



## 2025 Schedule M1NC, Federal Adjustments

Minnesota has not adopted certain federal law changes enacted after May 1, 2023, that affect federal adjusted gross income for tax year 2025. This schedule allows for any necessary adjustments required to file a state tax return.

Your First Name and Initial

Last Name

Social Security Number

**Read the instructions before you complete this schedule.**

**Enter amounts as a positive or negative.  
Round amounts to the nearest whole dollar.**

### Adjustments to federal adjusted gross income (FAGI)

1	Certain Postsecondary Credentialing Expenses Treated as Qualified Higher Education Expenses for Purposes of 529 Accounts (H.R. 1 Sec 70414) .....	1 <input type="text"/>	_____
2	This line intentionally left blank.....	2 <input type="text"/>	_____
3	This line intentionally left blank.....	3 <input type="text"/>	_____
4	This line intentionally left blank.....	4 <input type="text"/>	_____
5	This line intentionally left blank.....	5 <input type="text"/>	_____
6	This line intentionally left blank.....	6 <input type="text"/>	_____
7	This line intentionally left blank.....	7 <input type="text"/>	_____
8	Expansion of FICA Tip Credit (H.R. 1 Sec. 70201).....	8 <input type="text"/>	_____
9	a Full Expensing for Bonus Depreciation Property (H.R. 1 Sec. 70301).....	9a <input type="text"/>	_____
	b Enter the amount of allowable depreciation for assets on line 9a.....	9b <input type="text"/>	_____
	c Enter the amount of allowable depreciation for prior year assets adjusted for Sec. 70301 .....	9c <input type="text"/>	_____
10	a Full Expensing for Domestic Research and Experimental Expenditures (H.R. 1 Sec. 70302).....	10a <input type="text"/>	_____
	b Enter the amount of allowable depreciation for assets on line 10a .....	10b <input type="text"/>	_____
	c Enter the amount of allowable depreciation for prior year assets adjusted for Sec. 70302 .....	10c <input type="text"/>	_____
11	Modification of Limitation on Business Interest (H.R. 1 Sec. 70303) .....	11 <input type="text"/>	_____
12	Limitation on Deduction for Business Meals (H.R. 1 Sec. 70305) .....	12 <input type="text"/>	_____
13	a Limitation for Expensing of Certain Depreciation Property (H.R. 1 Sec. 70306) .....	13a <input type="text"/>	_____
	b Enter the amount of allowable depreciation for assets on line 13a.....	13b <input type="text"/>	_____
	c Enter the amount of allowable depreciation for prior year assets adjusted for Sec. 70306 .....	13c <input type="text"/>	_____
14	a Special Depreciation Allowance for Qualified Production Property (H.R. 1 Sec. 70307) .....	14a <input type="text"/>	_____
	b Enter the amount of allowable depreciation for assets on line 14a .....	14b <input type="text"/>	_____
	c Enter the amount of allowable depreciation for prior year assets adjusted for Sec. 70307 .....	14c <input type="text"/>	_____



15	Enhancement of Advanced Manufacturing Investment Credit (H.R. 1 Sec. 70308) .....	15	■ _____
16	Exempt Facility Bond Rules for Spaceports (H.R. 1 Sec. 70309) .....	16	■ _____
17	Subpart F Provisions (H.R. 1 Sec. 70352 and 70354) .....	17	■ _____
18	Enhancement of Employer-Provided Child Care Credit (H.R. 1 Sec. 70401) .....	18	■ _____
19	This line intentionally left blank.....	19	■ _____
20	Exception to Percentage of Completion Method of Accounting (H.R. 1 Sec. 70430) .....	20	■ _____
21	Expansion of Qualified Small Business Stock Gain Exclusion (H.R. 1 Sec. 70431).....	21	■ _____
22	a Treatment of Certain Sound Recording Productions (H.R. 1 Sec. 70434) .....	22a	■ _____
	b Enter the amount of allowable depreciation for assets on line 22a .....	22b	■ _____
	c Enter the amount of allowable depreciation for prior year assets adjusted for Sec. 70434. .....	22c	■ _____
23	Exclusion of Interest on Loans Secured by Rural or Agricultural Real Property (H.R. 1 Sec. 70435) .....	23	■ _____
24	a Termination of Energy Efficient Commercial Buildings Deduction (H.R. 1 Sec. 70507).....	24a	■ _____
	b Reverse federally claimed depreciation for assets on line 24a.....	24b	■ _____
25	a Termination of Cost Recovery for Energy Property (H.R. 1 Sec. 70509). ....	25a	■ _____
	b Reverse federally claimed depreciation for assets on line 25a.....	25b	■ _____
	c Enter the amount of allowable depreciation for prior year assets adjusted for Sec. 70509 .....	25c	■ _____
26	Employee Retention Credit Enforcement Provisions (H.R. 1 Sec. 70605). ....	26	■ _____
27	This line intentionally left blank.....	27	■ _____
28	This line intentionally left blank.....	28	■ _____
29	This line intentionally left blank.....	29	■ _____
30	This line intentionally left blank.....	30	■ _____
31	This line intentionally left blank.....	31	■ _____
32	This line intentionally left blank.....	32	■ _____
33	This line intentionally left blank.....	33	■ _____
34	This line intentionally left blank.....	34	■ _____
35	This line intentionally left blank.....	35	■ _____
36	Other adjustments to adjusted gross income.....	36	■ _____



