



# 2024 TPD, Tax Position Disclosure

Read instructions before completing this form.  
Complete form to disclose a tax position relating to a Minnesota tax item.

<b>Taxpayer</b>	_____	_____	_____
	Taxpayer Name	FEIN	Social Security Number or ITIN
	_____	_____	_____
	Street Address or PO Box		Apt. or Suite
_____	_____	_____	
City	State	ZIP Code	
_____	_____		
Email Address	Phone		

## Part I: General Information (see instructions)

A MN Law, Statute, Rule, Revenue Notice, etc.	B Item or Group of Items	C Detailed Description of Items	D Form or Schedule	E Line Number	F Amount
1					
2					
3					
4					
5					
6					

## Part II: Detailed Explanation (see instructions)

1 \_\_\_\_\_

2 \_\_\_\_\_

3 \_\_\_\_\_

4 \_\_\_\_\_

5 \_\_\_\_\_

6 \_\_\_\_\_

*I declare that the information in this request is correct and complete to the best of my knowledge and belief.*

\_\_\_\_\_

Authorized Signature Title Date Direct Phone

# 2024 Form TPD Instructions

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## Purpose of Form TPD

Form TPD is used by taxpayers and tax return preparers to disclose items or positions that are not otherwise adequately disclosed on a Minnesota tax return. Filing this form may reduce the substantial understatement of liability penalty (“understatement penalty”) if the return position has a reasonable basis. (MS 289A.60, subd. 4).

## Who Should File

Form TPD is filed by taxpayers responsible for paying one or more of the taxes under Chapter 289A, except the general sales and use tax imposed under Chapter 297A. (MS 289A.01 and MS 289A.60, subd. 4(a)).

The tax types for which Form TPD can apply are:

- Income taxes under Chapter 290
- Corporate franchise tax under Chapter 290
- Estate tax under Chapter 291
- Occupation tax under MS 298.01
- Net proceeds tax on mining under MS 298.015
- Unrelated business income tax under Chapter 290
- Sales tax on motor vehicles under Chapter 297B

## How to File

File Form TPD with the state tax return for which you are taking the tax position for the first time. Keep a copy for your records.

To make adequate disclosure for items reported by a pass-through entity, you must complete and file a separate Form TPD for items reported by each entity.

## Understatement Penalty

Generally, the understatement penalty is 20% of the amount of any underpayment attributable to the understatement.

## Adequate Disclosure

Generally, you can avoid the understatement penalty if the position is adequately disclosed, and the position has a reasonable basis.

## Reasonable Basis

Reasonable basis is a relatively high standard of tax reporting that is significantly higher than not frivolous or not patently improper. The reasonable basis standard is not satisfied by a return position that is merely arguable or merely a colorable claim.

If the return position is reasonably based on the types of authorities described in Treasury Regulations section 1.6662-4(d)(3)(i) and (ii) (taking into account the relevance and persuasiveness of the authorities, and subsequent developments), the return position will generally satisfy the reasonable basis standard even though it may not satisfy the substantial authority standard as defined in Treasury Regulations section 1.6662-4(d)(2).

## Substantial Understatement

Under Minn. Stat. 289A.60, subd. 4, an understatement of tax is “substantial” if, for the applicable period, the amount of understatement exceeds the greater of:

- (1) ten percent of the tax required to be shown on the return for the period; or
- (2)(i) \$10,000 in the case of a mining company or a corporation, other than an S corporation as defined in section 290.9725, when the tax is imposed by chapter 290 or section 298.01 or 298.015, or  
(ii) \$5,000 in the case of any other taxpayer, and in the case of a mining company or a corporation any tax not imposed by chapter 290 or section 298.01 or 298.015.

For C corporations, an understatement of tax for any taxable year is “substantial” if the amount of the understatement for the taxable year exceeds the lesser of:

- (1) ten percent of the tax required to be shown on the return for the taxable year (or, if greater, \$10,000); or
- (2) \$10,000,000.

## Reduction of the Understatement

Under Minn. Stat. 289A.60, subd. 4(d), the amount of the understatement will be reduced for the portion of the understatement that either:

- the taxpayer has substantial authority for the tax treatment of that item; or
- the relevant facts affecting the item’s tax treatment are adequately disclosed in the return or in a statement attached to the return (including this Form TPD), and there is a reasonable basis for the tax treatment of the item.

# 2024 Form TPD Instructions (Continued)

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## Reduction of Understatement not applicable in certain situations

The exception for substantial authority does not apply to positions listed by the Secretary of the Treasury under section 6662(d)(3) of the Internal Revenue Code (IRC). (MS 289A.60, subd. 4(d)).

A corporation does not have a reasonable basis for its tax treatment of an item attributable to a multiple-party financing transaction if the treatment does not clearly reflect the income of the corporation within the meaning of section 6662(d)(2)(B) of the IRC. (MS 289A.60, subd. 4(d)).

The special rules in cases involving tax shelters provided in section 6662(d)(2)(C) of the IRC shall apply and shall apply to a tax shelter the principal purpose of which is the avoidance or evasion of state taxes. (MS 289A.60, subd. 4(d)).

## Carryovers, carrybacks, and recurring items.

Carryover items must be disclosed for the tax year in which they originated. You do not have to file another Form TPD for those items for the tax years in which the carryover is taken into account.

However, if you disclose items of a recurring nature (such as depreciation expense), you must file Form TPD for each tax year in which the item occurs.

## Specific Instructions

Be sure to supply all the required information for Parts I and II.

If you do not have enough space on Parts I or II, you can use a continuation sheet(s). Be sure to put your name and identifying number on each sheet.

### Part I

**Column (a).** If you are disclosing a position contrary to a Minnesota law, Minnesota Statute, Minnesota Rule, Minnesota Revenue Notice, or other Minnesota position, you must identify the Minnesota position in column (a).

**Column (b).** Identify the item or group of items by name.

If any item you disclose is from a pass-through entity, you must identify the item as such. If you disclose items from more than one pass-through entity, you must complete a separate Form TPD for each entity. See **How to File** on page 1.

**Column (c).** Enter a complete description of the item(s) you are disclosing in column (c).

**Example.** If “bonus depreciation addition” is reported in column (b), then list in column (c) the specific property for which a bonus depreciation addition position is being disclosed

If you claim the same tax treatment for a group of similar items in the same tax year, enter a description identifying the group of items you are disclosing rather than a separate description of each item within the group.

**Columns (d) through (f).** Enter the location of the item(s) by identifying the form or schedule name/number and the line number in columns (d) and (e) and the amount of the item(s) in column (f).

### Part II

Your disclosure statement must include a description of the relevant facts affecting the tax treatment of the item. To satisfy this requirement, you must include information that reasonably can be expected to apprise the Department of the identity of the item, its amount, and the nature of the controversy or potential controversy. Information concerning the nature of the controversy can include a description of the legal issues presented by the facts.

If the taxpayer is an owner of a pass-through entity, include in Part II the FEIN or MN ID of the pass-through entity. Contact your pass-through entity if you do not have all the information necessary to be included in Part II.

This material is available in alternate formats.