DEPARTMENT OF REVENUE

Pass-Through Entity Tax Webinar

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Disclaimer

This presentation is for educational purposes only and does not provide tax advice. It is meant to accompany an oral presentation and not to be used as a standalone document.

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.

If you have any questions, contact us by:

- Phone: 651-556-3075 or 1-800-657-3666
- Email: businessincome.tax@state.mn.us

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Presenter

Allyson Casseday

External Training and Communications

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Housekeeping

Before we get started, there are a few housekeeping items we want to cover:

- We muted your phone lines
- We will take questions only by chat

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Objectives

- Define the pass-through entity (PTE) election
- Review changes effective 2023
- Identify who qualifies to make the election
- Explain how to make the election
- Demonstrate how to estimate the tax amount
- Review estimated payment requirements
- Discuss PTE resources
- Share common errors

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What is Pass-Through Entity Tax?

- Allows an entity to pay the tax liability related to the income from the PTE on behalf of their partners, members, or shareholders
- Binding on all qualifying owners

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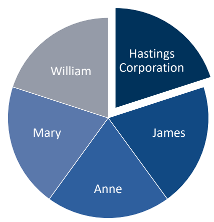
Qualifying Owners Illustration



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Who Qualifies?

Qualifying Entities

- Partnerships
- S corporations
- Limited Liability Companies (LLC)

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Qualifying Owners

Qualifying Owner (Resident or Nonresident)

- Individual
- Estate
- Certain Trusts

For PTE to satisfy filing obligations, nonresidents must:

- Be full-year nonresidents
- Have no other Minnesota income

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How do I elect to pay PTE Tax?

- Schedule PTE, Pass-Through Entity Tax
- Qualifying owners
- Cannot be revoked

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Estimated Payments

- Use e-Services
- Schedule PTE

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Resources

- Current and prior year guidance
- Examples

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Common PTE errors

- Late Election
- Payments
- State tax addback
- Election issues
- Error Impact

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Late election

- Must file timely
- Original or amended return

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Payments

- Must be made to the correct account
- Cannot be transferred

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State tax addback

- Federal deduction
- No addback to Minnesota
- K schedules

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Election issues

- Draft returns
- No election
- Credit claimed

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Form errors

- Incorrect lines
- Correct calculation

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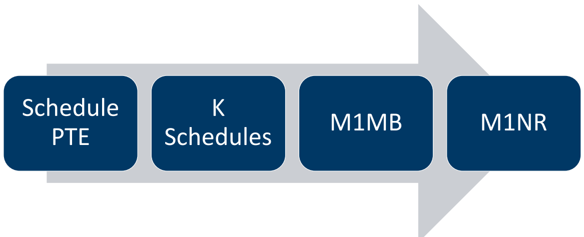
Error impact



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Questions

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Contact Us

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Thank You!

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