



2025-26 Tax Pro Annual Webinar – Questions and Answers

These are questions and answers from the Minnesota Department of Revenue’s Annual Tax Pro Webinars on December 11, 2025, and January 14, 2026. The webinars covered what’s new for the 2026 filing season and beyond.

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Pass-Through Entity (PTE Tax)

Will Pass-Through Entity Tax be extended in Minnesota? When does it expire?

Under current Minnesota law, the PTE tax expires for taxable years that begin after December 31, 2025. The Legislature will need to decide whether the Minnesota PTE tax continues during the upcoming legislative session.

On line 1 of Form M1, Individual Income Tax, federal Adjusted Gross Income (AGI) includes an addback for PTE tax from Schedules KPI and KS. Does this also need to be included on line 2 of Form M1MB, Business Income Additions and Subtractions?

Yes. The worksheet in the Form M1 instructions is used to adjust AGI to complete the various other schedules and worksheets.

Should we set up individual estimated tax vouchers instead of making estimated payments to the business account since PTE tax is not available for 2026?

The PTE tax is valid for taxable years beginning before January 1, 2026. Under current law, the PTE tax will not be valid for a pass-through entity's 2026 taxable year. Taxpayers should follow estimated payment requirements under state law. Revenue cannot provide tax advice on whether a taxpayer should make estimated payments to either the business or individual account in the absence of PTE tax.

Business Income Tax

We have an Employee Retention Credit (ERC) amount included on the 2025 federal return that applied to 2021. Can we subtract this amount on the 2025 Minnesota return, or do we need to amend 2021?

If you did not reduce your wage expense in the year the ERC was claimed, you may add back the expense to gross income in the year the credit was received instead of amending your federal return in the year the ERC was claimed. You may then take the amount added to federal income as an ERC subtraction on your Minnesota return, if you did not previously take the subtraction for those amounts.

Should self-employed taxpayers who file corporate returns wait until April 15 to file their individual taxes, or should they wait until October 15?

Revenue does not offer a recommendation to taxpayers to file by a certain date, except the April 15 deadline required under law. Revenue will not impose a late filing penalty if a taxpayer waits to file their return until October 15, but they may still owe penalty and interest for failure to pay their taxes by April 15.

Are businesses still required to withhold tax for nonresident owners? Are nonresident owners still able to elect composite tax?

Yes. Partnerships and S corporations are still required to withhold for nonresident individual partners and shareholders.

An eligible partner, shareholder, or beneficiary can elect composite tax on:

- Form M2, Minnesota Income Tax for Estates and Trusts (Fiduciary)
- Form M3, Partnership Return
- Form M8, S Corporation Return

Fiduciary Income Tax

Will charitable remainder trusts that e-file federal Form 5227 and paper file Minnesota Form M2 be able to e-file Form M2 this year?

Yes. Trusts that file federal Form 5227 can e-file Minnesota Form M2.

Child Tax Credit

Is the advance payment of the Child Tax Credit (ACTC) option permanent?

Yes. The legislature must act to eliminate advance payments.

Can a taxpayer change their ACTC election?

Each year, taxpayers must indicate on their income tax return if they want to receive advance payments of the Child Tax Credit by checking the opt-in box on Schedule M1CWFC. A taxpayer cannot choose to receive ACTC once their tax return is filed, but they can stop advance payments once the return has been filed. Their choice does not carry over to future years.

What happens if a taxpayer stops advance payments?

If a taxpayer stops advance payments for the year, they must wait until they file their next income tax return to choose advance payments again for the following year. They are still required to file an income tax return, even if they stopped advance payments, and they will receive any remaining credit they are entitled to when they file their next tax return.

For ACTC, can you clarify the point where parents can claim their child as a dependent every other year?

Eligibility for claiming the Minnesota Child Tax Credit depends if the child is a qualifying child and not whether they can be claimed as a dependent. Being able to claim a child as a dependent does not determine if a parent is also able to claim the child for the Child Tax Credit. Sometimes a divorce decree will dictate who claims the children as dependents, but rules for qualifying children are different and cannot be dictated by the divorce decree.

Will clients who chose the advance child tax credit receive a tax form or letter?

We will send a summary letter in January with information about the advance payments received. Use this information to report your advance payments on your income tax return.

How do we know if a family received advanced child tax credit payments?

Ask your client. We send a summary letter in January with information about the payments they received. Use this information to report their advance payments on their income tax return for the following year.

Will Minnesota reject or catch returns if taxpayer states that they never received advance payments?

Returns with missing payments will be stopped and adjusted but not rejected. Taxpayers must include the advance payments they received during the year.

Can you please clarify your comment on needing to file the Minnesota return by April 15, even if you've extended your federal return.

Taxpayers who want to receive advance child tax credit payments must file by April 15. Returns filed after April 15 will not be eligible for advance payments.

What number should we use to call about a person's advance payment amount?

You may call our Income Tax and Withholding Division at 651-296-3781 or 800-652-9094.

If a child was born on December 20, 2025, are they eligible for the Child Tax Credit? If so, would the number of months in the household be 12, since the family would not receive the Child Tax Credit for only one month?

