



2019 Schedule M1M, Income Additions and Subtractions

Complete this schedule to determine line 2 and line 7 of Form M1.

Your First Name and Initial	Last Name	Your Social Security Number
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Additions to Income

- 1 Interest from municipal bonds of another state or its governmental units included on line 2a of federal Form 1040 **1** ■ _____
- 2 Federally tax-exempt dividends from mutual funds investing in bonds of another state or its governmental units included on line 2a of federal Form 1040 **2** ■ _____
- 3 Federal bonus depreciation addition (determine from worksheet in the instructions) **3** ■ _____
- 4 Federal section 179 expensing addition (determine from worksheet in the instructions) **4** ■ _____
- 5 State income taxes passed through to you as a partner of a partnership, a shareholder of an S corporation, or a beneficiary of a trust (see instructions) **5** ■ _____
- 6 Expenses deducted on your federal return attributable to income not taxed by Minnesota (other than interest or mutual fund dividends from U.S. bonds) **6** ■ _____
- 7 Foreign-derived intangible income deduction under section 250 of the Internal Revenue Code (see instructions). **7** ■ _____
- 8 Suspended loss from 2001 through 2005 or 2008 through 2018 on your federal return that was generated by bonus depreciation (determine from worksheet in the instructions) **8** ■ _____
- 9 Capital gain portion of a lump-sum distribution (from line 6 of federal Form 4972; enclose Form 4972) **9** ■ _____
- 10 Net operating loss carryover adjustment (see instructions) **10** ■ _____
- 11 Addition from line 5 of Schedule M1HOME (enclose Schedule M1HOME) **11** ■ _____
- 12 Accelerated recognition of nonresident installment sales (enclose Schedule M1AR) **12** ■ _____
- 13 Distributions from higher education savings accounts used for K-12 tuition (see instructions). **13** ■ _____
- 14 This line intentionally left blank. **14** ■ _____
- 15 This line intentionally left blank. **15** ■ _____
- 16 Addition from Line 10 of Schedule M1NC. **16** ■ _____
- 17 Add lines 1 through 16. Enter the total here and on line 2 of Form M1 **17** _____

Subtractions from Income

- 18 Net interest or mutual fund dividends from U.S. bonds (see instructions) **18** ■ _____
- 19 Education expenses you paid for your qualifying children in grades K-12 (see instructions) Enter the name and grade of each child on the line below: **19** ■ _____
- 20 If you are not filing Schedule M1SA, and your charitable contributions were more than \$500, see instructions. **20** ■ _____
- 21 Subtraction for federal bonus depreciation added back to Minnesota taxable income in 2014 through 2018 (determine from worksheet in the instructions) **21** ■ _____
- 22 Subtraction for federal section 179 expensing added back to Minnesota taxable income in 2014 through 2018 (see instructions) **22** ■ _____





