



e-File & Tax Form Updates Webinar: September 19, 2023

***Disclaimer:** Information in this document is based on the laws in effect when it was written. It does not supersede or alter any provision of Minnesota laws, administrative rules, court cases, or revenue notices. It does not provide tax advice.*

Mark: Hello and thank you for joining us today. My name is Mark Krause and I'm the Tax Professional Outreach Coordinator with the Income Tax and Withholding Division at the Minnesota Department of Revenue. Joining me today will be Ben Pederson, one of our E-File Coordinators with the Tax Operations division, as well as a couple representatives from our Policy Teams to assist with your questions.

Today's webinar will focus on updates to the software provider certification process and high-level updates to our individual and business income tax forms. In previous years, tax professionals have been included on this call, but this year since the audience is primarily software vendors, we will not be walking through our forms updates in depth as we have in previous years.

Just a quick reminder that our presentation is based on tax laws that are currently in effect and it does not supersede or alter any provisions of Minnesota laws, administrative rules, court cases, or revenue notices.

Today, we will discuss changes for the upcoming filing season. Our agenda includes:

- Reviewing some electronic filing updates for the filing season
- Walking through some of the updated 2023 Minnesota individual and business income tax forms
- Taking your questions

Changes for tax year 2023

We use our annual change process to prepare for the upcoming filing season. This process starts when the legislative session ends and continues until we are ready to accept returns. We published near final forms to our website August 1st. This allows time for you to work on certifying and testing your systems.

We will publish final forms and instructions in October and we anticipate opening the filing season in 2024 at the same time as the IRS.

Website Demo

I'd also like to highlight our [Tax Law Changes page](#), which is accessible from the link in the footer of our website.

We've put many items relating to the upcoming filing season on this webpage and archived older content to a section called "Law Changes from Previous Years." You can find the 2023 near final draft forms and instructions for all tax types and current legislative bulletins under **Resources**.

I'll also encourage you to [sign up for our email updates](#). If you have not already done so, select the gray envelope or enter your email address in the field in the footer of our website and select Software Provider Updates. If you have already signed up for these emails, encourage your colleagues to do so as well.

Now I'll turn things over to Ben Pederson.

Updates on Electronic Filing

Ben: Hello. My name is Ben Pederson and I'm one of the E-File Coordinators with the Tax Operations Division. I'll be highlighting some updates to the website and electronic filing for this year.

On our [Software Providers page](#) under the Tax Professionals section of our website, you can see key dates, draft forms and instructions, grid form templates, substitute form design specifications, error rejection codes (ERCs), Software Provider e-Services Information, and all the requirements you will need for certification.

New this year is e-Services for software providers. Every provider must use this portal to submit an electronic Letter of Intent (LOI). From this link you can access MeF Software Provider e-Services and get all the information you need to help with the application process.

You can see our entire list of key dates on our website. I'll review some of them now. We'll update our key dates when we get news of the IRS's filing season. If any of these dates change, we'll send an email noting the changes.

- **August 1:** We posted near final forms and opened up forms certification. We will approve forms based on the near final forms.
- **September 13:** We released draft schemas for all tax types.
- **October 2:** We'll release draft ERCs for all tax types.
- **November 13:** We'll open e-file and Leads Reporting certification for approved software providers.

Let's go back to the Software Provider page and look over the certification requirements. These are the steps you need to complete before you'll be certified to transmit returns to us.

The first step is to submit a 2023 Minnesota Letter of Intent (or LOI) via e-Services. Our website describes what you need to do to get your LOI accepted.

- Our LOI was available July 17.
- You must submit a state LOI for each of your products by November 1, 2023. We will not accept late LOIs. We'll respond with your application status within seven business days.
- Each unique product **must** have a separate LOI.
- For details to develop your product, you'll need access to the State Exchange System (or SES) for Modernized Electronic Filing (or MeF) requirements, MeF testing requirements, fraud leads reporting requirements, and specifications from the software provider guide on our website.

The second step is to submit substitute forms. When submitting forms from products using the same print engine, send one submission and include all form IDs on that submission. If you have questions about submissions and print engines, contact us before submitting your forms.

