump-sum distribution from a qualified retirement plan and listed as income on your Schedule M1LS, *Tax on Lump-Sum Distribution*.

#### Line 2

Full-Year Residents: Complete the Worksheet for Line 2 below.

**Part-Year Residents:** From Schedule M1NR, *Nonresidents/Part-Year Residents*, add line 22, column B, line 23, column B, line 24, column B, line 26 column B, and line 28. From that total, subtract the amounts from Column B of lines 10 through 14 of Schedule M1NR. Enter the result on line 2 of Schedule M1CR.

Worksheet for Line 2 (for Full-Year Residents Only)	
1 Add lines 1 and 2 of Schedule M1M	
2 Adjusted gross income (see line 1 instructions)	
3 Add step 1 and step 2	
4 Net interest you received from U.S. bonds from line 14 of Schedule M1M	
5 Subtract step 4 from step 3. Enter result here and on line 2 of Schedule M1CR	

#### Line 6

Enter the tax amount from the other state's tax return. The amount of tax must be before you subtract any income tax withheld by that state or any estimated tax you paid to that state. Do not include tax you paid to a local unit of government (such as a city, county, or school district).

If you filed Schedule M1LS, do not include any tax you paid on income from a lump-sum distribution from a qualified retirement plan.

Note: If you paid taxes to a Canadian province or territory, complete the Worksheet for Line 6 below.

#### Worksheet for Line 6 (If You Paid Canadian Taxes)

1 Total foreign taxes paid from line 9 of the federal Form(s) 1116 you completed for your Canadian taxes paid		
2 Total federal foreign tax credit from line 24 of the Form(s) 1116 for your Canadian taxes paid		
3 Subtract step 2 from step 1		
4 Tax paid to a Canadian province or territory on income you received while a Minnesota resident		
5 Amount from step 3 or step 4, whichever is less. Enter the result here and on line 6 of Schedule M1CR		