



2021 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)

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- 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 under TCDTR20. 12 ■ _____
- 13 Net operating loss carryovers and suspension of 80% Limit adjustment. 13 ■ _____
- 13a This line intentionally left blank. 13a ■ _____
- 13b Enter your MN net operating loss carryover to 2022 (see instructions). 13b ■ _____
- 14 This line intentionally left blank. 14 ■ _____
- 14a This line intentionally left blank. 14a ■ _____
- 14b This line intentionally left blank. 14b ■ _____
- 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 ■ _____



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- 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 ■ _____
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- 32 This line intentionally left blank 32 ■ _____
- 33 This line intentionally left blank 33 ■ _____
- 34 This line intentionally left blank 34 ■ _____
- 35 Add lines 1-34. If the result is positive, enter it on Form M1M, line 9.
If the amount is negative, enter it as a positive number on Form M1M, line 31 35 ■ _____
- 36 This line intentionally left blank 36 ■ _____
- 37 This line intentionally left blank 37 ■ _____

You must include this schedule when you file Form M1.



2021 Schedule M1NC Instructions

For taxpayers who are affected by changes to federal tax law passed after December 31, 2018

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 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 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 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 — Net operating loss carryovers and suspension of 80% limit adjustment

If you were required to make an addition on your Minnesota return in prior years for a net operating loss deduction that exceeded the 80% limitation under the TCJA or had to make an addition for an excess business loss for tax years for tax years 2018 through 2020, determine the amount of your Minnesota NOL deduction that has not been previously deducted. Use the worksheet below to determine your Minnesota deduction.

Worksheet for Line 13 — Minnesota Net Operating Loss Deduction

- 1 Enter the amount of Minnesota NOL carried to 2021 from prior years.
Do not include amounts that were subtracted in an earlier year.
- 2 Enter the amount of federal taxable income from line 15 of Form 1040 or 1040-SR.
If the amount is less than zero, enter 0.
- 3 Multiply step 2 by 80%.
- 4 Enter the lesser of step 1 or 3. Include this amount on line 13 as a negative amount.
This is your Minnesota NOL deduction for 2021.
- 5 Subtract step 4 from step 1. This is your Minnesota NOL carried into 2022. Enter this amount on line 13b.

Line 13b — Enter your MN net operating loss carryover to 2022

If you claimed a **Minnesota** net operating loss deduction, use the Worksheet for line 13 – MN Net Operating Loss Deduction to determine your Minnesota net operating loss carryover to 2022, then enter the amount from step 5 of that worksheet on line 13b.\

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%.

Only if you file on a fiscal year basis, 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 2021. Wages used in determining the credit are not allowed a business deduction.

Line 25 - Temporary Allowance of Full Deduction for Business Meals (TCDTR20 Act Sec. 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.