- 23 Subtraction for persons age 65 or older, or permanently and totally disabled (enclose Schedule M1R) . . . 23 ■ _____
- 24 Railroad Retirement Board benefits (see instructions) 24 ■ _____
- 25 If you are a resident of Michigan or North Dakota filing Form M1 only to receive a refund of all Minnesota tax withheld, enter the amount from line 1 of Form M1. If the amount is zero or less, enter 0 25 ■ _____
 - Place an X in one box to indicate the reciprocity state of which you were a resident during 2019 Michigan North Dakota
- 26 American Indians: Total amount earned on an Indian reservation while living on the reservation, to the extent the income is federally taxable 26 ■ _____
- 27 Federal active duty military pay received for services performed while a Minnesota resident, to the extent the income is federally taxable. Do not include military pensions. See line 32 if you received a military pension or other military retirement pay. 27 ■ _____
- 28 If you are a member of the Minnesota National Guard or other reserve component in Minnesota, see instructions 28 ■ _____
- 29 If you are a resident of another state, enter your federal active service military pay, to the extent the income is federally taxable. Do not include military pensions. See line 32 if you received a military pension or other military retirement pay 29 ■ _____
- 30 If you, your spouse (if filing a joint return), or your dependent donated all or part of a human organ, enter your unreimbursed expenses for travel and lodging and for any lost wages net of sick pay (see instructions) 30 ■ _____
- 31 Disallowed section 280E expenses of medical cannabis manufacturers (see instructions) 31 ■ _____
- 32 If you received a military pension or other retirement military pay computed under U.S. Code, title 10, see instructions 32 ■ _____
- 33 Portion of the gain from the sale of your farm property if you were insolvent at the time of the sale (determine from worksheet in the instructions) 33 ■ _____
- 34 Post-service education awards received for service in an AmeriCorps National Service program 34 ■ _____
- 35 Net operating loss carryover adjustment (see instructions) 35 ■ _____
- 36 Subtraction for prior addback of reacquisition of business indebtedness income included in federal taxable income (see instructions) 36 ■ _____
- 37 Subtraction for railroad maintenance expenses 37 ■ _____
- 38 Subtraction for contributions to a qualified education savings plan (enclose Schedule M1529) 38 ■ _____
- 39 Social Security benefit subtraction (determine from worksheet in instructions) 39 ■ _____
- 40 Subtraction for interest earned from a designated first-time homebuyer savings account (enclose Schedule M1HOME). 40 ■ _____
- 41 Subtraction for discharge of indebtedness of educational loans (see instructions) 41 ■ _____
- 42 Income from sale of partnership interest after claiming accelerated recognition in a prior year (see instructions) 42 ■ _____
- 43 Deferred foreign income recognized under section 965 of the Internal Revenue Code 43 ■ _____
- 44 Global intangible low-taxed income included in gross income under section 951A of the Internal Revenue Code. 44 ■ _____
- 45 Subtraction from Line 10 of Schedule M1NC. Enter as a positive number. 45 ■ _____
- 46 Add lines 18-45. Enter the total here and on line 7 of Form M1. 46 _____

You must include this schedule with your Form M1.

2019 Schedule M1M Instructions

You may have received these additions or subtractions as an individual, as a partner of a partnership, as a shareholder of an S corporation, or as a beneficiary of a trust. Amounts you received as a partner, shareholder, or beneficiary will be reported on the Schedule KPI, KS, or KF you received from the entity.

Additions

Line 1 — Interest From Municipal Bonds of Another State or its Governmental Units

Of the amount you included (or should have included) on line 2a of federal Form 1040, add the interest you received from municipal bonds issued by:

- A state other than Minnesota
- A local government (such as a county or city) in a state other than Minnesota

Line 2 — Federally Tax-Exempt Dividends from Mutual Funds Investing in Bonds of Another State

If you received federally tax-exempt interest dividends from a mutual fund, you may have to enter an amount on line 2. To determine the amount, if any, use the following instructions:

- If **95 percent or more** of the federally tax-exempt dividends from a mutual fund came from bonds issued by Minnesota, include *only* the portion of the federally tax-exempt dividend generated by non-Minnesota bonds.
- If **less than 95 percent** of the federally tax-exempt interest dividends from a mutual fund came from bonds issued by Minnesota, include *all* of the federally tax-exempt interest dividend from that fund.

Line 3 — Federal Bonus Depreciation Addition

If you chose the special depreciation allowance for qualified property on federal Form 1040, complete the Worksheet for Line 3.

Worksheet for Line 3 — Bonus Depreciation Modification

- 1 Add line 14 and line 25 of your federal Form 4562
- 2 Total bonus depreciation amounts passed to you as a partner or shareholder (line 5 of Schedule KPI or Schedule KS)
- 3 Add steps 1 and 2
- 4 Multiply step 3 by 80% (.80).....
- 5 Total of the 80% federal bonus depreciation addition passed through to you as a beneficiary (from line 5 of Schedule KF).....
- 6 Add steps 4 and 5. Enter the result here and on line 3 of Schedule M1M

Instructions

If bonus depreciation included on step 1 or step 2 generated a loss in an activity that cannot be deducted in 2019 (e.g., a passive activity loss, a loss in excess of basis, or an excess business loss), you may reduce step 1 or 2 by the amount of loss not allowed from the activity for 2019, up to the bonus depreciation claimed by the activity. In a future year when the 2019 suspended loss is allowed, you must include the bonus depreciation as an addition. The bonus depreciation is treated as the last suspended loss allowed.