Remember: You are responsible for ensuring your software programs only print substitute forms that are approved.

As an example, let's look at the [Specifications for Business Vouchers](#).

- One noticeable change will be that the zip code has changed for some of the addresses on the mail stations. Be sure to verify they are correct when submitting vouchers for certification.
- Make sure vouchers have the Minnesota Tax ID Number or Social Security Number in the scan line with a valid check digit. This means the Minnesota ID number cannot be blank or filled with characters other than numbers because it flows to the scan line.

Back on the software provider page, the third step is **submit electronic files**.

- Our certification test cases will be available to approved software providers by November 1.
- We must approve all forms from each software product, both paper and electronic. We do not accept electronic-only software products.

Part of your electronic requirements are fraud leads and reporting certification. The fraud leads information is stored on SES, not on our website.

- You are responsible for implementing appropriate security measures to protect taxpayers and their information in your system. This includes but is not limited to when software is online, offline, at rest, and in transit. Refer to cybersecurity resources such as IRS Publication 1075 to assist you with this process.
- We will continue to use SES for schemas, testing requirements, leads, and certification.
- We will transmit leads and reporting using "MoveIt" as we did last year. We will post all the changes to the leads and reporting schemas on SES.

The fourth step is **submit additional requirements**. If you are planning to have a free file product, email us with your intention and criteria by December 30. We will publish which products are available for free file along with their criteria on our website.

Lastly, on our software provider page is a reminder that **after certification, we will monitor all electronic and substitute forms**. We reserve the right to suspend our approval and refuse to accept returns from any software product that does not adhere to our requirements. We will contact you with any concerns before taking action.

We encourage all individuals and tax professionals to **use electronic returns and electronic payments**. They are easier and more secure to use. Customers can:

- Set up their return payment for the day they file or the payment due date
- Request when estimated taxes are withdrawn from their accounts so they do not need to worry about mailing a check
- Apply a portion of their refund to next year's estimated tax and receive the remaining amount as a refund

It's the easiest and safest way to file returns and make payments. Thank you for your support in changing over to electronic returns and payments!

Lastly, you can see our Efile contact information:

- **Email:** efile.devsupport@state.mn.us
- **Phone:** 651-556-4818 Option 2

Now we'll review some of the updates we've made to 2023 forms.

2023 Minnesota Individual Income Tax Forms

We've updated our 2023 Individual Income Tax forms to reflect annual changes. These updates include two new schedules, and removal of the Non Conformity or NC Schedules. We'll briefly review some of the new changes we've made for this year.

We'll start with 2023 Form M1, Individual Income Tax. One change is the new line 28. Use this line to enter penalty and interest that the individual may owe. This line is not required when filing the return, but it is now an option available for those who do calculate penalty and interest when completing the return. The second change is we have removed the list of dependents from the top of the form. These dependents will now be listed on the new schedule M1DQC, for dependents and qualifying children.

Let's look at the new schedule M1DQC. Here, taxpayers will list their dependents, qualifying children and qualifying older children. They will then calculate their Minnesota Child Tax credit and the credit for qualifying older children on the other new schedule, the M1CWFC.

The M1CWFC, Minnesota Child and Working Family Credits schedule, will replace the M1WFC from prior years. Just a reminder that these draft forms are available for download on our website.

Along with these changes there is a new line on the M1REF related to the M1CWFC. Line 2b, will be used to report the number of qualifying older children claimed on the M1CWFC. Line 2a will be used to report the number of qualifying children for the child tax credit.

Let's move on to other notable line changes on the M1M. Line 29 was previously the Frontline Worker Program Pay and will now be Qualified retirement benefits subtraction. Then lines 30 through 32 will also be new.

There are two changes on the M1MB. The subtraction for line 18 was changed to delayed business interest. Line 19 was previously blank and is now the subtraction for delayed net operating losses.

The M1ED has some changes to the calculation of income used to claim the credit. The income definition and limits were changed beginning with tax year 2023. Lines 2 through 6 of this schedule used to calculate household income. Those lines were removed, and the only income line needed to calculate this credit is now adjusted gross income on line 1.

