

2024 Schedule M1CWFC Instructions

Purpose of this Schedule

Use this schedule to determine the amount of your Minnesota Working Family Credit and Child Tax Credit for 2024 and your Advance Child Tax Credit Payments and Minimum Credit for 2025. You must complete Schedule M1DQC, *Dependents and Qualifying Children*, to determine who is a qualifying child and qualifying older child.

The Working Family Credit is four percent of your first \$9,220 of earned income plus an additional amount for up to three qualifying older children. See Schedule M1DQC to determine who is a qualifying older child. For 2024, the maximum working family credit is:

- \$369 with zero qualifying older children
- \$1,339 with one qualifying older child
- \$2,579 with two qualifying older children
- \$2,999 with three or more qualifying older children

You may claim the credit for qualifying older children and child tax credit even if you have no earned income.

The Minnesota Child Tax Credit is \$1,750 for each qualifying child under the age of 18. See Schedule M1DQC to determine who you may claim as a qualifying child for the child tax credit.

The Working Family Credit and Child Tax Credit are reduced when your adjusted gross income exceeds \$31,090 (\$36,880 if married filing jointly). The amount of the credit is reduced by 12 percent of adjusted gross income (AGI) that exceeds the limit. If you had at least one qualifying older child but no qualifying child for the child tax credit, your credit is reduced by 9 percent of AGI exceeding the limit.

If you, your spouse (if married and filing a joint return) or your qualifying children do not have a Social Security Number, you may use an Individual Taxpayer Identification Number (ITIN) to claim these credits.

What's new

You may elect to receive advance payments of your 2025 Child Tax Credit if you are eligible for the 2024 Child Tax Credit. See additional information under **Advance Payments for 2025**.

Beginning with tax year 2025, you may be eligible for a Minimum Credit which is up to 50% of your Child Tax Credit received in the prior year. To be eligible for the 2025 Minimum Credit, you must elect to receive advance payments of your 2025 Child Tax Credit when you file your 2024 individual income tax return, and you must also be eligible for the Child Tax Credit when you file your 2025 return. The Minimum Credit may be reduced if you are claiming fewer qualifying children on your 2025 return than your 2024 return or if you are a part year resident in 2025. The maximum Minimum Credit you are eligible to receive is determined on line 19 of Schedule M1CWFC.

Am I eligible?

You must meet all of these requirements to be eligible to claim the Minnesota Working Family and Child Tax credits:

- You were a full-year or part-year resident of Minnesota in 2024 (if you are a member of the military, see below)
- You have investment income less than \$11,600 (if you have investment income greater than \$11,600 complete step 2 in the instructions for line 27 of Form 1040 to determine if you are eligible to claim the credits on this schedule)
- You are not a dependent of another person
- If you have no qualifying children on rows 10 and 11 of Schedule M1DQC, you or your spouse must be between the ages of 19 and 64
- If you have no qualifying children on rows 10 and 11 of Schedule M1DQC, you and your spouse's main residence must have been in the United States for more than half of 2024
- If you are married and you or your spouse are a nonresident alien, your filing status must be Married Filing Jointly

You are **not** eligible if any of these apply:

- You have a 2-year or 10-year IRS ban on claiming the federal Earned Income Credit (EIC)
- You are the dependent or qualifying child of another person
- Your filing status is Married Filing Separately, unless you meet the exception and requirements under **Exception for Those Who are Married and Filing Separately** below

Earned income does not include:

- Any amount included on line 1z of Form 1040 or 1040-SR that is a taxable scholarship or fellowship grant not reported on a Form W-2
- Any amount included on line 1z of Form 1040 or 1040-SR that you received for work performed while an inmate in a penal institution, or
- Any amount included on line 1z of Form 1040 or 1040-SR that you received as a pension or annuity from a nonqualified deferred compensation plan or nongovernmental section 457 plan

Exception for Those Who are Married and Filing Separately

Check the box at the top of Schedule M1CWFC if your filing status is Married Filing Separately, you have at least one qualifying child on Schedule M1DQC who lived with you for more than half of 2024 and either of these apply:

- You do not share the same principal abode as your spouse for at least the last six months of 2024
- You are legally separated from your spouse according to Minnesota law under a written separation agreement or a decree of separate maintenance and do not live in the same household as your spouse at the end of 2024

Treatment of military personnel stationed outside Minnesota

If you are a member of the Armed Forces, you will be treated as if you resided in Minnesota during any period which you are stationed outside the United States while serving on extended active duty with the U.S. Armed Forces. "Extended active duty" means any period of active duty pursuant to a call or order to such duty for a period in excess of 90 days or for an indefinite period. You must otherwise be a resident of Minnesota. You may include nontaxable combat pay as earned income.

Is there a penalty for fraudulently claiming a refund?

Yes. If you file a return that fraudulently claims a credit that results in a refund, you may be assessed a penalty equal to 50% of the portion of the refund attributable to fraud. If a fraudulently claimed credit reduced your tax liability, you may also be assessed a penalty equal to 50% of the unpaid tax.

Line Instructions

Round amounts to the nearest whole dollar.

Line 2

Use the Worksheet for Earned Income below to determine the amount for line 2. You must use your 2024 earned income when completing this worksheet.

Worksheet for Earned Income

- 1 Line 1z of federal Form 1040 or 1040-SR. Church employees and clergy, see instructions below for Step 1
- 2 Enter all of your nontaxable combat pay if you elect to include it in earned income
- 3 Add steps 1 and 2. Enter the result on Line 2 of this schedule, unless you were self-employed, filing federal Schedule SE as a member of the clergy, had church employee income, or are filing federal Schedule C as a statutory employee. If any of these apply, continue to step 4.....
- 4 Use the amount from step 3 of this worksheet on line 4a of Worksheet B from the instruction for line 27 of Form 1040. Complete Worksheet B in the federal instructions and enter the amount from Step 6 of EIC Worksheet B on line 2 of this schedule.....

Instructions for Worksheet for Earned Income

Step 1

If you are a church employee, determine how much was reported on both line 1z of Form 1040 or 1040-SR and line 5a of federal Schedule SE. Subtract the combined amounts reported on both lines from the amount reported on line 1z of Form 1040 or 1040-SR. Enter the result on Step 1.

If you are a minister, a member of a religious order that has not taken a vow of poverty, or a Christian Science Practitioner, determine the amount reported on both line 1 of Form 1040 or 1040-SR and line 2 of federal Schedule SE. Subtract the combined amounts reported on both lines from the amount reported on line 1z of Form 1040 or 1040-SR. Enter the result on Step 1.

Line 5

You must complete Schedule M1DQC to determine which of your qualifying children are eligible to be claimed as a qualifying older child on line 5. Use the information from that schedule to determine what amount to enter on line 5.

Line 7

You must complete Schedule M1DQC to determine who is a qualifying child for the Minnesota Child Tax Credit. Enter the number of boxes checked from Row 10 of Schedule M1DQC on line 7 of this schedule.

Line 12

If line 10 is less than line 11, skip line 13 and use the amount from line 9 on line 15.

Line 16

If you are a part-year resident, you will determine your credit using your percentage of income taxable to Minnesota.

If your gross income is less than \$14,575, you should have entered zero on line 28 of Schedule M1NR, Nonresidents/Part-Year Residents. To determine this credit, fully complete Schedule M1NR (do not skip lines 16-27) to determine what the amounts would have been. Then, complete the Worksheet for Line 16 below. If you are electing to receive advance payments of your 2025 child tax credit and you completed the Worksheet for Line 16, use the result from step 5 of the worksheet to determine the amount to enter on line 20 instead of using line 30 of Schedule M1NR.

Worksheet for Line 16 (for part-year residents whose Minnesota gross income is less than \$14,575)

Note: If you are a full-year nonresident, do not use this worksheet. You are not eligible for this credit.

