

Minnesota Tax Impacts Resulting from the 2025 Federal Tax Budget and Reconciliation Bill (H.R. 1)

This table shows the provisions in H.R. 1, many of which will impact Minnesota income taxpayers. Also shown are the respective impacted Internal Revenue Code (I.R.C.) sections for each provision, the tax years impacted, and the impacted state income tax forms.

*Minnesota tax form series guide:

M1 – Individual forms

M2 – Estate and Trust forms

M3 – Partnership forms

M4 – Corporation Franchise forms

M8 – S corporation forms

H.R. 1 Section	Section Title	Impacted I.R.C. Sections	Impact to Minnesota?	Impacted Years	Impacted Minnesota Tax Form Series*
70001	References to the IRC of 1986, etc.	Not Applicable	No	Not Applicable	Not Applicable
70101	Extension and Enhancement of Reduced Rates	Section 1	No	Not Applicable	Not Applicable
70102	Extension and Enhancement of Increased Standard Deduction	Section 63	No	Not Applicable	Not Applicable
70103	Termination of Deduction for Personal Exemptions Other Than Temporary Senior Deduction	Sections 151, 6213	No	Not Applicable	Not Applicable
70104	Extension and Enhancement of Increased Child Tax Credit	Sections 24, 6213	No	Not Applicable	Not Applicable

H.R. 1 Section	Section Title	Impacted I.R.C. Sections	Impact to Minnesota?	Impacted Years	Impacted Minnesota Tax Form Series*
70105	Extension and Enhancement of Deduction for Qualified Business Income	Section 199A	No	Not Applicable	Not Applicable
70106	Extension and Enhancement of Increased Estate and Gift Tax Exemption Amounts	Section 2010	No	Not Applicable	Not Applicable
70107	Extension of Increased Alternative Minimum Tax Exemption Amounts and Modification of Phaseout Thresholds	Section 55	No	Not Applicable	Not Applicable
70108	Extension and Modification of Limitation on Deduction for Qualified Residence Interest	Section 163	No	Not Applicable	Not Applicable
70109	Extension and Modification of Limitation on Casualty Loss Deduction	Section 165	No	Not Applicable	Not Applicable
70110	Termination of Miscellaneous Itemized Deductions Other Than Educator Expenses	Section 67	Yes	2026	M2
70111	Limitation on Tax Benefit of Itemized Deductions	Sections 68, 199A	No	Not Applicable	Not Applicable
70112	Extension and Modification of Qualified Transportation Fringe Benefits	Sections 132, 274	Yes	2026	M1, M2, M3, M4, M8

H.R. 1 Section	Section Title	Impacted I.R.C. Sections	Impact to Minnesota?	Impacted Years	Impacted Minnesota Tax Form Series*
70113	Extension and Modification of Limitation on Deduction and Exclusion for Moving Expenses	Sections 217, 132	Yes	2026	M1
70114	Extension and Modification of Limitation on Wagering Losses	Section 165	Yes	2026	M1
70115	Extension and Enhancement of Increased Limitation on Contributions to Able Accounts	Section 529A	No	Not Applicable	Not Applicable
70116	Extension and Enhancement of Savers Credit Allowed for Able Contributions	Section 25B Section 103(e) of the SECURE 2.0 Act of 2022	No	Not Applicable	Not Applicable
70117	Extension of Rollovers from Qualified Tuition Programs to Able Accounts Permitted	Section 529	Yes	2026	M1
70118	Extension of Treatment of Certain Individuals Performing Services in the Sinai Peninsula and Enhancement to Include Additional Areas	Section 112, and conforming adjustments to Section 11026(a) of Public Law 115-97	Yes	2026	M1
70119	Extension and Modification of Exclusion from Gross Income of Student Loans Discharged on Account of Death or Disability	Sections 108, 6213	Yes	2026	M1