If you have an amount on lines 1 through 36 and had rental real estate losses, received social security income, contributed to an IRA, or paid interest on student loans, see the instructions and worksheets for lines 37 through 40 to determine your Minnesota deduction.

37	Rental real estate loss limitation adjustment .....	37	■ _____
38	Taxable social security benefits adjustment .....	38	■ _____
39	IRA deduction adjustment .....	39	■ _____
40	Student loan interest deduction adjustment .....	40	■ _____
41	Add lines 1 through 40. If the result is positive, enter it on line 9 of Schedule M1M. If the result is negative, enter it as a positive number on line 39 of Schedule M1M. ....	41	■ _____
42	Line 1 of Form M1 .....	42	■ _____
43	<b>Minnesota Adjusted Gross Income.</b> Add Lines 41 and 42, then see instructions. ....	43	■ _____

You must include this schedule when you file Form M1.

# 2025 Schedule M1NC Instructions

For taxpayers who are affected by changes to federal tax law passed after May 1, 2023.

## Purpose of This Schedule

Rules used to determine Minnesota Individual Income Tax are generally based on the Internal Revenue Code (IRC) as amended through May 1, 2023 with certain exceptions. Since that date Congress has enacted H.R. 1 of 2025.

## Who Must File Schedule M1NC

If you are affected by any of the provisions included on this form, complete Schedule M1NC to make the necessary adjustments when you file Form M1. Refer to the line instructions below for more information about the adjustment for your Minnesota return.

## Line Instructions

### **Line 1 – Certain Postsecondary Credentialing Expenses Treated as Qualified Higher Education Expenses for Purposes of 529 Accounts (H.R. 1 Sec. 70414)**

If you had a distribution from a 529 higher education savings account that was used to pay for postsecondary credentialing expenses, include the earnings portion for distributions that were made after July 4, and were not included in your federal Adjusted Gross Income. If you filed Schedule M1529 for a prior tax year, you may need to complete lines 7 through 15 of Schedule M1529 with your 2025 return.

### **Line 8 – Expansion of FICA Tip Credit (H.R. 1 Sec. 70201)**

If you claimed the FICA tip credit relating to a beauty service business, enter the amount of business expenses disallowed due to claiming the federal credit as a negative number on line 8.

### **Line 9a – Full Expensing of Bonus Depreciation Property (H.R. 1 Sec. 70301)**

If you deducted 100-percent bonus depreciation on qualified property acquired after January 19, 2025, include 60-percent of that depreciation as a positive number on line 9a.

### **Line 9b – Enter the amount of allowable depreciation for assets on line 9a**

If you reported a nonconformity addition on line 9a, report the depreciation allowable for the portion of the asset cost included on line 9a using 2023 IRC for tax year 2025 as a negative number on line 9b. Attach a statement showing the calculation of the depreciation amount.

### **Line 9c – Enter the amount of allowable depreciation for prior year assets adjusted for H.R. 1 Sec. 70301**

If you reported a nonconformity addition relating to section 70301 in a prior year, continue the depreciation allowable under 2023 IRC for tax year 2025 as a negative number on line 9c. Attach a statement showing the calculation of the depreciation amount.

### **Line 10a – Full Expensing for Domestic Research and Experimental Expenditures (H.R. 1 Sec. 70302)**

If you immediately deducted research and experimental expenditures under IRC section 174A, calculate the difference between the immediate deduction and the recovery period you would have been allowed under 2023 IRC. Include that amount as a positive number on line 10a.

### **Line 10b – Enter the amount of allowable depreciation for assets on line 10a**

If you reported a nonconformity addition on line 10a, report the depreciation allowable under 2023 IRC for tax year 2025 as a negative number on line 10b. Attach a statement showing the calculation of the depreciation amount.

### **Line 10c – Enter the amount of allowable depreciation for prior year assets adjusted for H.R. 1 Sec. 70302**

If you reported a nonconformity addition relating to section 70302 in a prior year, report the depreciation allowable under 2023 IRC for tax year 2025 as a negative number on line 10c. Attach a statement showing the calculation of the depreciation amount.

