

2021 Schedule M1MTC Instructions

If you did not pay the Minnesota alternative minimum tax in prior years, you are not eligible for this credit.

Should I file Schedule M1MTC?

If you paid Minnesota alternative minimum tax (AMT) in prior years, but are not required to pay it in 2021, you may qualify for a nonrefundable credit for 2021 or later years by completing Schedule M1MTC. File this schedule with your 2021 Form M1.

You may be eligible for this credit if either of these apply:

- Line 27 is more than line 28 on your 2020 Schedule M1MT, *Alternative Minimum Tax*, and the liability is at least partly due to timing items
- You have an amount on line 29 of your 2020 Schedule M1MTC

If you paid AMT in one or more years from 1989 through 2020, but did not complete a Schedule M1MTC, complete this schedule to determine any carryover.

Timing and Exclusion Items

The Minnesota AMT is attributable to two types of adjustments and preferences: timing items and exclusion items.

Generally, **timing items** do not cause a permanent difference in taxable income over time. The minimum tax credit is only generated by the AMT attributable to timing adjustments and preferences. Examples of timing items include accelerated depreciation, intangible drilling costs preferences, and the exercise of incentive stock options.

Exclusion items do cause a permanent difference in taxable income. The minimum tax credit is not generated by the AMT attributable to exclusion items. Examples of exclusion items include personal exemptions, gambling losses, home mortgage interest, or taxes.

Line Instructions

Part 1 determines the minimum tax credit generated by Minnesota AMT paid for 2020. Part 2 calculates how much, if any, of that credit you can use in 2021. Part 3 determines any minimum tax credit you can carry forward.

You will not be able to complete Parts 2 and 3 until you determine your 2021 tax liability. Complete 2021 Schedule M1MT before completing this schedule.

Round amounts to the nearest whole dollar.

Part 1

If line 2h, lines 2k through 2t, and line 3 of your 2020 federal Form 6251 are blank, skip lines 1-22 of this schedule, and start with line 23.

Line 1

Enter the amount from line 1 of your 2020 Form M1.

Line 2

Enter the total amount of:

- Federally exempt interest and dividends from obligations of other states from lines 1 and 2 of your 2020 Schedule M1M, *Income Additions and Subtractions*
- Tax-exempt interest from Minnesota private activity bonds issued after August 7, **1986**, included on line 2g of your 2020 federal Form 6251

Line 4

If you deducted interest or other expenses on your 2020 federal return which were attributable to income not taxed by Minnesota, enter the amount from line 6 of your 2020 Schedule M1M.

Line 13

Enter the amount from line 18 (other subtractions) of your 2020 Schedule M1MT. Do not include any net operating loss subtraction you may have included on line 18 of your 2020 Schedule M1MT.

Part 2

Lines 25–28

If you are **not** subject to Minnesota AMT for 2021, you may be eligible for the credit in 2021. You must complete and file the 2021 Schedule M1MT to determine the credit.

If you are subject to Minnesota AMT for 2021, skip Part 2. You may not take the credit in 2021.

Line 25

Full-year residents: Enter the amount from line 28 of 2021 Schedule M1MT.

Part-year residents and nonresidents: Multiply line 28 of 2021 Schedule M1MT by line 30 of 2021 Schedule M1NR, *Nonresidents/Part-Year Residents*.

All taxpayers: Reduce the result from above by lines 1 through 13 of Schedule M1C, *Other Nonrefundable Credits*.

Continued

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Line 26

Full-year residents: Enter the amount from line 27 of 2021 Schedule M1MT.

Part-year residents and nonresidents: Multiply line 27 of 2021 Schedule M1MT by line 30 of 2021 Schedule M1NR.

This line cannot be less than zero.

All taxpayers: Reduce the result from above by lines 1 through 16 of Schedule M1C.

Line 28

Enter the amount from line 24 or line 27, whichever is less. Also enter this amount on line 17 of Schedule M1C.

This is your 2021 Minnesota Alternative Minimum Tax Credit.

Part 3

Line 29

If you were subject to Minnesota AMT for 2021 and did not have to complete Part 2, enter the amount from line 24.

You may carry forward any unused portion of your minimum tax credit. If you have a carryforward on this line, include Schedule M1MTC when you file your 2021 Form M1, even if you could not use any of the credit for 2021.

Save copies of the schedule until you have claimed the entire credit. The 2022 Schedule M1MTC will have a line for this amount.