



# American Indian VITA and TCE Training

Tax Year 2024

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This presentation is based on the facts and circumstances being discussed, and on the laws in effect when it is presented. It does not supersede or alter any provisions of Minnesota laws, administrative rules, court cases, or revenue notices.

# Welcome!

**The webinar will begin shortly. Please mute your microphone.**

- We will begin at 10:30 a.m.
- We recommend using a headset
- If you cannot connect, try dialing in by phone:
  - Dial 651-395-7448
  - Phone conference ID: 542 554 198#
- We recorded this webinar, and it is available

# Today's Presenter



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# Today's Agenda

- Tax information for Tribal members
- Individual Income Tax credits
- Property Tax Refund and Renter's Credit
- Withholding extension
- Resources



# Tax Information for Tribal Members

# Tax Information for Tribal Members

Benefits vary based on if your client:

- Is an enrolled member of a Tribe recognized by the U.S. government
- Lives and works on your Tribe's reservation
- Receives wages or other income from their Tribe or a business on their reservation

# Individual Income Tax Requirements

Minnesota residents are required to file:

- Federal return
- Minnesota return

Considered Minnesota resident if they live on Indian reservation in Minnesota.



# Calculating Taxable Income

- Subtract reservation income on Line 19 of Schedule M1M
- Subtracted income is not taxable to Minnesota

# Examples of Nontaxable Income

- Wages for services performed
- Distributions from casino profits
- Gambling winnings
- Interest from a bank located on a reservation
- Unemployment compensation
- Military pension income
- Social Security pension

# Examples of Nontaxable Income

- Pension income from employee pension plan
- Income from a sole proprietorship or ordinary income from partnerships or S corporations
- Rent and royalty income from real property or personal property
- Farm income
- Dividend income from a corporation
- Net gain from sale of real property and personal property

# Individual Income Tax Credits

- Refundable tax credit of \$1,750 per qualifying child
- To qualify, they must:
  - Be a full year resident
  - Have income under \$31,090 for single filer or \$36,880 for married filing jointly
  - Have a dependent under 17

# Advance Payments

- Opt in annually on Schedule M1CWFC
- File by April 15
- Must have at least one dependent under age 17
- Minimum Credit effective tax year 2025
- Must file a return for opt-in years
- Taxpayers will receive letter with payment amount



NEAR FINAL DRAFT 8/1/24



## 2024 Schedule M1CWFC, Minnesota Child and Working Family Credits

To claim this credit, you must be a full- or part-year resident of Minnesota. If you are a full-year nonresident, you are not eligible for this credit. Do not complete Schedule M1CWFC if you have a 2-year or 10-year IRS ban or are otherwise restricted from claiming the federal Earned Income Credit (EIC).

\_\_\_\_\_  
Your First Name and Initial                      Last Name                      Your Social Security Number

☐ Check this box if you are married filing separately and meet the exceptions in the instructions

### Advance Payment of Child Tax Credit for 2025 (See Section 2)

**Note:** If you elect to receive advance payments of your 2025 child tax credit, you are required to file a 2025 income tax return, regardless of other filing requirements and you may have to repay your advance payment in certain situations. See instructions for more information.

☐ Check this box if you are electing to receive advance payment of your 2025 child tax credit (see instructions)

☐ This check box for future use.

## Beginning tax year 2025:

- Must elect advance payment on prior year return
- Child Tax Credit (CTC) and Working Family Credit (WFC) must be greater than \$0 for current year
- Applies when minimum credit exceeds the CWFC for the current year



# Minimum Credit Amount

50% of the child tax credit received prior taxable year

OR

Fewer children, minimum credit based on number of children in current year

- 2024 Child Tax Credit \$1,750
- 2025 Minimum is \$875 if no change in qualifying children
- 2025 income rises, but does not reduce CTC and WFC to \$0
- Minimum Credit of \$875 if CTC and WFC between \$875 but not below \$0

If electing to receive advanced payments, consider the following:

- Qualifying children turning 18
- Residency changes from full to part-year
- Income changes substantially
- Taxpayers divorce or separate

# Child and Dependent Care Credit

To qualify, they must have:

- Earned taxable income
- Qualifying person who lived with them for more than half the year
- Documentation they paid for at least one of these:
  - Someone to care for their child or other qualifying person
  - Someone for household services

# Working Family Credit

- To qualify, they must be:
  - Full-year or part-year Minnesota resident
  - Eligible to claim federal Earned Income Tax Credit
- If exempt from Minnesota tax, can still receive credit if they:
  - Are enrolled member of their tribe
  - Live and work on the reservation where they are enrolled

# Renter's Credit

- Renter's Property Tax Refund no longer claimed M1PR
- Use Schedule M1RENT on Form M1 to claim Renter's Income Tax Credit
- Must provide the Certificate of Rent Paid information
- For more information:
  - Visit **Renter's Credit** on our website
  - Call 651-296-3781 or 800-652-9094 to request forms

# Property Tax Refund

Household income includes:

- Taxable and nontaxable income from all sources
- All reservation-based income, even if not subject to state or federal income tax



# Types of Reservation Land

Indian reservations generally consist of two types of land:

- Trust land
- Fee land

To qualify for a property tax refund, they must live on:

- Free land
- Land that is assessed property taxes

# How to Apply?

- Submit Form M1PR, Homestead Credit Refund (for Homeowners) by August 15
- Homeowners may file online for free using Revenue's e-Services system
- For more information:
  - Visit **Filing for a Property Tax Refund** on our website
  - Call 651-296-3781 or 800-652-9094 to request forms

# Withholding Exemptions

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- Enrolled member of an American Indian Tribe
- Live on reservation where enrolled
- Receive wages for working on reservation

# Complete Form W-4MN

1. Enter name, address, Social Security Number, and marital status
2. Select and complete Section 2 and Box D
3. Sign form
4. Give completed form to employer

# Contact Information

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Email: [individual.incometax@state.mn.us](mailto:individual.incometax@state.mn.us)

Monday through Friday, 8 a.m. to 4:30 p.m.



Take our survey on this training!

- See the chat box for a link
- We appreciate your feedback





# Thank You!

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