Then on the M1C there are 3 new credits. Line 13 is the credit for sales of a manufactured home parks to cooperatives. Line 14 is the short line railroad modernization credit and line 15 is the new line for the housing tax credit.

Reminder: This is not an inclusive list of all the changes made to the Minnesota income tax forms this year, so please review each form to ensure you account for changes to all tax year 2023 forms. Now let's look at the business and Fiduciary Income tax form changes.

2023 Business and Fiduciary Income Tax Law Changes

We've updated the 2023 business and fiduciary forms to reflect annual changes. These updates include three new schedules, new credits, new subtractions, and a removal of the NC schedules amongst other changes.

To start, I'll list the NC schedules that are removed;

- M2NC,
- M2SBNC,
- M4NC,
- KFNC,
- KSNC,
- KPINC,
- KPCNC.

Next, let's notice some of the changes to the PTE and the new supplemental PTE-RP.

The PTE changed on lines 15 – 29 and the 2023 tax bill expanded eligibility for entities to make a PTE election by removing the requirement that all owners be qualified owners. The PTE tax attributable to nonresident partners will continue to be calculated on Schedule PTE.

The new PTE-RP is used to calculate the PTE tax for resident partners. The tax computed on Schedule PTE-RP will flow to Schedule PTE. This schedule is only applicable to Partnership and not S-Corp returns. This schedule is expected to accompany any PTE electing partnership return with resident partners.

Next, let's look at another new schedule, the Credit for Sales of Manufactured Home Parks to Cooperatives schedule.

This schedule would be filed with whichever taxpayer type sold a manufactured home park and meets the other criteria of the tax credit. This taxpayer type may be a C corporation, pass-through entity, or individual. This schedule can be filed with a M1, M2, M3, M4, M8 or it can be claimed by a tax-exempt organization on the M4NPI.

Finally, we'll look at the Short Line Railroad Infrastructure Modernization Credit schedule.

This schedule would be filed with taxpayers who are classified as Class II or Class III Railroads and meet the other criteria of the tax credit. This form can be filed with a M1, M2, M3, M4, M8 or M11.

Let's move on to some of the new credits that were added this year.

These credits will be seen across multiple tax types and supporting schedules. I briefly mentioned them previously on the M1C but let's illustrate where they are located on the fiduciary and business income tax forms. The new credits are;

- the Housing Tax Credit and input for the credit certificate number,
- the Short Line Railroad Infrastructure Modernization Credit, and
- the Credit for Sales of Manufactured Home Parks to Cooperatives.

These can be found on the M2, M3, M4T, and M8 tax types and on the supporting schedules KF, KPC, KPI, and KS.

Along with the new credits, there are two new subtractions and one subtraction we are removing. The two new subtractions are the Delayed Business Interest and the Delayed Net Operating Loss Deduction. The subtraction removed from all forms and schedules is the Global Intangible Low Tax Income subtraction.

This concludes our updates for business and fiduciary income taxes. Please note that these are not all the updates to the forms this year, this is just a brief overview of some of the changes. You'll need to review each form to ensure all updates are accounted for. I will now turn it over to Mark to close out the call.

Closing

Mark: Thanks again for joining us. Revenue's vision is that everyone reports, pays, and receives the right amount: no more, no less. Our partnership with you is essential to provide the information and resources Minnesota taxpayers need to realize this vision. We appreciate your engagement, questions, and comments as we move closer to the 2024 filing season.

We'll post the recording for this webinar under our [Tax Law Changes page](#) as well as the [Conference Calls and Webinars page](#) on our website. When we post final forms and instructions, we will also post a summary of the tax form changes we discussed during this webinar.

We're committed to meeting our priorities for the upcoming filing season. If you have further comments or ideas, contact us at 651-556-4818 or email efile.devsupport@state.mn.us.

We will now open up the webinar for feedback and questions about electronic filing. As a reminder, please limit your questions to e-filing. If you have other questions, you may use the email address here to send them to us.

Thank you for all the work you are doing to prepare for next season!