



2020 Schedule M1NC, Federal Adjustments

Minnesota has generally adopted the Internal Revenue Code as amended through December 15, 2022. This schedule allows for any remaining adjustments required to file with your state return.

Your First Name and Initial _____ Last Name _____ Social Security Number _____

Read the instructions before you complete this schedule.

Enter amounts as a positive or negative.
Round amounts to the nearest whole dollar.

Adjustments to federal adjusted gross income (FAGI)

- 1 This line intentionally left blank. 1 ■ _____
- 2 Tuition and fees deduction from line 21 of federal Schedule 1. 2 ■ _____
- 3 This line intentionally left blank. 3 ■ _____
- 4 This line intentionally left blank. 4 ■ _____
- 5 This line intentionally left blank. 5 ■ _____
- 6 Charitable contribution deduction for filers who claim the federal standard deduction 6 ■ _____
- 7 This line intentionally left blank. 7 ■ _____
- 8 This line intentionally left blank. 8 ■ _____
- 9 This line intentionally left blank 9 ■ _____
- 10 This line intentionally left blank. 10 ■ _____
- 11 Employee Retention Credit under the CARES Act 11 ■ _____
- 12 Employee Retention Credit for employers affected by qualified disasters. 12 ■ _____
- 13 NOL carryovers and suspension of 80% Limit. 13 ■ _____
- 14 Modification of excess loss limitation or excess business loss 14 ■ _____
- 15 This line intentionally left blank. 15 ■ _____
- 16 Modification of business interest limitation 16 ■ _____
- 17 This line intentionally left blank. 17 ■ _____
- 18 Employer credit for paid medical leave and Employer payroll credit for required paid family leave 18 ■ _____
- 19 This line intentionally left blank 19 ■ _____
- 20 This line intentionally left blank. 20 ■ _____
- 21 This line intentionally left blank. 21 ■ _____
- 22 This line intentionally left blank. 22 ■ _____
- 23 This line intentionally left blank. 23 ■ _____



- 24 This line intentionally left blank 24 ■ _____
- 25 Temporary allowance of full deduction for business meals (see instructions) 25 ■ _____
- 26 This line intentionally left blank 26 ■ _____
- 27 Credit for COBRA Continuation Coverage 27 ■ _____
- 28 This line intentionally left blank 28 ■ _____
- 29 This line intentionally left blank 29 ■ _____
- 30 This line intentionally left blank 30 ■ _____
- 31 This line intentionally left blank 31 ■ _____
- 32 Add lines 1-31. If the result is positive, enter it on Form M1M, line 16.
If the amount is negative, enter it as a positive number on Form M1M, line 45 32 ■ _____
- 33 This line intentionally left blank 33 ■ _____
- 34 This line intentionally left blank 34 ■ _____

You must include this schedule when you file Form M1.



2020 Schedule M1NC Instructions

Purpose of This Schedule

Rules used to determine Minnesota Individual Income Tax are generally based on the Internal Revenue Code (IRC) as amended through December 15, 2022 with certain exceptions.

Who Must File Schedule M1NC

If you are affected by any of the following, complete Schedule M1NC and provide it with your return.

- You did not itemize deductions on your federal return and claimed an “above the line” charitable deduction.
- You claimed a tuition and fees deduction on line 21 of federal Schedule 1.
- You had business meal expense exceeding 50% of the cost.
- You exceeded the 30% business interest expense limitation which was increased by the CARES Act.
- You had trade or business losses exceeding \$259,000(\$518,000 if married filing jointly).
- You had a Minnesota net operating loss carryover due to nonconformity to the CARES Act for disallowed excess business losses.
- You had a net operating loss in tax years 2018 through 2020 which you carried back to prior years and had your net operating loss deduction limited to 80% of taxable income.
- You claimed a federal employee retention credit or paid leave credit and were disallowed a deduction for wages or had to include an amount in income due to claiming the credit.
- You claimed a credit for continuation of coverage and were required to include an amount in gross income.

Line Instructions

Line 6 — Charitable contribution deduction for filers who claim the federal standard deduction (CARES Act Sec. 2204)

If you had an “above the line” charitable contribution deduction and did not itemize deductions, enter the amount from line 10b on federal Form 1040.

Line 11 — Employee Retention Credit under the CARES Act (CARES Act Sec. 2301; TCDTR20 Sec. 206 and 207; ARPA Sec. 9651)

If you claimed the federal credit and as a result claimed less wages as a business expense deduction, include the disallowed wages as a negative number.

Line 12 — Employee Retention Credit for employers affected by qualified disasters (TCDTR Act Sec. 203 and TCDTR20 Sec. 303)

If you claimed the federal credit, include the disallowed wages as a negative number.

Line 13 — NOL carryovers and suspension of 80% Limit

Use the Worksheet for Line 13 – Minnesota Net Operating Loss Deduction to determine your Minnesota deduction.

Worksheet for Line 13 — Minnesota Net Operating Loss Deduction

- 1 Enter the amount of Minnesota NOL carried into 2020 from prior years _____
- 2 Enter the amount of federal taxable income from line 15 of Form 1040. If the amount is less than zero, enter 0. _____
- 3 Multiply step 2 by 80% _____
- 4 Enter the lesser of step 1 or 3. This is your Minnesota NOL deduction.
Include this on line 13 as a negative amount. _____
- 5 Subtract step 4 from step 1. This is your Minnesota NOL carryover to 2021. _____

Line 14 — Modification of excess business loss (CARES Act Sec. 2304)

Your losses in 2020 may be subject to the excess business loss limits under the Internal Revenue Code.