- 1 Line 15, column B, of Schedule M1NR
- 2 Line 27, column B, of Schedule M1NR
- 3 Subtract step 2 from step 1. (If result is zero or less, **STOP HERE**. You do not qualify for the credit)
- 4 Line 29 of Schedule M1NR
- 5 Divide step 3 by step 4 and enter the result as a decimal (carry to five decimal places). If step 3 is more than step 4, enter 1.0. Enter the result on the space provided on line 16 of this schedule
- 6 Amount from line 15 of Schedule M1CWFC
- 7 Multiply step 5 by step 6. Enter the result on line 16 of Schedule M1CWFC and on line 2 of Schedule M1REF

Advance Payment for 2025

You may elect to receive advance payment of your 2025 Child Tax Credit by checking the box at the top of Schedule MICWFC. You must be eligible for a child tax credit in 2024 to receive advance payments for 2025. If you receive advance payments, you may have to repay the advances. See **Reconciliation of advance payments** for more information.

If you elect to receive advance payments you:

- Are eligible to claim a 2025 Minimum Credit (See Tax Year 2025 Minimum Credit for more information)
- Must file a 2025 income tax return even if you are not required to file a Minnesota return
- Must file a 2025 income tax return even if you no longer have qualifying children for the child tax credit

If you elect to receive advance payments of your 2025 child tax credit you must file a 2025 income tax return.

You may elect to receive advance payments if both of these are true:

- You file your original return on or before April 15
- You have qualifying children under the age of 17 at the end of 2024

If you are eligible and elect to receive the advance payments, the payments will begin after July 1. The payments will be made in three equal amounts. For more information about advance payments go to our website at revenue.state.mn.us and enter **advance child tax credit payments** into the Search box.

Amending your return

You cannot elect to receive advance payments on an amended return if you did not already elect to receive advance payments on your original return. If you amend your income tax return and there is a change to your child tax credit, you will no longer receive advance payments of your 2025 child tax credit.

Supplemental Nutrition Assistance Program (SNAP) recipients

SNAP benefits or eligibility for benefits may be impacted if you received advance payments of your Child Tax Credit. If you choose to receive the Child Tax Credit with your return during tax filing season, it will not impact your eligibility or benefit amount for SNAP. For more information, contact the SNAP center at the Minnesota Department of Children, Youth, and Families at 1-800-657-3698 or online at dcyf.mn.gov/snap-etc.

Tax Year 2025 Minimum Credit

If you receive advance payments of your 2025 credit, you may be eligible for the Minimum Credit on your 2025 return. The Minimum Credit is based on 50% of your 2024 child tax credit but reduced if you have fewer qualifying children for the child tax credit in 2025 than you had in 2024. For more information on the Minimum Credit, go to our website at revenue.state.mn.us and enter **advance child tax credit payments** into the Search box.

Deposit information

If you want the advance payments for your 2025 Child Tax Credit by direct deposit, provide the bank routing and account information.

The routing number must have nine digits. The account number may contain up to 17 digits, which includes numbers and letters. Leave out any hyphens, spaces, or symbols. If the routing or account number is incorrect or is not accepted by your financial institution, we will send your refund as a paper check. We may also issue your refund by check if we adjusted your return or recaptured part of your refund to pay a debt you owe. You must use an account not associated with any foreign banks.

By completing line 24, you are authorizing us and your financial institution to initiate electronic credit entries and, if necessary, debit entries and adjustments for any credits made in error.

If you do not check the box, or enter bank account information, you will receive advance payments by check.

Reconciliation of advance payments

If you elect to receive advance payments of your 2025 child tax credit, you must file a 2025 Minnesota income tax return and compare the payments you received to your eligible credit. If the total advance payments you received are greater than the total credit you are eligible for, you will have to repay the excess payment amount. The excess will be added to your tax due for the year and will reduce your refund or increase your tax liability.

For example, you may have to repay some or all of your advance payments of your child tax credit on your 2025 income tax return if:

- You have fewer qualifying children on your 2025 return
- You are no longer eligible for the 2025 Minimum Credit
- Your advance payments exceed your 2025 tax refund
- You were a full-year resident in 2024 and became a part-year or non-resident in 2025

For more information on reconciliation of advance payments, go to our website at revenue.state.mn.us and enter **advance child tax credit payments** into the Search box.