H.R. 1 Section	Section Title	Impacted I.R.C. Sections	Impact to Minnesota?	Impacted Years	Impacted Minnesota Tax Form Series*
70120	Limitation on Individual Deductions for Certain State and Local Taxes, etc.	Section 164(b)	No	Not Applicable	Not Applicable
70201	No Tax on Tips - Expansion of FICA Tip Credit	Sections 224, 225 45B, 63(b), 6213(g)(2), 199A(c) (4), 6041, 6041A, 6050W, 6051, 3402, 6213	No – No Tax on Tips Yes – FICA Tip Credit	Not Applicable 2025, 2026	Not Applicable M1, M2, M3, M4, M8
70202	No Tax on Overtime	225, 226, 63(b), 6051, 6041, 6213, 3402	No	Not Applicable	Not Applicable
70203	No Tax on Car Loan Interest	163, 63, 6050AA, 6724, 56	No	Not Applicable	Not Applicable
70204	Trump Accounts and Contribution Pilot Program	Sections 530A, 529A, 4973, 6693, 128, 139J, 6434, 6659, 6213, 6411, 6651	Yes	2026	M1, M2, M3, M4, M8
70301	Full Expensing for Certain Business Property	Sections 168, 460	Yes	2024, 2025, 2026	M1, M2, M3, M4, M8
70302	Full Expensing of Domestic Research and Experimental Expenditures	Sections 174, 174A, 41, 56, 59, 144, 195, 263, 263A, 543, 864, 1016, 1202	Yes	2022, 2023, 2024, 2025, 2026	M1, M2, M3, M4, M8
70303	Modification of Limitation on Business Interest	Section 163	Yes	2025, 2026	M1, M2, M3, M4, M8

H.R. 1 Section	Section Title	Impacted I.R.C. Sections	Impact to Minnesota?	Impacted Years	Impacted Minnesota Tax Form Series*
70304	Extension and Enhancement of Paid Family and Medical Leave Credit	Sections 45S, 280C	Yes	2026	M1, M2, M3, M4, M8
70305	Exceptions from Limitations on Deduction for Business Meals	Section 274	Yes	2025, 2026	M1, M2, M3, M4, M8
70306	Increased Dollar Limitations for Expensing of Certain Depreciable Business Assets (Section 179 Expensing)	Section 179	Yes	2025, 2026	M1, M2, M3, M4, M8
70307	Special Depreciation Allowance for Qualified Production Property	Sections 168, 1245	Yes	2024, 2025, 2026	M1, M2, M3, M4, M8
70308	Enhancement of Advanced Manufacturing Investment Credit	Section 48D	Yes	2025, 2026	M1, M2, M3, M4, M8
70309	Spaceports Are Treated Like Airports Under Exempt Facility Bond Rules	Sections 142, 149	Yes	2024, 2025, 2026	M1, M2, M3, M4, M8
70311	Modification Related to Foreign Tax Credit Limitation	Section 904	No	Not Applicable	Not Applicable
70312	Modifications to Determination of Deemed Paid Credit for Taxes Properly Attributable to Tested Income	Section 960, 78	No	Not Applicable	Not Applicable

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70313	Sourcing Certain Income from the Sale of Inventory Produced in the United States	Section 904	No	Not Applicable	Not Applicable
70321	Modification of Deduction for Foreign-Derived Deduction Eligible Income and Net CFC Tested Income	Section 250	No	Not Applicable	Not Applicable
70322	Determination of Deduction Eligible Income	Section 250	No	Not Applicable	Not Applicable
70323	Rules Related to Deemed Intangible Income	Sections 951A, 250, 172, 960	Yes	2026	M1, M2, M3, M4, M8
70331	Extension and Modification of Base Erosion Minimum Tax Amount	Section 59A	No	Not Applicable	Not Applicable
70341	Coordination of Business Interest Limitation with Interest Capitalization Provisions	Section 163	Yes	2026	M1, M2, M3, M4, M8
70342	Definition of Adjusted Taxable Income for Business Interest Limitation	Section 163	Yes	2026	M1, M2, M3, M4, M8
70351	Permanent Extension of Look-Thru Rule for Related Controlled Foreign Corporations	Section 954	Yes	2026	M1, M2, M3, M4, M8