Line 4 — Federal Section 179 Expensing

If, during the year, your total investment in qualifying property was more than \$200,000, or if you elected more than \$25,000 in section 179 expensing, you must add back on your state return 80 percent of the difference between the expensing allowed for federal and for state tax purposes. You may subtract the amount of the addition in equal parts over the next five years.

If you completed federal Form 4562 to claim the section 179 expensing for federal tax purposes, you must complete lines 1 through 12 on a separate federal Form 4562 (referred to as Minnesota Form 4562 on the Worksheet for Line 4). Complete the Worksheet for Line 4.

Worksheet for Line 4 — Section 179 Expensing Modification

Subtract \$995,000 from line 1 of federal Form 4562, and enter the result on line 1 of your Minnesota Form 4562.

- Enter the amount from line 2 of federal Form 4562 on line 2 of the Minnesota Form 4562.
- Subtract \$2,350,000 from line 3 of federal Form 4562, and enter the result on line 3 of your Minnesota Form 4562.
- Enter the information from lines 6 and 7 of federal Form 4562 on lines 6 and 7 of your Minnesota Form 4562. However, if you have section 179 expensing from a flow through entity, use the respective amounts from line 4 of Schedule KPI or line 4 of Schedule KS instead of amounts from your federal Schedule K-1.
- Enter line 10 of federal Form 4562 on line 10 of your Minnesota Form 4562.
- Recalculate lines 4, 5, 8, 9, 11 and 12 of your Minnesota Form 4562. The result on line 12 of Minnesota Form 4562 cannot be more than line 1 of that form.

Determine line 4 of Schedule M1M by completing the following steps:

- 1 Amount from line 12 of your federal Form 4562
- 2 Amount from Line 12 of your Minnesota 4562 completed in the instructions above
- 3 Enter the amount included on step 1 attributable to property received as part of a transaction that qualifies under Section 1031 of the Internal Revenue Code as amended through December 16, 2016, but not as amended through December 31, 2018.
- 4 Subtract the sum of steps 2 and 3 from step 1 (if less than zero, enter 0).
- 5 Multiply step 4 by 80% (0.80). Enter here and on line 4 of Schedule M1M.

Line 5 — State Income Taxes Passed Through to You as a Partner of a Partnership, a Shareholder of an S Corporation, or a Beneficiary of a Trust

Enter the total of the amounts reported on line 2 of Schedules KS, KPI, and KF.

Line 6 — Expenses Relating to Income Not Taxed by Minnesota, Other Than From U.S. Bond Obligations

If you deducted expenses on your federal return connected with income not taxed by Minnesota (such as income reported on lines 24 through 29 of Schedule M1M), add those expenses to your taxable income.

Do not include expenses connected with interest or mutual fund dividends from U.S. bonds. For information on how to report these expenses, see the instructions for line 18.

Line 7 — Foreign-Derived Intangible Income Deduction under section 250 of the Internal Revenue Code

Include the amount of foreign-derived intangible income you deducted from net income under section 250 of the Internal Revenue Code for the taxable year.

Line 8 — Suspended Loss From Bonus Depreciation

Complete the Worksheet for Line 8 if both of the following apply:

- You are claiming a suspended loss from 2001 through 2005 or 2008 through 2018 on your federal return generated by bonus depreciation.
- You did not add back 80 percent of the bonus depreciation in those years.

