



2021 Schedule M1MB, Business Income Additions and Subtractions

See instructions for more information and worksheets to complete Schedule M1MB.

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

Additions to Income

- 1 Federal bonus depreciation addition (*determine from worksheet in the instructions*) 1 ■ _____
- 2 State income taxes passed through to you as a partner, shareholder,
or a beneficiary of a pass-through entity 2 ■ _____
- 3 Foreign-derived intangible income deduction (*see instructions*) 3 ■ _____
- 4 Suspended loss from bonus depreciation 4 ■ _____
- 5 Net operating loss carryover adjustment from WHBA of 2009 5 ■ _____
- 6 Accelerated recognition of nonresident installment sales (*enclose Schedule M1AR*) 6 ■ _____
- 7 This line intentionally left blank 7 ■ _____
- 8 This line intentionally left blank 8 ■ _____
- 9 Add lines 1 through 8. Include the result on line 2 of Form M1 9 _____

Subtractions from Income

- 10 Federal bonus depreciation subtraction 10 ■ _____
- 11 Section 179 expensing subtraction 11 ■ _____
- 12 Gain from the sale of farm property 12 ■ _____
- 13 Net operating loss carryover adjustment from WHBA of 2009 13 ■ _____
- 14 Prior addback of reacquisition of indebtedness income 14 ■ _____
- 15 Subtraction for railroad maintenance expenses 15 ■ _____
- 16 Income from prior-year partnership sale 16 ■ _____
- 17 Disallowed section 280E expenses of medical cannabis manufacturers 17 ■ _____
- 18 Deferred foreign income subtraction 18 ■ _____
- 19 Global intangible low-taxed income subtraction 19 ■ _____
- 20 This line intentionally left blank 20 ■ _____
- 21 This line intentionally left blank 21 ■ _____
- 22 Add lines 10-21. Include the result on line 7 of Form M1 22 _____



2021 Schedule M1MB Instructions

You may have received these additions or subtractions as an individual, as a partner of a partnership, as a shareholder of an S corporation, or as a beneficiary of a trust. Amounts you received as a partner, shareholder, or beneficiary will be reported on the Schedule KPI, KS, or KF you received from the entity.

Additions

Line 1 — Federal Bonus Depreciation Addition

If you chose the special depreciation allowance for qualified property on federal Form 1040, complete the Worksheet for Line 1.

Worksheet for Line 1 — Bonus Depreciation Modification

- 1 Add line 14 and line 25 of your federal Form 4562
- 2 Total bonus depreciation amounts passed to you as a partner or shareholder (line 4 of Schedule KPI or Schedule KS)
- 3 Add steps 1 and 2
- 4 Multiply step 3 by 80% (.80)
- 5 Total of the 80% federal bonus depreciation addition passed through to you as a beneficiary (from line 5 of Schedule KF)
- 6 Add steps 4 and 5. Enter the result here and on line 1 of Schedule M1MB

Instructions

If bonus depreciation included on step 1 or step 2 generated a loss in an activity that cannot be deducted in 2021 (e.g., a passive activity loss or a loss in excess of basis), you may reduce step 1 or 2 by the amount of loss not allowed from the activity for 2021, up to the bonus depreciation claimed by the activity. In a future year when the 2021 suspended loss is allowed, you must include the bonus depreciation as an addition. The bonus depreciation is treated as the last suspended loss allowed.

Line 2 — State Income Taxes Passed Through to You as a Partner of a Partnership, a Shareholder of an S Corporation, or a Beneficiary of a Trust

Enter the total of the amounts reported on line 2 of Schedules KS, KPI, and KF.

Line 3 — Foreign-Derived Intangible Income Deduction under section 250 of the Internal Revenue Code

Include the amount of foreign-derived intangible income you deducted from net income under section 250 of the Internal Revenue Code for the taxable year.

Line 4 — Suspended Loss From Bonus Depreciation

Complete the Worksheet for Line 4 if both of the following apply:

- You are claiming a suspended loss from 2001 through 2005 or 2008 through 2020 on your federal return generated by bonus depreciation.
- You did not add back 80 percent of the bonus depreciation in those years.

Worksheet for Line 4

- 1 Bonus depreciation from 2001 through 2005 or 2008 through 2020 that was not added back on your Form M1
- 2 Total suspended loss from activity remaining after 2020
- 3 Subtract step 2 from step 1 (if a negative amount, enter zero)
- 4 Multiply step 3 by 80% (.80)
- 5 Total of the 80% bonus depreciation addition passed through to you as a beneficiary (from line 4 of Schedule KF)
- 6 Add steps 4 and 5. Enter here and on Schedule M1MB, line 4

Line 5 — Net Operating Loss (NOL) Carryover Adjustment

Minnesota did not adopt the provisions of the Worker, Homeownership, and Business Assistance Act of 2009 (WHBA). Under this Act, you may carry back 3, 4, or 5 years of an NOL generated in 2008 or 2009. For federal purposes, any remaining NOL that was not fully absorbed in the carryback years can be carried forward for up to 20 years, beginning in 2010. If you used any of that carryforward on your 2021 federal return, add back that amount as a positive number on line 5.

Line 6 — Accelerated Recognition of Nonresident Installment Sales

If you are required to report accelerated gains from an installment sale in 2021, complete and enclose Schedule M1AR, *Accelerated Recognition of Installment Sale Gains*.

Subtractions

Line 10 — Federal Bonus Depreciation Subtraction

You may be eligible to reduce your taxable income if either of the following are true:

- You reported 80 percent of the federal bonus depreciation as an addition to income on your 2016 through 2020 Form M1.
- You received a federal bonus depreciation subtraction in 2021 from an estate or trust.

Complete the Worksheet for Line 10 to determine the amount to enter.