H.R. 1 Section	Section Title	Impacted I.R.C. Sections	Impact to Minnesota?	Impacted Years	Impacted Minnesota Tax Form Series*
70352	Repeal of Election for 1-Month Deferral in Determination of Taxable Year of Specified Foreign Corporations	Section 898	Yes	2025, 2026	M1, M2, M3, M4, M8
70353	Restoration of Limitation on Downward Attribution of Stock Ownership in Applying Constructive Ownership Rules	Sections 958, 951B	Yes	2026	M1, M2, M3, M4, M8
70354	Modifications to Pro Rata Share Rules	Sections 951, 951A	Yes	2024, 2025, 2026	M1, M2, M3, M4, M8
70401	Enhancement of Employer-Provided Child Care Credit	Section 45F	Yes	2025, 2026	M1, M2, M3, M4, M8
70402	Enhancement of Adoption Credit	Section 23	No	Not Applicable	Not Applicable
70403	Recognizing Indian Tribal Governments for Purposes of Determining Whether a Child has Special needs for Purposes of the Adoption Credit	Section 23	No	Not Applicable	Not Applicable
70404	Enhancement of the Dependent Care Assistance Program	Section 129	Yes	2026	M1
70405	Enhancement of Child and Dependent Care Tax Credit	Section 21	Yes	2026	M1

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70411	Tax Credit for Contributions of Individuals to Scholarship Granting Organizations	Sections 25F, 139K	Yes	2027	M1
70412	Exclusion for Employer Payments of Student Loans	Section 127	Yes	2026	M1
70413	Additional Expenses Treated as Qualified Higher Education Expenses for Purposes of 529 Accounts	Section 529	Yes	2026	M1
70414	Certain Postsecondary Credentialing Expenses Treated as Qualified Higher Education Expenses for Purposes of 529 Accounts	Section 529	Yes	2025	M1
70415	Modification of Excise Tax on Investment Income of Certain Private Colleges and Universities	Sections 4968, 6033	No	Not Applicable	Not Applicable
70416	Expanding Application of Tax on Excess Compensation within Tax-Exempt Organizations	Section 4960	No	Not Applicable	Not Applicable
70421	Permanent Renewal and Enhancement of Opportunity Zones	Sections 1400Z-1, 1400Z-2, 6011, 6039K, 6039L, 6724, 6726	Yes	2026	M1, M2, M3, M4, M8
70422	Permanent Enhancement of Low-Income Housing Tax Credit	Section 42	No	Not Applicable	Not Applicable

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70423	Permanent Extension of New Markets Tax Credit	Section 45D	Yes	2026	M1, M2, M3, M4, M8
70424	Permanent and Expanded Reinstatement of Partial Deduction for Charitable Contributions of Individuals Who Do Not Elect to Itemize	Section 170	No	Not Applicable	Not Applicable
70425	0.5 Percent Floor on Deduction of Contributions Made by Individuals	Section 170	Yes	2026	M1
70426	1-Percent Floor on Deduction of Charitable Contributions Made by Corporations	Section 170	Yes	2026	M4
70427	Permanent Increase in Limitation on Cover Over of Tax on Distilled Spirits	Section 7652	No	Not Applicable	Not Applicable
70428	Nonprofit Community Development Activities in Remote Native Villages	Subchapter F of Chapter 1	No	Not Applicable	Not Applicable
70429	Adjustment of Charitable Deduction for Certain Expenses Incurred in Support of Native Alaskan Subsistence Whaling	Section 170	Yes	2026	M1
70430	Exception to Percentage of Completion Method of Accounting for Certain Residential Construction Contracts	Section 460, 56	Yes	2024, 2025, 2026	M1, M2, M3, M4, M8

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70431	Expansion of Qualified Small Business Stock Gain Exclusion	Sections 1202, 57	Yes	2024, 2025, 2026	M1, M2, M3, M4, M8
70432	Repeal of Revision to De Minimis Rules for Third Party Network Transactions	Sections 6050W, 3406	Yes	2025, 2026	Not Applicable
70433	Increase in Threshold for Requiring Information Reporting with Respect to Certain Payees	Sections 6041,6041A, 3406	Yes	2026	Not Applicable
70434	Treatment of Certain Qualified Sound Recording Productions	Sections 181, 168	Yes	2024, 2025, 2026	M1, M2, M3, M4, M8
70435	Exclusion of Interest on Loans Secured by Rural or Agricultural Real Property	Section 139L	Yes	2024, 2025, 2026	M1, M2, M3, M4, M8
70436	Reduction of Transfer and Manufacturing Taxes for Certain Devices	Sections 5811, 5821, 4182	No	Not Applicable	Not Applicable
70437	Treatment of Capital Gains from the Sale of Certain Farmland Property	Section 1062	No	Not Applicable	Not Applicable
70438	Extension of Rules for Treatment of Certain Disaster-Related Personal Casualty Losses	Sections 301 and 304 of Public Law 116-260	No	Not Applicable	Not Applicable
70439	Restoration of Taxable REIT Subsidiary Asset Test	Section 856	Yes	2026	M4