Worksheet for Line 8

1 Bonus depreciation from 2001 through 2005 or 2008 through 2018 that was not added back on your Form M1	_____
2 Total suspended loss from activity remaining after 2018	_____
3 Subtract step 2 from step 1 (if a negative amount, enter zero)	_____
4 Multiply step 3 by 80% (.80)	_____
5 Total of the 80% bonus depreciation addition passed through to you as a beneficiary (from line 4 of Schedule KF)	_____
6 Add steps 4 and 5. Enter here and on Schedule M1M, line 8	_____

Line 9 — Capital Gain Portion of a Lump-Sum Distribution From a Qualified Retirement Plan

If you received a qualifying lump-sum distribution in 2019 and you chose the capital gain election on federal Form 4972, enter the capital gain from line 6 of federal Form 4972. Include a copy of federal Form 4972 when you file your return.

Line 10 — Net Operating Loss (NOL) Carryover Adjustment

Minnesota did not adopt the provisions of the Worker, Homeownership, and Business Assistance Act of 2009 (WHBA). Under this Act, you may carry back 3, 4, or 5 years of an NOL generated in 2008 or 2009. For federal purposes, any remaining NOL that was not fully absorbed in the carryback years can be carried forward for up to 20 years, beginning in 2010. If you used any of that carryforward on your 2019 federal return, add back that amount as a positive number on line 10.

Line 11 — First-Time Homebuyer Savings Account Addition

If you made a nonqualified withdrawal from a first-time homebuyer savings account, you may be required to include those amounts in your taxable income. Complete and include Schedule M1HOME, *First-Time Homebuyer Savings Account*, to determine your addition.

Line 12 — Accelerated Recognition of Nonresident Installment Sales

If you are required to report accelerated gains from an installment sale in 2019, complete and enclose Schedule M1AR, *Accelerated Recognition of Installment Sale Gains*.

Line 13 — Higher Education Savings Accounts Used for K-12 Tuition

If you paid K-12 tuition with a distribution from a higher education savings account, include the lesser of the total distributions from the account used to pay K-12 tuition or the total earnings reported on federal Form 1099-Q for the year.

Subtractions

Line 18 — Net Interest From U.S. Bonds

Include federally taxable interest you received from:

- U.S. bonds, bills, notes, savings bonds, and certificates of indebtedness
 - Sallie Mae bonds
 - Dividends paid to you by mutual funds that are attributable to these bonds
 - U.S. Government interest and dividends you received as partner of a partnership, shareholder of an S corporation, or beneficiary of a trust
- Reduce these amounts by any related investment interest and other expenses deducted on your federal return relating to this income. Do not include interest or dividends attributable to Ginnie Mae, Fannie Mae, or Freddie Mac bonds. See Income Tax Fact Sheet 13, *U.S. Government Interest*, if you received interest from a government source not listed.

Line 19 — K-12 Education Expense Subtraction

If you purchased qualifying educational materials or services in 2019 for your qualifying child’s K–12 education, you may be able to reduce your taxable income.

If you qualify for the K-12 Education Credit, complete Schedule M1ED before entering an amount on this line (see instructions for line 3 of Schedule M1REF, *Refundable Credits*). For this subtraction, you may use qualifying expenses you did not use for the credit and tuition expenses which do not qualify for the credit. You may not claim both the credit and a subtraction for the same expenses. Complete the Worksheet for Line 19 if you entered an amount on line 18 of Schedule M1ED.

To subtract your education expenses, the child must:

- Be your child, adopted child, stepchild, grandchild, or foster child who lived with you in the United States for more than half of the year.
- Have been in grades K–12 during 2019.
- Have attended a public, private, or home school in Minnesota, Iowa, North Dakota, South Dakota, or Wisconsin.
- Not be claimed as a qualifying child on another individual’s return.

In addition to the above requirements, you must have purchased educational services or required materials during the year to help your child’s K–12 education. Education expenses that qualify for the credit also qualify for the subtraction. However, certain expenses qualify only for the subtraction. For examples of qualifying education expenses, see the Form M1 instructions.