Worksheet for Line 10

If you claimed bonus depreciation as an addition on your 2016 Form M1:

- 1 Line 5 of your 2016 Schedule M1M
- 2 Net operating loss generated for tax year 2016 (line 25, Schedule A of 2016 federal Form 1045). Enter as a positive number
- 3 Subtract step 2 from step 1
- 4 Multiply step 3 by 20% (.20)

If you claimed bonus depreciation as an addition on your 2017 Form M1:

- 5 Line 5 of your 2017 Schedule M1M
- 6 Net operating loss generated for tax year 2017 (line 25, Schedule A of 2017 federal Form 1045). Enter as a positive number
- 7 Subtract step 6 from step 5
- 8 Multiply step 7 by 20% (.20)

If you claimed bonus depreciation as an addition on your 2018 Form M1:

- 9 Line 3 of your 2018 Schedule M1M
- 10 Net operating loss generated for tax year 2018 (line 25, Schedule A of 2018 federal Form 1045). Enter as a positive number
- 11 Subtract step 10 from step 9
- 12 Multiply step 11 by 20% (.20)

If you claimed bonus depreciation as an addition on your 2019 Form M1:

- 13 Line 3 of your 2019 Schedule M1M
- 14 Net operating loss generated for tax year 2019 (line 25, Schedule A of 2019 federal Form 1045). Enter as a positive number
- 15 Subtract step 14 from step 13
- 16 Multiply step 15 by 20% (.20)

If you claimed bonus depreciation as an addition on your 2020 Form M1:

- 17 Line 3 of your 2020 Schedule M1M
- 18 Net operating loss generated for tax year 2020 (line 25, Schedule A of 2020 federal Form 1045). Enter as a positive number
- 19 Subtract step 18 from step 17
- 20 Multiply step 19 by 20% (.20)

If you received a subtraction in 2021 from an estate or trust:

- 21 Total bonus depreciation subtraction you received as a beneficiary of an estate or trust (from line 15 of Schedule KF).

Total subtraction

- 22 Add steps 4, 8, 12, 16, 20 and 21. Enter here and on line 10 of Schedule M1M

Line 11 — Section 179 Expensing Subtraction

If you added back 80% of the excess IRC section 179 deduction in any of the last five years, enter one-fifth of the add-back. (MS 290.0132 subd. 14). Do not include an amount attributable to section 179 addition for property placed in service in a tax year beginning after December 31, 2019. Minnesota subtractions related to prior year additions will be allowed until the 5-year subtraction period ends.

Line 12 — Gain From the Sale of Farm Property

You can reduce your taxable income if you received a gain from the sale of farm property in 2020 and all of the following are true:

- You owned and operated the farm.
- Your debts were greater than the fair market value of your assets immediately before the sale.
- You included the gain from the sale in your federal adjusted gross income on line 11 of federal Form 1040.
- You applied the proceeds from the sale of the property to paying off the mortgage, contract for deed, or lien on the property.

Complete the Worksheet for Line 12.

Worksheet for Line 12

- 1 Amount of your debts immediately before the sale
- 2 Amount of debt forgiveness you were permitted to exclude from income on federal Form 1040
- 3 Subtract step 2 from step 1
- 4 Fair market value of your assets immediately before the sale
- 5 Subtract step 4 from step 3
- 6 Gain from the sale included on line 11 of federal Form 1040
- 7 Step 5 or step 6, whichever is less. Also enter this amount on Schedule M1MB, line 12

Line 13 — Net Operating Loss (NOL) from 2008 or 2009

Minnesota did not adopt the provisions of the Worker, Homeownership, and Business Assistance Act of 2009 (WHBA). If you chose this federal option, you are limited on your Minnesota return to a carryback period of two years preceding the loss.

Enter the amount you are carrying forward for 2021 for Minnesota purposes. For complete information on how to determine line 13 and any amount to carry forward, go to our website at www.revenue.state.mn.us and type **net operating loss** in the Search box.

Line 14 — Prior Addback of Reacquisition of Indebtedness Income

If you included in this year's federal adjusted gross income discharge of indebtedness income from reacquisition of business debt which you elected to defer federally in 2009 or 2010 and included the discharge in Minnesota taxable income in the prior year, enter that amount on line 14.

Line 15 — Railroad Maintenance Expenses

If you claimed a federal credit for railroad maintenance expenses on federal Form 8900, you may be allowed a subtraction for Minnesota purposes. The Minnesota subtraction is the amount of depreciation expenses you were not allowed for federal income tax purposes due to making a basis adjustment as a result of claiming the federal credit under section 45G(a) of the Internal Revenue Code.

Line 16 — Income From Prior Year Partnership Sale

Complete this line if both of the following are true:

- You filed Schedule M1AR, *Accelerated Recognition of Installment Sale Gains*, in a prior year to report income from the sale of a partnership or S corporation.
- You recognized a gain on your 2021 federal income tax return from the sale reported on Schedule M1AR in the prior year.
Include the gain recognized on your 2021 federal return that is included in your income.

Line 17 — Disallowed Section 280E Expenses for Medical Cannabis Manufacturers

If you are a medical cannabis manufacturer registered with the Minnesota Department of Health, you may subtract expenses that were not allowed for federal tax purposes under section 280E of the Internal Revenue Code.

Line 18 — Deferred foreign income recognized under section 965 of the Internal Revenue Code

Enter the amount of deferred foreign income recognized on your federal return under Internal Revenue Code section 965. This amount is the section 965(a) inclusion amount reduced by section 965(c).

Line 19 — Global intangible low-taxed income included under section 951A of the Internal Revenue Code

Include the amount of global intangible low-taxed income included in your gross income under section 951A of the Internal Revenue Code.