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70501	Termination of Previously Owned Clean Vehicle Credit	Section 25E	No	Not Applicable	Not Applicable
70502	Termination of Clean Vehicle Credit	Section 30D	No	Not Applicable	Not Applicable
70503	Termination of Qualified Commercial Clean Vehicles Credit	Section 45W	No	Not Applicable	Not Applicable
70504	Termination of Alternative Fuel Vehicle Refueling Property Credit	Section 30C	No	Not Applicable	Not Applicable
70505	Termination of Energy Efficient Home Improvement Credit	Section 25C	No	Not Applicable	Not Applicable
70506	Termination of Residential Clean Energy Credit	Section 25D	No	Not Applicable	Not Applicable
70507	Termination of Energy Efficient Commercial Buildings Deduction	Section 179D	Yes	2025, 2026	M1, M2, M3, M4, M8
70508	Termination of New Energy Efficient Home Credit	Section 45L	No	Not Applicable	Not Applicable
70509	Termination of Cost Recovery for Energy Property	Section 168(e)	Yes	2024, 2025, 2026	M1, M2, M3, M4, M8
70510	Modifications of Zero-Emission Nuclear Power Production Credit	Section 45U	No	Not Applicable	Not Applicable

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70511	Termination of Clean Hydrogen Production Credit	Section 45V	No	Not Applicable	Not Applicable
70512	Termination and Restrictions on Clean Electricity Production Credit	Sections 45Y, 45X, 45J, 45E, 48E, 7701, 6417, 6418, 6501, 6662, 6695B, 6696	No	Not Applicable	Not Applicable
70513	Termination and Restrictions on Clean Electricity Investment Credit	Sections 48E, 48, 50, 1371, 6418	No	Not Applicable	Not Applicable
70514	Phase-Out and Restrictions on Advanced Manufacturing Production Credit	Section 45X	No	Not Applicable	Not Applicable
70515	Restrictions on the Extension of Advanced Energy Project Credit Program	Section 48C	No	Not Applicable	Not Applicable
70521	Extension and Modification of Clean Fuel Production Credit	Sections 45Z, 6426, 40A, 6418 Section 13704(b)(5) of Public Law 117-1	No	Not Applicable	Not Applicable
70522	Restrictions on Carbon Oxide Sequestration Credit	Sections 45Q, 6417	No	Not Applicable	Not Applicable

H.R. 1 Section	Section Title	Impacted I.R.C. Sections	Impact to Minnesota?	Impacted Years	Impacted Minnesota Tax Form Series*
70523	Intangible Drilling and Development Costs Taken into Account for Purposes of Computing Adjusted Financial Statement Income	Section 56A	No	Not Applicable	Not Applicable
70524	Income from Hydrogen Storage, Carbon Capture, Advanced Nuclear, Hydropower, and Geothermal Energy Added to Qualifying Income of Certain Publicly Traded Partnerships	Section 7704	Yes	2026	M1, M2, M3, M4, M8
70525	Allow for Payments to Certain Individuals who Dye Fuel	Sections 6435, 6206, 6430, 6675	No	Not Applicable	Not Applicable
70531	Modifications to De Minimis Entry Privilege for Commercial Shipments	Section 321 of the Tariff Act of 1930	No	Not Applicable	Not Applicable
70601	Modification and Extension of Limitation on Excess Business Losses of Noncorporate Taxpayers	Section 461	Yes	2026	M1, M2
70602	Treatment of Payments from Partnerships to Partners for Property and Services	Section 707	No	Not Applicable	Not Applicable
70603	Excessive Employee Remuneration from Controlled Group Member and Allocation of Deduction	Section 162	Yes	2026	M4

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70604	Excise Tax on Certain Remittance Transfers	Section 4475	No	Not Applicable	Not Applicable
70605	Enforcement Provisions with Respect to COVID-related Employee Retention Credits	Sections 3134, 6676	Yes	2024, 2025, 2026	M1, M2, M3, M4, M8
70606	Social Security Number Requirement for American Opportunity and Lifetime Learning Credits	Sections 25A, 6213	No	Not Applicable	Not Applicable
70607	Task Force on the Replacement of Direct File	Not Applicable	No	Not Applicable	Not Applicable