### **Line 11 – Modification of Limitation on Business Interest (H.R. 1 Sec. 70303)**

If you calculated adjusted taxable income (ATI) without regard to any deduction for depreciation, amortization, or depletion, recalculate your ATI applying these deductions using 2023 IRC. Also exclude indebtedness relating to trailers or campers when determining the floor plan financing interest expense. Then recalculate your business interest deduction using the limitation with the recalculated ATI and updated floor plan financing interest expense. Include the difference between your recalculated business interest deduction and the deduction you reported on your federal return as a positive number on line 11.

### **Line 12 – Limitation on Deduction for Business Meals (H.R. 1 Sec. 70305)**

If you claimed a meal expense deduction relating to a food or beverage paid or incurred after December 31, 2025 and provided on fishing boats or fish processing facilities as defined in section 274(n)(2)(C)(v) of the IRC, include the amount of the expense deducted as a positive number on line 12.

### **Line 13a – Limitation for Expensing of Certain Depreciation Property (H.R. 1 Sec. 70306)**

If you claimed section 179 expensing using the increased expensing limit of \$2.5 million and phasedown threshold of \$4 million, recalculate your section 179 expensing using the limit \$1.25 million and \$3.13 million threshold under 2023 IRC. Include the difference as a positive number on line 13a.

### **Line 13b – Enter the amount of allowable depreciation for assets on line 13a**

If you reported a nonconformity addition on line 13a, report the depreciation allowable for the portion of the asset cost included on line 13a using 2023 IRC for tax year 2025 as a negative number on line 13b. Attach a statement showing the calculation of the depreciation amount.

**Line 13c – Enter the amount of allowable depreciation for prior year assets adjusted for H.R. 1 Sec. 70306**

If you reported a nonconformity addition relating to section 70306 in a prior year, continue the depreciation allowable under 2023 IRC for tax year 2025 as a negative number on line 13c. Attach a statement showing the calculation of the depreciation amount.

**Line 14a – Special Depreciation Allowance for Qualified Production Property (H.R. 1 Sec. 70307)**

If you deducted 100-percent of qualified production property placed in service after July 4, 2025, include the 100-percent depreciation deduction as a positive number on line 14a.

**Line 14b – Enter the amount of allowable depreciation for assets on line 14a**

If you reported a nonconformity addition on line 14a, report the depreciation allowable under 2023 IRC for tax year 2025 as a negative number on line 14b. Attach a statement showing the calculation of the depreciation amount.

**Line 14c – Enter the amount of allowable depreciation for prior year assets adjusted for H.R. 1 Sec. 70307**

If you reported a nonconformity addition relating to section 70307 in a prior year, continue the depreciation allowable under 2023 IRC for tax year 2025 as a negative number on line 14c. Attach a statement showing the calculation of the depreciation amount.

**Line 15 – Enhancement of Advanced Manufacturing Investment Credit (H.R. 1 Sec. 70308)**

If you claimed the 35-percent advanced manufacturing investment credit under IRC section 48D for property placed in service after December 31, 2025, adjust the basis in the property utilizing a 25-percent credit rate allowed under 2023 IRC. Include any adjustments to adjusted gross income as a result of this Minnesota change in basis on line 15.

**Line 16 – Exempt Facility Bond Rules for Spaceports (H.R. 1 Sec. 70309)**

If you exempted facility bond interest relating to a spaceport, include the amount of the exempt interest income on obligations issued after July 4, 2025, as a positive number on line 16.

**Line 17 – Subpart F Provisions (H.R. 1 Sec. 70352 and 70354)**

If you have an adjustment for one of the provisions below, enter the amount on line 17. If you have an adjustment for more than one provision listed below, net the adjustments and enter the total on line 17. Attach a statement showing the calculation of each adjustment.

**Repeal of Election for 1-Month Deferral in Determination of Taxable Year of Specific Foreign Corporations (H.R. 1 Sec. 70352)**

If you would have utilized the 1-month deferral under 2023 IRC for determining a specified foreign corporation's taxable year beginning after November 30, 2025, determine any impacts and include any adjustments to AGI on line 17.

**Modifications to Pro Rata Share Rules (H.R. 1 Sec. 70354)**

If you included a pro rata share of Subpart F or GILTI income in AGI due to the pro rata share rule changes under H.R. 1 section 70354, recalculate your income included during the 2025 taxable year using the rules required under 2023 IRC. Include any adjustments to AGI on line 17.