Subtraction Limits

The maximum subtraction allowed for purchases of personal computer hardware and educational software is \$200 per family. You may split qualifying computer expenses, up to \$200, among your children any way you choose. The maximum amount of education expenses you can subtract is \$1,625 for each child in grades K through 6, and \$2,500 for each child in grades 7 through 12.

If you qualify for the K–12 Education Credit (Schedule M1REF, line 3) and you cannot use all of your education expenses on Schedule M1ED, complete the Worksheet for Line 19. See Income Tax Fact Sheet 8, *K–12 Education Subtraction and Credit*, for more information. Enter your qualifying education expenses on line 19. Also, enter each child’s name and grade at the time the expenses were paid.

Worksheet for Line 19

If you qualify for the K–12 Education Credit and you cannot use all of your education expenses on Schedule M1ED, determine line 19 of Schedule M1M by completing the following steps:

- 1 Qualifying tuition expenses _____
- 2 Qualifying computer expenses in excess of \$200, up to a maximum of \$200 _____

Complete steps 3–6 if on Schedule M1ED line 17 is less than line 16.

- 3 Line 15 of Schedule M1ED _____
- 4 Line 18 of Schedule M1ED _____
- 5 Multiply step 4 by 1.333 _____
- 6 Subtract step 5 from step 3 _____
- 7 Add steps 1, 2, and 6 _____

Enter the result from step 7—up to the maximum subtraction amount per child—on line 19 of Schedule M1M.

Line 20 — Charitable Contributions over \$500

You may subtract some of your contributions made during the year if both of the following are true:

- You did not file Schedule M1SA, *Minnesota Itemized Deductions*.
- You made charitable contributions of more than \$500.

To determine your allowable contributions, see the instructions for Schedule M1SA, and use the Worksheet for Line 20.

Worksheet for Line 20

To determine your allowable contributions, you will need the instructions for Schedule M1SA.

- 1 Determine total allowable charitable contributions you would have been able to enter on lines 15 and 16 of Schedule M1SA . . . _____
- 2 The first \$500 of contributions do not qualify _____ **\$500**
- 3 Subtract step 2 from step 1 _____
- 4 Multiply step 3 by 50% (.50). Enter here and on line 20 of Schedule M1M _____

Line 21 — Federal Bonus Depreciation Subtraction

You may be eligible to reduce your taxable income if either of the following are true:

- You reported 80 percent of the federal bonus depreciation as an addition to income on your 2014 through 2018 Form M1.
- You received a federal bonus depreciation subtraction in 2019 from an estate or trust.

Complete the Worksheet for Line 21 on the next page to determine the amount to enter.

Note: The 2018 Schedule M1M, *Income Additions and Subtractions* was updated on August 15, 2019. If your Form M1 was completed with a 2018 Schedule M1M from before the update, you may need to recalculate your bonus depreciation addition using an updated schedule in order to determine the allowable subtraction for 2019.

Worksheet for Line 21

If you claimed bonus depreciation as an addition on your 2014 Form M1:

- 1 Line 5 of your 2014 Schedule M1M _____
- 2 Net operating loss generated for tax year 2014 (line 25, Schedule A of 2014 federal Form 1045). Enter as a positive number _____
- 3 Subtract step 2 from step 1 _____
- 4 Multiply step 3 by 20% (.20) _____

If you claimed bonus depreciation as an addition on your 2015 Form M1:

- 5 Line 5 of your 2015 Schedule M1M _____
- 6 Net operating loss generated for tax year 2015 (line 25, Schedule A of 2015 federal Form 1045). Enter as a positive number _____
- 7 Subtract step 6 from step 5 _____
- 8 Multiply step 7 by 20% (.20) _____

If you claimed bonus depreciation as an addition on your 2016 Form M1:

- 9 Line 5 of your 2016 Schedule M1M _____
- 10 Net operating loss generated for tax year 2016 (line 25, Schedule A of 2016 federal Form 1045). Enter as a positive number _____
- 11 Subtract step 10 from step 9 _____
- 12 Multiply step 11 by 20% (.20) _____

If you claimed bonus depreciation as an addition on your 2017 Form M1:

- 13 Line 5 of your 2017 Schedule M1M _____
- 14 Net operating loss generated for tax year 2017 (line 25, Schedule A of 2017 federal Form 1045). Enter as a positive number _____
- 15 Subtract step 14 from step 13 _____
- 16 Multiply step 15 by 20% (.20) _____

If you claimed bonus depreciation as an addition on your 2018 Form M1:

- 17 Line 3 of your 2018 Schedule M1M _____
- 18 Net operating loss generated for tax year 2018 (line 25, Schedule A of 2018 federal Form 1045). Enter as a positive number _____
- 19 Subtract step 18 from step 17 _____
- 20 Multiply step 19 by 20% (.20) _____

If you received a subtraction in 2019 from an estate or trust:

- 21 Total bonus depreciation subtraction you received as a beneficiary of an estate or trust (from line 15 of Schedule KF). _____

Total subtraction

- 22 Add steps 4, 8, 12, 16, 20 and 21. Enter here and on line 21 of Schedule M1M _____

Line 22 — Section 179 Expensing Subtraction

If you had an addition for increased section 179 expensing on your 2014 through 2018 Schedule M1M, subtract 20 percent of the total.

Note: The 2018 Schedule M1M, *Income Additions and Subtractions* was updated on August 15, 2019. If your Form M1 was completed with a 2018 Schedule M1M from before the update, you may need to recalculate your section 179 expensing addition using an updated schedule in order to determine the allowable subtraction for 2019.

Line 23 — Subtraction for Persons 65 or Older or Permanently and Totally Disabled (Schedule M1R)

You may qualify for a subtraction if either of the following apply to you (or your spouse, if filing a joint return):

- You were born before January 2, 1955.
- You were permanently and totally disabled and received federally taxable disability income in 2019. If you did not receive federally taxable disability income, you do not qualify for this subtraction.

If you (or your spouse, if filing a joint return) meet the age or disability requirement, see the Form M1 instructions to determine if you meet the income requirements. If you meet all eligibility requirements, complete and include **Schedule M1R, Age 65 or Older/Disabled Subtraction**.

Line 24 — Railroad Retirement Board Benefits

If you included unemployment, sick pay, or retirement benefits from the Railroad Retirement Board in your 2019 federal adjusted gross income, you can subtract these amounts.

Line 25 — Reciprocity Income

Minnesota has income tax reciprocity agreements with Michigan and North Dakota. Reciprocity applies only to personal service income, such as wages, salaries, tips, commissions, fees, and bonuses. Complete line 25 if all of the following are true:

- You are a resident of a reciprocity state.
- Your only Minnesota source income was wages covered under reciprocity.
- You had Minnesota income tax withheld from these wages, and want a refund of the amount withheld. Place an X in the box for the state of which you were a permanent resident during the year, and enter the amount from line 1 of Form M1 on line 25 of Schedule M1M.

When you file Form M1, follow the steps in the Form M1 instructions. Also complete and include the following:

- Schedule M1W, *Minnesota Income Tax Withheld*
- Form MWR, *Reciprocity Exemption/Affidavit of Residency*
- A copy of your home state tax return

To avoid having Minnesota tax withheld in the future on wages covered by reciprocity, file Form MWR each year with your employer.

When to complete Schedule M1NR: If your gross income assignable to Minnesota (other than from performing personal services covered under reciprocity) is \$12,200 or more, you are not eligible to take the reciprocity subtraction on line 25. Instead, file Form M1 and Schedule M1NR. Do not include your personal service income on column B of Schedule M1NR.

Line 26 — American Indians Living on an Indian Reservation

If you are a member of an American Indian tribe living and working on the reservation of which you are an enrolled member, enter your reservation source income to the extent it is federally taxable.

If you are eligible to subtract reservation source income, you must apportion any Child and Dependent Care Credit you claim based on your income taxable to Minnesota.

Line 27 — Federal Active Duty Military Pay Received by Residents

If you are a Minnesota resident and a member of the United States armed forces or United Nations armed forces, enter the federal active duty military pay you received and included in your federal adjusted gross income.

