



2021 Schedule M1WFC Instructions

Am I eligible?

You must meet all of these requirements to be eligible to claim the Minnesota Working Family Credit:

- You were a full-year or part-year resident of Minnesota in 2021 (if you are a member of the military, see below)
- You meet the income requirements in the table below based on your filing status and number of qualifying children
- You have investment income less than **\$10,000** (if you have investment income greater than **\$10,000**, complete step 2 in the instructions for line 27 of Form 1040 to determine if you are eligible to claim the Working Family Credit and use **\$10,000**)
- You are not a dependent of another person
- If you have no qualifying children, you and your spouse's main residence was in the United States for more than half of 2021
- If you are married, and you or your spouse are a nonresident alien your filing status must be Married Filing Jointly

You are **not** eligible if any of these apply:

- You have a 2-year or 10-year IRS ban on claiming the federal EIC
- You are the dependent or qualifying child of another person
- You, and your spouse if filing a joint return, do not have a Social Security Number issued on or before the due date of your 2021 return
- You, your spouse, or your dependents have an Individual Income Tax Identification Number (ITIN)
- Your filing status is Married Filing Separately

Income requirements

You may qualify for the Minnesota Working Family Credit if your income is below the limit for your filing status and number of qualifying children:

Number of Qualifying Children	Filing Status	Income Limit
None (if between the age of 19 and 64)	Married Filing Jointly	\$29,100
	Other Than Married Filing Jointly	\$23,100
One	Married Filing Jointly	\$48,400
	Other Than Married Filing Jointly	\$42,400
Two	Married Filing Jointly	\$54,700
	Other Than Married Filing Jointly	\$48,700
Three or More	Married Filing Jointly	\$58,400
	Other Than Married Filing Jointly	\$52,400

Information on Qualifying Children

Near the top of Schedule M1WFC, check the box indicating your total number of qualifying children. Enter the requested information for each qualifying child. If you have more than three qualifying children, list only three.

Enter the number of months the child lived with you during the year. If the child lived with you in the United States for more than half of the year but less than seven months, enter "7" in the space provided. If the child was born or had died in 2021 and lived in your home for the entire time they were alive during the year, enter "12."

Enter the number of qualifying children on line 2a of Schedule M1REF, *Refundable Credits*.

Treatment of military personnel stationed outside Minnesota

If you are a member of the Armed Forces, you will be treated as if you resided in Minnesota during any period during which you are stationed outside the United States while serving on extended active duty with the U.S. Armed Forces. "Extended active duty" means any period of active duty pursuant to a call or order to such duty for a period in excess of 90 days or for an indefinite period. You must otherwise be a resident of Minnesota. You may include nontaxable combat zone pay as earned income.

Is there a penalty for fraudulently claiming a refund?

Yes. If you file a return that fraudulently claims a credit that results in a refund, you may be assessed a penalty equal to 50% of the portion of the refund attributable to fraud. If a fraudulently claimed credit reduced your tax liability, you may also be assessed a penalty equal to 50% of the unpaid tax.

Line Instructions

Round amounts to the nearest whole dollar.

Line 1

Use the Worksheet for Earned Income below to determine the amount for line 1. You must use your 2021 earned income when completing this worksheet.

Worksheet for Earned Income

- 1 Line 1 of federal Form 1040 or 1040-SR. Include any Medicaid Waiver Payments you received that are not already included on line 1 of Form 1040. Church employees and clergy, see instructions below for Step 1.
- 2 **This step intentionally left blank**
- 3 Add steps 1 and 2.
- 4 Any amount included on line 1 of Form 1040 or 1040-SR that is a taxable scholarship or fellowship grant not reported on a Form W-2
- 5 Any amount included on line 1 of Form 1040 or 1040-SR that you received for work performed while an inmate in a penal institution
- 6 Amount included on line 1 of Form 1040 or 1040-SR that you received as a pension or annuity from a nonqualified deferred compensation plan or nongovernmental section 457 plan. See instructions below for Step 6
- 7 Add lines 4, 5, and 6.
- 8 Subtract step 7 from step 3. See instructions for Step 8 if you were self-employed and had other earned income.
- 9 Enter all of your nontaxable combat pay if you elect to include it in earned income
- 10 Add lines 8 and 9. Enter this amount on line 1 of this schedule.

Instructions for Worksheet for Earned Income

Step 1

If you are a church employee, determine how much of the amount was reported on both line 1 of Form 1040 or 1040-SR and line 5a of federal Schedule SE. Subtract the amount reported on both lines from the amount reported on line 1 of Form 1040 or 1040-SR. Enter the result on Step 1.

If you are a minister, a member of a religious order that has not taken a vow of poverty, or a Christian Science Practitioner, determine the amount reported on both line 1 of Form 1040 or 1040-SR and line 2 of federal Schedule SE. Subtract the amount that was reported on both lines from the amount reported on line 1 of Form 1040 or 1040-SR. Enter the result on Step 1.

Step 6

This amount may be shown in box 11 of Form W-2. If you received this type of income, but box 11 is blank, contact your employer for the amount received.

Step 8

If you were self-employed, filing federal Schedule SE as a member of the clergy, had church employee income, or are filing federal Schedule C as a statutory employee, use this amount on line 4a of Worksheet B of the instructions for line 27 of Form 1040. Complete the federal worksheet and enter the amount from Step 6 of EIC Worksheet B on line 1 of this schedule.

If you were not self-employed, enter the amount from step 10 of the Worksheet for Earned Income on line 1 of this schedule.

Line 3

Enter the amount from line 1 Form M1.

Line 6 — Part-year residents

If you are a part-year resident, you will determine your credit using your percentage of income taxable to Minnesota.

If your gross income is less than \$12,525, you should have entered zero on line 28 of Schedule M1NR, *Nonresidents/Part-Year Residents*. To determine this credit, fully complete Schedule M1NR (do not skip lines 16-27) to determine what the amounts would have been. Then, complete the Worksheet for Line 6 below.

Worksheet for Line 6 (for part-year residents whose Minnesota gross income is less than \$12,525)

Note: If you are a full-year nonresident, do not use this worksheet. You are not eligible for this credit.

- 1 Line 15, column B, of Schedule M1NR
- 2 Line 27, column B, of Schedule M1NR
- 3 Subtract step 2 from step 1. (If result is zero or less, **STOP HERE**. You do not qualify for the credit)
- 4 Line 29 of Schedule M1NR
- 5 Divide step 3 by step 4 and enter the result as a decimal (carry to five decimal places). If step 3 is more than step 4, enter 1.0. Enter the result on the space provided on line 6 of Schedule M1WFC
- 6 Amount from line 5 of Schedule M1WFC
- 7 Multiply step 5 by step 6. Enter the result on line 6 of Schedule M1WFC and on line 2 of Schedule M1REF