**Line 18 – Enhancement of Employer-Provided Child Care Credit (H.R. 1 Sec. 70401)**

If you claimed the Employer-Provided Child Care Credit for amounts paid or incurred after December 31, 2025, determine any changes to AGI due to changes in property basis or disallowed business expense deductions using 2023 IRC. Reverse the impacts and include any adjustments to AGI on line 18.

**Line 20 – Exception to Percentage of Completion Method of Accounting (H.R. 1 Sec. 70430)**

If you utilized the completed contract method under the expanded exception within H.R. 1 section 70430 for contracts entered into in taxable years beginning after July 4, 2025, recalculate your AGI using the percentage of completion method and include any adjustments to AGI on line 20.

**Line 21 – Expansion of Qualified Small Business Stock Gain Exclusion (H.R. 1 Sec. 70431)**

If any of the following apply to you:

- Excluded a gain for a disposition of a qualified small business stock (QSBS) using the tiered applicable percentage holding period requirements for QSBS acquired after July 4, 2025;
- Limited the aggregate amount of gain from disposition of a QSBS using the \$15 million threshold for QSBS acquired after July 4, 2025; or
- Had aggregate gross assets between \$50 million and \$75 million for stock issued after July 4, 2025, and were determined to be a "qualified small business" for federal purposes.

Then reverse the impacts of the H.R. 1 section 70431 changes above and include any adjustments to AGI on line 21.

**Line 22a – Treatment of Certain Sound Recording Productions (H.R. 1 Sec. 70434)**

If you elected to immediately expense the cost of qualified sound recording productions as defined under IRC section 181(a)(2)(C) for productions commencing in taxable years ending after July 4, 2025, include the immediate expense deduction as a positive number on line 22a.

**Line 22b – Enter the amount of allowable depreciation for assets on line 22a**

If you reported a nonconformity addition on line 22a, report the depreciation allowable under 2023 IRC for tax year 2025 as a negative number on line 22b. Attach a statement showing the calculation of the depreciation amount.

**Line 22c – Enter the amount of allowable depreciation for prior year assets adjusted H.R. 1 Sec. 70434**

If you reported a nonconformity addition relating to section 70434 in a prior year, continue the depreciation allowable under 2023 IRC for tax year 2025 as a negative number on line 22c. Attach a statement showing the calculation of the depreciation amount.

**Line 23 – Exclusion of Interest on Loans Secured by Rural or Agricultural Real Property (H.R. 1 Sec. 70435)**

If you excluded interest income relating to loans secured by rural or agricultural real property as provided under IRC section 139L for taxable years ending after July 4, 2025, include the excluded interest income as a positive number on line 23.

**Line 24a – Termination of Energy Efficient Commercial Buildings Deduction (H.R. 1 Sec. 70507)**

If you constructed energy efficient commercial building property beginning after June 30, 2026, and would have qualified for an immediate deduction under 2023 IRC section 179D, include the amount of the immediate deduction and any other impacts to AGI on line 24a. Attach a statement showing the calculation of the deduction amount and other impacts to AGI.

**Line 24b – Reverse federally claimed depreciation for assets on line 24a**

If you reported a nonconformity adjustment on line 24a, include the depreciation you claimed on your 2025 federal return as a positive number on line 24b.

**Line 25a – Termination of Cost Recovery for Energy Property (H.R. 1 Sec. 70509)**

If you constructed energy property beginning after December 31, 2024, and would have qualified for the 5-year accelerated depreciation under 2023 IRC section 168(e)(3)(B)(vi), determine the amount of depreciation allowed using the 5-year accelerated depreciation method and include the result as a negative number on line 25a. Attach a statement showing the calculation of the depreciation amount.

**Line 25b – Reverse federally claimed depreciation for assets on line 25a**

If you reported a nonconformity adjustment on line 25a, include the depreciation you claimed on your 2025 federal return as a positive number on line 25b.

**Line 25c – Enter the amount of allowable depreciation for prior year assets adjusted for the H.R. 1 Sec. 70509**

If you reported a nonconformity adjustment relating to section 70509 in a prior year, determine the depreciation allowable for the portion of the asset cost remaining using 2023 IRC for tax year 2025. Also reverse the depreciation you claimed on your 2025 federal return. Net these amounts and include the result on line 25c. Attach a statement showing the calculation of these amounts.

**Line 26 – Employee Retention Credit Enforcement Provisions (H.R. 1 Sec. 70605)**

If you have impacts to AGI relating to the employee retention credit changes under H.R. 1 section 70605 for credits, refunds, or assessments made after July 4, 2025, that are not otherwise subtracted on line 21 of Schedule M1MB, Business Income Additions and Subtractions, include the impacts to AGI on line 26.