Line 28 — National Guard Members and Reservists

Members of the Minnesota National Guard and Reserves are allowed a subtraction of federally taxable pay received for training and certain types of qualifying service. This includes:

- Training, including annual training and drill weekends.
- State active service, including natural disaster emergency response and missing person searches.
- Federally funded state active service such as airport security duty, active duty for special work (ADSW), and service under Title 10 and Title 32 Active Guard Reserve (AGR).

If you included income on line 27 for federal active duty pay, do not include that income on line 28.

Line 30 — Organ Donor

If, while living, you, your spouse (if filing a joint return), or a dependent donated all or part of a liver, pancreas, kidney, intestine, lung, or bone marrow to another person, you can subtract your actual qualified expenses up to \$10,000.

Qualified expenses are your unreimbursed expenses for travel and lodging and for any lost wages net of sick pay due to the transplantation.

Line 31 — Disallowed Section 280E Expenses for Medical Cannabis Manufacturers

If you are a medical cannabis manufacturer registered with the Minnesota Department of Health, you may subtract expenses that were not allowed for federal tax purposes under section 280E of the Internal Revenue Code.

Line 32 — Military Pension or Retirement Pay

If you received certain compensation from a military pension or other military retirement pay, you may reduce your taxable income by that pay. To qualify, your retirement pay must be taxable on your federal return and received for one of the following reasons:

- Service in the active component of the military (U.S. Code, title 10, sections 1401 to 1414)
- Retirement pay for service in the reserve component (U.S. Code, title 10, section 12733)
- Survivor benefit plan payments (U.S. Code, title 10, sections 1447 to 1455)

If you claim this subtraction, you may not claim the nonrefundable credit for past military service on line 1 of Schedule M1C, *Other Nonrefundable Credits*.

Line 33 — Gain From the Sale of Farm Property

You can reduce your taxable income if you received a gain from the sale of farm property in 2019 and all of the following are true:

- You owned and operated the farm.
- Your debts were greater than the fair market value of your assets immediately before the sale.
- You included the gain from the sale in your federal adjusted gross income on line 8b of federal Form 1040.
- You applied the proceeds from the sale of the property to paying off the mortgage, contract for deed, or lien on the property.

Complete the Worksheet for Line 33.

Worksheet for Line 33

1	Amount of your debts immediately before the sale	_____
2	Amount of debt forgiveness you were permitted to exclude from income on federal Form 1040	_____
3	Subtract step 2 from step 1	_____
4	Fair market value of your assets immediately before the sale	_____
5	Subtract step 4 from step 3	_____
6	Gain from the sale included on line 8b of federal Form 1040	_____
7	Step 5 or step 6, whichever is less. Also enter this amount on Schedule M1M, line 33	_____

Line 34 — Post-Service Education Awards Received for Service in an AmeriCorps National Service Program

If you received a post-service education award, such as tuition reimbursements or student loan payments, from the federal government in 2019 for service in the AmeriCorps program, you can subtract the amount you included in your federal adjusted gross income. Enter the amount you received after leaving the program. Do not include the stipend received while working in the program.

If your education award was used to repay a student loan, and you deducted the student loan interest on line 20 of federal Schedule 1, you must reduce your subtraction by the interest attributable to the award.

Line 35 — Net Operating Loss (NOL) from 2008 or 2009

Minnesota did not adopt the provisions of the Worker, Homeownership, and Business Assistance Act of 2009 (WHBA). If you chose this federal option, you are limited on your Minnesota return to a carryback period of two years preceding the loss.

Enter the amount you are carrying forward for 2019 for Minnesota purposes. For complete information on how to determine line 35 and any amount to carry forward, go to our website at www.revenue.state.mn.us and type **net operating loss** in the Search box.