You must add to income any amount of a net operating loss exceeding the excess business loss limitations in the Worksheet for Excess Business Losses, **on the next page**.

Trade or business

An activity qualifies as a trade or business if your primary purpose for engaging in the activity is for income or profit and you are involved in the activity with continuity and regularity. The facts and circumstances of each case determine if an activity is a trade or business. The regularity of activities and transactions and the production of income are important elements. You do not need to actually make a profit to be in a trade or business as long as you have a profit motive. However, you do need to make ongoing efforts to further the interests of your business.

Worksheet for Excess Business Losses

1	This step intentionally left blank	_____
2	Enter amount from Schedule 1 (Form 1040 or 1040-SR), line 3	_____
3	Enter amount from Form 1040 or 1040-SR, line 7	_____
4	Enter amount from Schedule 1 (Form 1040 or 1040-SR), line 4	_____
5	Enter amount from Schedule 1 (Form 1040 or 1040-SR), line 5	_____
6	Enter amount from Schedule 1 (Form 1040 or 1040-SR), line 6	_____
7	This step intentionally left blank	_____
8	Enter other income, gain, or losses from a trade or business not reported on steps 1 through 7	_____
9	Combine steps 1 through 8	_____
10	Net amount of nonbusiness income and losses. Include amounts from line 4 of Schedule KSNC, line 4 of Schedule KFNC, and line 4 of Schedule KPINC. If the total is less than zero, enter as a negative number	_____
11	If step 10 is a negative number, enter it here as a positive number. If step 10 is a positive number, enter it here as a negative number	_____
12	Add steps 9 and 11	_____
13	Enter \$259,000 (or \$518,000 if married filing jointly)	_____
14	Add steps 12 and 13. If the result is negative, you have an excess business loss. (See instructions)	_____

Step instructions

Step 2 - Enter any business income or loss reported on line 3 of federal Schedule 1.

Step 3 - Enter any capital gains or losses reported on line 7 of Form 1040 or line 7 of Form 1040NR.

Step 4 - Enter any other gains or losses reported on line 4 of federal Schedule 1.

Step 5 - Enter any supplemental income or loss reported on a Schedule E, such as income from rental real estate, royalties, partnerships, S corporations, estates, trusts, REMICs, etc. This is reported on line 5 of federal Schedule 1.

Step 8 - Enter any other trade or business income, gain, or loss not reported on steps 1 through 7 that you reported on your tax return.

Step 9 - Combine all entries from steps 1 through 8 on step 9. The resulting figure can be a positive or negative number.

Step 10 - Combine the amount of income, gains, or losses on step 10 that were entered on steps 1 through 8 and are not from a trade or business. Include the amounts reported on line 4 of Schedule KSNC, line 4 of Schedule KFNC, and line 4 of Schedule KPINC.

Step 11 - Enter the opposite of the amount from step 10 on step 11.

Step 14 - Add steps 12 and 13. If the result is negative, you have an excess business loss. Include this amount as a positive number on line 14 of Schedule M1NC. You will need to keep a record of your excess business loss from each tax year since it is treated as a net operating loss (NOL) carryover. Use this amount on step 3 of the net operating loss carryover to tax year 2020 worksheet. If the result is positive, you do not have an excess business loss.

Line 16 — Modification of business interest limitation (CARES Act Sec. 2306)

The amount of the business interest limitation that can be deducted for Minnesota is 30%.

Include the following amounts reported on Schedules KFNC, KSNC, and KPINC on line 16:

- Line 5 of Schedule KFNC
- Line 5 of Schedule KSNC
- Line 5 of Schedule KPINC

Line 18 — Employer credit for paid medical leave and employer payroll credit for required paid family leave (FFCR Act Sec. 7001, 7003; TCDTR Act Sec. 142; TCDTR20 Sec. 119; ARPA Section 9641)

If you claimed a federal credit for employer paid medical leave or paid family leave, you may be allowed a subtraction for Minnesota purposes. The Minnesota subtraction is the amount of expenses you were not allowed for federal income tax purposes due to claiming the credit. Enter the amount of the expenses as a negative amount on line 18.

FFCR Act Sec. 7001. Employer Credit for Paid Medical Leave

If you received the Employer Credit for Required Paid Medical Leave under the FFCR Act section 7001, include the amount of the credit which was included in your federal income as a negative amount.

FFCR Act Sec. 7003. Employer Payroll Credit for Required Paid Family Leave

If you received the Employer Credit for Paid Family and Medical Leave under the FFCR Act section 7003, include the amount of the credit which was included in your federal income as a negative amount.

TCDTR Act Sec. 142. Employer credit for paid family and medical leave

Expansion of the employer tax credit for paid family and medical leave to tax year 2020. Wages used in determining the credit are not allowed a business deduction.

Line 25 - Temporary Allowance of Full Deduction for Business Meals (COVIDTR Act 210)

If you deducted more than 50% of the cost for food or beverages provided by a restaurant under this provision, enter the amount of the deduction that exceeds 50% of the cost. Also include amounts from line 16 of Schedules KFNC, KSNC, and KPINC.

Include the amount as a positive amount.

Line 27 – Credit for COBRA Continuation Coverage (ARPA Sec. 9501)

If you claimed the credit for continuation coverage under section 9501(a)(1) of ARPA, include the amount of the credit which was included in your federal gross income as a negative number.