**Line 36 – Other Adjustments to Adjusted Gross Income**

If any provision within any federal acts enacted since May 1, 2023, impacts the calculation of AGI and is not included as an adjustment on another line of this schedule, enter an adjustment incorporating the change(s) to AGI on line 36. Common examples of adjustments to AGI are capital contribution limitations, capital loss limitations, basis adjustments, and gain or loss from sales.

Attach a statement showing the calculation of any amount entered on line 36.

Do not include the following federal deductions on this line as they do not impact adjusted gross income:

- Enhanced deduction for seniors
- No tax on tips
- No tax on overtime
- No tax on car loan interest

**Line 37 – Rental Real Estate Loss Limitation Adjustment**

Rental real estate losses are limited based on your Minnesota adjusted gross income. Complete the Worksheet for Line 37 – Rental Real Estate Loss Limitation Adjustment if line 7 of your federal Schedule 8582 was less than \$150,000. Enter the adjustment on line 37 of this schedule.

**Worksheet for Line 37 – Rental Real Estate Loss Limitation**

- 1 Enter the amount from line 5 of federal Form 8582 .....
- 2 Enter the amount from line 6 of federal Form 8582 .....
- 3 Enter the total of lines 1 through 36 of Schedule M1NC .....
- 4 Add steps 2 and 3. If the result is greater than or equal to step 1, skip steps 5 and 6 and enter 0 on step 7  
Otherwise, continue with step 5.....
- 5 Subtract step 4 from step 1. If zero or less, enter 0 .....
- 6 Multiply step 5 by 50% (0.5). Do not enter more than line 8 of Form 8582 .....
- 7 Enter the lesser of line 4 of Form 8582 or step 6 of this worksheet .....
- 8 Enter the amount from line 10 of Form 8582 .....
- 9 Add steps 7 and 8.....
- 10 Enter the amount from line 11 of Form 8582 .....
- 11 Subtract step 9 from step 10. Include the result on line 37 of Schedule M1NC .....

## Line 38 – Taxable Social Security Benefits Adjustment

If you received Social Security benefits, you must use one of these methods to determine the taxable portion for Minnesota purposes.

### Method 1

Use method 1 if you received social security benefits and either of these apply:

- You did not claim an IRA deduction on your federal return
- You did claim an IRA deduction on your federal return, but neither you or your spouse were covered by a retirement plan at work or through self-employment

Complete the **Worksheet for Line 38 – Social Security Benefits** to determine the adjustment to your Minnesota taxable Social Security benefits.

### Method 2

Use method 2 if you received Social Security benefits and both of these apply:

- You are claiming an IRA deduction
- You or your spouse were covered by a retirement plan at work or through self-employment

Complete a separate Minnesota worksheet for each of Worksheets 1 through 3 of Appendix B in IRS Publication 590-A. To determine your Minnesota IRA deduction and taxable Social Security benefits on these worksheets follow the federal instructions but with the following modifications:

- On line 1 of your Minnesota Worksheets 1 and 3, include adjustments to AGI from lines 1 through 37 of Schedule M1NC
- On your Minnesota Worksheet 3, subtract the amount from line 19 of your federal worksheet from line 19 of your Minnesota worksheet and enter the result on line 37 of Schedule M1NC
- Do not use the Worksheet for Line 39 to determine your Minnesota IRA deduction adjustment

### Worksheet for Line 38 – Social Security Benefits

- 1 Total amount from box 5 of all your Forms SSA and RRB-1099 .....
- 2 Multiply step 1 by 50% .....
- 3 Combine amounts from Form 1040 or 1040-SR lines 1z, 2b, 3b, 4b, 5b, 7 and 8 .....
- 4 Form 1040 or 1040-SR line 2a (tax exempt interest) .....
- 5 Combine amounts from lines 1 through 37 of Schedule M1NC .....
- 6 Combine step 2, 3, 4, and 5 .....
- 7 Enter the total of the amounts from Schedule 1, lines 11 through 20, and 23 and 25 .....
- 8 If step 7 is less than step 6, subtract step 7 from step 6.  
If step 7 is more than step 6, none of your Social Security is taxable.  
Skip steps 9 through 18, enter 0 on step 19 and continue to step 20 .....
- 9 If you are:  
Married filing jointly enter \$32,000  
Single, Head of household, Qualifying widower, Married filing separately enter \$25,000  
Married filing separately and lived with spouse, skip step 9 through 16.  
Multiply step 8 by 85%, enter result on step 17, and continue to step 18 .....
- 10 If step 9 is less than step 8, subtract step 9 from step 8.  
If step 9 is more than step 8, none of your social security benefits are taxable.  
Skip steps 11 through 18, enter 0 on step 19 and continue to step 20 .....
- 11 If you are:  
Married filing jointly enter \$12,000  
Single, head of household, qualifying widower, or married filing separately enter \$9,000 .....
- 12 Subtract step 11 from step 10. If less than zero, enter 0 .....
- 13 Enter smaller of step 10 or 11 .....
- 14 Multiply step 13 by 50% .....
- 15 Enter smaller of step 2 or step 14 .....
- 16 Multiply line 12 by 85% .....
- 17 Add steps 15 and 16 .....
- 18 Multiply line 1 by 85% .....
- 19 Enter the smaller of steps 17 or 18 .....
- 20 Enter amount from line 6b of Form 1040 .....
- 21 Subtract Step 20 from step 19. Enter result on line 38 of Schedule M1NC. If negative, enter as a negative .....