Line 36 — Prior Addback of Reacquisition of Indebtedness Income

If you included in this year’s federal adjusted gross income discharge of indebtedness income from reacquisition of business debt which you elected to defer federally in 2009 or 2010 and included the discharge in Minnesota taxable income in the prior year, enter that amount on line 36.

Line 37 — Railroad Maintenance Expenses

If you claimed a federal credit for railroad maintenance expenses on federal Form 8900, you may be allowed a subtraction for Minnesota purposes. The Minnesota subtraction is the amount of depreciation expenses you were not allowed for federal income tax purposes due to making a basis adjustment as a result of claiming the federal credit under section 45G(a) of the Internal Revenue Code.

Line 38 — Contributions to a 529 plan

You may be able to deduct certain contributions made to a 529 plan. To determine the amount of your subtraction, complete and include Schedule M1529, *Education Savings Account Contribution Credit or Subtraction*, and enter the amount from line 4 of Schedule M1529 on line 38.

Line 39 — Social Security Subtraction

If you entered an amount on line 5b of federal Form 1040, complete the Worksheet for Line 39.

Worksheet for line 39

1	Enter the amount from line 7b of federal Form 1040 or 1040-SR.....	_____
2	Enter the amount from line 5b of federal Form 1040 or 1040-SR.....	_____
3	Subtract step 2 from step 1.....	_____
4	Enter the amount from line 5a of federal Form 1040 or 1040-SR.....	_____
5	Multiply step 4 by 50% (0.50).....	_____
6	Enter the amount you included or should have included on line 2a of federal Form 1040 or 1040-SR.....	_____
7	Add steps 3, 5 and 6.....	_____
8	Enter the total of amounts on lines 10 through 19, and any write-in adjustments on 10 through 19, or line 22 of federal Schedule 1.....	_____
9	Subtract step 8 from step 7. If zero or less, enter 0.....	_____
10	Enter the amount for your filing status from below: Married Filing Jointly or Qualifying Widow(er): \$78,180 Single or Head of household: \$61,080 Married Filing Separate: \$39,090	
11	Subtract step 10 from step 9. If zero or less, enter 0.....	_____
12	Multiply step 11 by 20% (.20).....	_____
13	Enter the amount for your filing status from below: Married Filing Jointly or Qualifying Widow(er): \$5,150 Single or Head of household: \$4,020 Married Filing Separate: \$2,575	
14	Subtract step 12 from step 13. If zero or less, enter 0.....	_____
15	Enter the amount from step 2.....	_____
16	Enter the amount of Tier 1 railroad retirement benefits included on line 24 of Schedule M1M.....	_____
17	Subtract step 16 from step 15. If zero or less, enter 0.....	_____
18	Enter step 14 or step 17, whichever is less. Also enter this amount on line 39 of Schedule M1M.....	_____

Line 40 — First-Time Homebuyers Savings Account

If you contributed to a designated first-time homebuyer savings account since 2017, you may be eligible to subtract your earnings on the account. Complete and include Schedule M1HOME, *First-Time Homebuyer Savings Account*, to determine your subtraction amount.

Line 41 — Discharge of Indebtedness for Education Loans

If you had a qualifying education loan forgiven because you completed an income-driven repayment program, enter the amount of debt discharged and included in federal adjusted gross income.

Line 42 — Income From Prior Year Partnership Sale

Complete this line if both of the following are true:

- You filed Schedule M1AR, *Accelerated Recognition of Installment Sale Gains*, in a prior year to report income from the sale of a partnership or S corporation.
- You recognized a gain on your 2019 federal income tax return from the sale reported on Schedule M1AR in the prior year.
Include the gain recognized on your 2019 federal return that is included in your income.

Line 43 — Deferred foreign income recognized under section 965 of the Internal Revenue Code

Enter the amount of deferred foreign income recognized on your federal return under Internal Revenue Code section 965. This amount is the section 965(a) inclusion amount reduced by section 965(c).

Line 44 — Global intangible low-taxed income included under section 951A of the Internal Revenue Code

Include the amount of global intangible low-taxed income included in your gross income under section 951A of the Internal Revenue Code.