### Line 39 – IRA Deduction Adjustment

Use the Worksheet for Line 39 on the next page to determine your Minnesota IRA deduction. Do not use the worksheet if:

- You used method 2 on line 38 to determine your taxable Social Security benefits and IRA deduction
- You (and your spouse if filing a joint return) were not covered by a retirement plan at work or through self-employment

#### Worksheet for Line 39 — Minnesota IRA Deduction (2025)

	Your IRA	Spouse's IRA
	<input type="checkbox"/> Yes	<input type="checkbox"/> No
	<input type="checkbox"/> Yes	<input type="checkbox"/> No
1 Were you covered by a retirement plan? Answer Yes or No on Step 1. If you answered No, see instructions.	<input type="checkbox"/> Yes	<input type="checkbox"/> No
2 Enter the amount shown below that applies to you . . . . . <ul style="list-style-type: none"><li>• Single, Head of household, married filing separately and lived apart enter \$89,000</li><li>• Qualifying Surviving Spouse enter \$146,000</li><li>• Married filing jointly enter \$146,000 if you checked Yes on step 1</li><li>• Married filing jointly enter \$246,000 if you checked No on step 1</li><li>• Married filing separately and you lived with your spouse enter \$10,000</li></ul>	2a	2b
3 Enter the amount from line 9 of Form 1040 or 1040-SR . . . . .	3	
4 Combine the amounts included on lines 1through 38 of Schedule M1NC . . . . .	4	
5 Add steps 3 and 4 . . . . .	5	
6 Enter the total of amounts from Schedule 1, lines 11 through 19a, plus 23 and 25 . . . . .	6	
7 Subtract step 6 from step 5. Enter the result in both columns . . . . .	7a	7b
8 If the amount on step 7 is less than step 2, continue to step 9.  If the amount on step 7 is more than step 2, none of your IRA is deductible for Minnesota purposes. <b>Stop here</b> and include the amount you entered on line 20 of federal Schedule 1 on line 39 of Schedule M1NC.		
9 Subtract step 7 from step 2.  If your filing status is single, head of household, or married filing separately and the result is less than \$10,000, enter the difference on step 9 and go to step 10.  If the result is \$10,000 or more, enter one of the following amounts on step 10 and go to step 11 . . . . .	9a	9b
<ul style="list-style-type: none"><li>• \$7,000 if under age 50 at the end of 2025</li><li>• \$8,000 if over age 50 at the end of 2025</li></ul>		
If you are married filing jointly or a qualifying surviving spouse, and the result is \$20,000 or more (\$10,000 in the column that entered No on step 1), enter one of the following amounts on step 10 and go to step 11. <ul style="list-style-type: none"><li>• \$7,000 if under age 50 at the end of 2025</li><li>• \$8,000 if over age 50 at the end of 2025</li></ul>		
Otherwise, enter the difference on line 9 and go to step 10.		
10 Multiply the amounts on step 9 by the following percentages. Round the result up to the nearest multiple of \$10. If the result is less than \$200, enter \$200. . . . .	10a	10b
If single, head of household, married filing separately use 70% (.70) or if over age 50 at the end of 2025, use 80% (.80)		
If married filing jointly and answered Yes on step 1, use 35% (.35) or in the column of a person who is over age 50 at the end of 2025, use 40% (.40). In the column for people who answered No on step 1, use 70% (.70) or 80% (.80) if over age 50 at the end of 2025		
11 Enter the total of your (and your spouse's if filing a joint return): . . . . .	11	
<ul style="list-style-type: none"><li>• Wages, salaries, tips</li><li>• Alimony reported on line 2a of Schedule 1</li><li>• Nontaxable combat pay from Box 12 of Form W-2 with Code Q</li></ul>		
12 Enter the earned income you (and your spouse if filing a joint return) received as self-employed. This is net earnings minus the deduction on lines 15 and 16 of Schedule 1. If zero or less, enter 0 . . . . .	12	
13 Combine amounts from lines 8 through 36 of Schedule M1NC . . . . .	13	
14 Combine the amounts on steps 11, 12, and 13. . . . .	14	
If married filing jointly and step 14 is less than \$14,000 (\$15,000 if one spouse is age 50 or older at the end of 2025; \$16,000 if both spouses are age 50 or older at the end of 2025), <b>stop here</b> , and use the worksheet in Pub. 590-A to figure your IRA deduction.		
15 Enter traditional IRA contributions to your IRA on step 15a and your spouse's IRA on step 15b . . . . .	15a	15b
16 On step 16a, enter the smaller of steps 10a, 14, or 15a On step 16b, enter the smaller of steps 10b, 14, or 15b . . . . .	16a	16b
17 Combine the amounts on step 16 . . . . .	17	
18 Enter the amount from line 20 of federal Schedule 1 . . . . .	18	
19 Subtract step 17 from step 18. Enter the result on line 39 of Schedule M1NC. If the result is negative, enter as a negative amount. . . . .	19	

## Line 40 – Student Loan Interest Deduction Adjustment

Complete the Worksheet for Line 40 – Student Loan Interest if you deducted student loan interest on your federal return. After you complete the worksheet, enter the adjustment on line 40. If you are required to complete worksheets for lines 37 through 39, you must complete those worksheets before completing the worksheet for line 40.

### Worksheet for Line 40 – Student Loan Interest Deduction

- 1 Enter the interest you paid in 2025 on qualified student loans (see instructions for line 21 of federal Schedule 1).  
Do not enter more than \$2,500 .....
- 2 Enter the amount from line 9 of federal Form 1040 or 1040-SR .....
- 3 Enter the total of lines 1 through 38 of Schedule M1NC .....
- 4 Add steps 2 and 3 .....
- 5 Enter the total of the amounts from Schedule 1, lines 11 through 20, and 23 and 25 .....
- 6 Enter IRA deduction adjustment from line 39 of Schedule M1NC .....
- 7 Add steps 5 and 6 .....
- 8 Subtract step 7 from step 4 .....
- 9 Enter amount based on filing status .....

  - Single, head of household, qualifying widower - \$85,000
  - Married filing jointly - \$170,000

- 10 If step 8 is more than step 9, subtract step 9 from step 8 .....

  - If step 8 is less than step 9, skip steps 10 and 11, enter 0 on step 12, and go to step 13.....

- 11 Divide step 10 by \$15,000 (\$30,000 if married filing jointly). Enter result as decimal (rounded to at least three places)  
If the result is more than 1.000, enter 1.000 .....
- 12 Multiply step 1 by step 11 .....
- 13 Subtract step 12 from step 1. Minnesota student loan interest deduction .....
- 14 Federal student loan interest deduction from line 21 of federal Schedule 1 .....
- 15 Subtract step 13 from step 14. Enter the result on line 40 of Schedule M1NC. If the result is negative, enter as a negative.....

## Line 41 – Add lines 1 through 40

### Earned income adjustments

If you entered an amount on lines 8 through 26 and are filing Schedules M1MA, M1CWFC, M1CD, or M1SLC, follow the instructions below to determine what earned income to use when completing the schedule.

### Schedule M1MA

To complete line 2 of Schedule M1MA, adjust the amount in column A or B for each spouse based on lines 8 through 26 of Schedule M1NC.

### Schedule M1CWFC

Complete the Worksheet for Earned Income for line 2 of Schedule M1CWFC, combine the amounts from lines 8 through 26 of Schedule M1NC, then add these two amounts and enter the result on line 2 of Schedule M1CWFC.

### Schedule M1CD

Include the amounts from lines 8 through 26 of Schedule M1NC when determining the earned income for each spouse separately on lines 2 and 3 of Schedule M1CD.

### Schedule M1SLC

Include the amounts from lines 8 through 26 of Schedule M1NC when determining the earned income for each spouse for columns A and B of line 6 of Schedule M1SLC.

## Line 43 – Minnesota Adjusted Gross Income

If you are claiming the social security subtraction on line 12 of Schedule M1M, Income Additions and Subtractions, use the Worksheet for Line 12 of Schedule M1M below to determine your subtraction. If you are claiming the delayed net operating loss from line 19 of Schedule M1MB, use the Worksheet for Line 19 of Schedule M1MB below to determine your subtraction.

### If you are filing the following forms, use the amount from line 43 on the appropriate lines:

- Line 5 of Schedule M1CD, Child and Dependent Care Credit
- Line 1 of Schedule M1ED, K -12 Education Credit
- Line 1 of Schedule M1CWFC, Minnesota Child and Working Family Credits
- Lines 2 and 21 of Schedule M1SA, Minnesota Itemized Deductions
- Line 18 of Schedule M1CAT, Casualty and Theft
- Line 9 of Schedule M1R, Age 65 or Older/Disabled Subtraction
- Line 1 of Schedule M1MT, Alternative Minimum Tax
- Line 2 of Schedule M1SLC, Student Loan Credit

- Line 1 of Schedule M1CR, Credit for Income Tax Paid to Another State (use this amount in the instructions for line 1)
- Line 1 of Schedule M1RCR, Credit for Tax Paid to Wisconsin (use this amount in the instructions for line 1)
- Line 4 of Schedule M1QOPEN, Qualified Public Pension Subtraction
- Line 1 of Schedule M1RENT, Renter's Credit

**Use line 43 of Schedule M1NC on the following worksheets:**

- Form M1 - Step 1 of the Worksheet for Line 4 – Standard Deduction Limitation
- Form M1 - Step 4 of the Worksheet for Line 5 – Dependent Exemptions
- Schedule M1SA – Use line 43 of Schedule M1NC to determine which worksheet to complete for Line 26
- Schedule M1SA – If required to use Worksheet A for Line 26 - Step 4 of the Worksheet A for Line 26 – Itemized Deduction Phaseout for AGI \$1,083,150 or less
- Form M1 – Step 1 of the Worksheet for Line 4 – Standard Deduction AGI over \$1,083,150
- Form M1 – Step 1 of the Adjusted Gross Income Worksheet for PTE Deductions
- Schedule M1529 - Step 3 of the Worksheet for Line 5 (529 Credit)

## Worksheet for Line 12 of Schedule M1M

- 1 Line 43 of Schedule M1NC .....
- 2 Enter the amount based on your filing status .....

  - Married Filing Jointly or Qualifying Widow(er): \$108,320
  - Single or Head of household: \$84,490
  - Married Filing Separate: \$54,160

- 3 Subtract step 2 from step 1 .....
- 4 Divide step 3 by \$4,000 (\$2,000 if married and filing a separate return).  
Round up to nearest whole number. If greater than ten, enter 10 .....
- 5 Multiply step 4 by 10% (0.1) Enter the result as a decimal .....
- 6 Taxable Social Security benefits from line 6b of Form 1040 or 1040-SR .....
- 7 Step 21 of the Worksheet for Line 38 – Social Security Benefits .....
- 8 Combine steps 6 and 7 .....
- 9 Multiply step 5 by step 8. .....
- 10 Subtract step 9 from step 8. If less than zero, enter 0 .....
- 11 Enter the amount from line 9 of Form 1040 or 1040-SR .....
- 12 Subtract step 8 from step 11 .....
- 13 Enter the amount from line 6a of federal Form 1040 or 1040-SR .....
- 14 Multiply step 13 by 50% (0.50) .....
- 15 Enter the amount you included or should have included on line 2a of Form 1040 or 1040-SR .....
- 16 Add steps 12, 14, and 15 .....
- 17a Enter the amount from line 26 of federal Schedule 1 (total deductions from Schedule 1) .....
- 17b Enter your IRA deduction adjustment from Line 39 of Schedule M1NC .....
- 17c Combine steps 17a and 17b .....
- 18a Enter the amount from line 21 of federal Schedule 1 .....
- 18b Enter your student loan interest adjustment from Line 40 of Schedule M1NC .....
- 18c Combine Steps 18a and 18b .....
- 19 Subtract step 18c from step 17c. If zero or less, enter 0 .....
- 20 Subtract step 19 from step 16. If zero or less, enter 0 .....
- 21 Enter the amount based on your filing status .....

  - Married Filing Jointly or Qualifying Widow(er): \$88,630
  - Single or Head of household: \$69,250
  - Married Filing Separate: \$44,315

- 22 Subtract step 21 from step 20. If zero or less, enter 0 .....
- 23 Multiply step 22 by 20% .....
- 24 Enter the amount based on your filing status .....

  - Married Filing Jointly or Qualifying Widow(er): \$5,840
  - Single or Head of household: \$4,560
  - Married Filing Separate: \$2,920

- 25 Subtract step 23 from step 24. If zero or less, enter 0 .....
- 26 Enter the amount from step 8 (Minnesota Taxable Social Security benefits) .....
- 27 Enter the amount of Tier 1 railroad retirement benefits included on line 17 of Schedule M1M .....
- 28 Subtract step 27 from step 26. If zero or less, enter 0 .....
- 29 Enter step 25 or step 28, whichever is less .....
- 30 Subtract step 27 from step 10. If zero or less, enter 0 .....
- 31 Enter step 29 or 30, whichever is greater. Also, enter this amount on line 12 of Schedule M1M .....