A child may be claimed for the Child Tax Credit on the 2025 return even if the child was born in late December 2025. If they were born in 2025 and they lived with the taxpayer for more than half the time they were alive during 2025, they may be claimed as a qualifying child for the Minnesota Child Tax Credit, and they should enter "12" on row 7 of Schedule M1DQC, *Dependents and Qualifying Children*.

Is it true that a baby or adopted baby born in 2025 is entitled to a \$3,000 (\$6,000 if twins) Child Care Credit even if there are no care expenses? How is it limited by earned income?

The taxpayer should complete the Worksheet for Children Born in 2025 in the instructions for Schedule M1CD, Child and Dependent Care Credit, to determine the amount they can use to calculate the Child and Dependent Care Credit. They will be eligible to claim expenses for the child born during the year even if they had no actual expenses, however, the credit is still limited by earned income. The taxpayer should determine if they are eligible for the credit, given their earned income, by completing Schedule M1CD.

Minnesota Paid Leave

Can you explain why a client incurs withholding for paid family medical leave from a paycheck effective January 01, 2026?

The Minnesota Paid Leave Program began withholding payroll taxes as of January 1, 2026. If you have questions about this program, visit [Paid Leave](#) from the Minnesota Department of Employment and Economic Development.

Will Minnesota family and medical leave compensation be reported on Form W2 or Form 1099?

If you need more information, visit [Paid Leave](#) from the Minnesota Department of Employment and Economic Development.

Social Security and Public Pension Subtractions

What happens if the taxpayer is not able to get the Social Security statement of earnings to determine the amount that was converted from Basic to Coordinated for Schedule M1QPEN, Qualified Public Pension Subtraction?

Taxpayers can get their Social Security contribution history from the [Social Security Administration](#). If the taxpayer is unable to retrieve the necessary information from the Social Security Administration, they should reach out to their pension administrators who may know this information. If possible, the taxpayer could also contact their former employers.

Could you provide more information on the Social Security Fairness Act, specifically the pension subtraction portion?

The passage of the federal Social Security Fairness Act repealed two social security benefit limitations, the Windfall Elimination Provision and the Government Pension Offset. The removal of these federal limitations does not directly impact the state Social Security subtraction.

Is Social Security no longer taxable in Minnesota?

Minnesota changed taxability of Social Security in tax year 2023 when it created a more generous subtraction. See the [instructions for Schedule M1M, Income Additions and Subtractions](#), for more information.

Is there a website to find out if a taxpayer qualifies for part of the pension subtraction?

The taxpayer should refer to the table in the instructions for the 2025 Schedule M1QPEN, Qualified Public Pension Subtraction, which provides a general list of qualified public pensions.

They should also read the note below the table in the instructions to ensure that their situation makes them eligible for this subtraction. For more information, visit the [Qualified Public Pension Subtraction webpage](#).

If a taxpayer's spouse is deceased, how do you look up their qualified public pension subtraction?

The taxpayer should contact the Social Security Administration or their pension administrator.

How do we determine if the client qualifies for the qualified public pension exemption from federal Form 1099-R? Clients usually have no other information to make that determination.

You should ask your client if they paid into Social Security while also paying in to their public pension while they were working. If they don't remember, they should be able to determine if they paid into Social Security for any particular job by logging into their account on the Social Security Administration website.

What phrase was used to search Revenue's website about Social Security Fairness Act?

Enter "qualified public pension" into the search box.

Certificates of Rent Paid (CRP)

If a couple co-owns rental property and they got divorced in 2025, should they issue separate CRPs showing the amounts each person will claim on their individual taxes?

The owners of a rental property have a joint responsibility to ensure CRPs are issued to their tenants. Regardless of the relationship of co-owners, one of them must furnish the CRP to the tenants and Revenue to fulfill their obligations. They do not have to both issue separate CRPs.

When e-filing Schedule M1RENT, do we need to attach the CRP, or can we enter an Electronic Certificate Number (ECN)?

When e-filing, you do not need to attach a copy of the CRP because you will enter CRP information, including the ECN, into the tax preparation software. If you're mailing the return, include a copy of the CRP with the return.

Is a CRP required to have an ECN?

All CRPs must be created and submitted through e-Services. CRPs created through e-Services will have an ECN.

If the taxpayer receives a CRP without an ECN, they should contact the property owner or managing agent and ask for a corrected CRP. If they do not receive a corrected CRP with an ECN, they should file Form M1 and claim the Renter's Credit with the CRP provided anyway. If their CRP does not have an ECN when they file their return, we may contact the taxpayer for additional information.

Renter's Credit

Can an estate receive a Renter's Credit or Property Tax Refund for a deceased taxpayer without a surviving spouse or dependents?

A Property Tax Refund for a deceased taxpayer may only go to their surviving spouse or dependent.

A Renter's Credit is included in the taxpayer's refund or amount due. Any refund may be paid out to the estate, but Form M1 must be filed along with Schedule M1RENT, Renter's Credit.

Are individuals whose only income is from Supplemental Security Income (SSI) and Minnesota Supplemental Aid (MSA) eligible for Rent Credit this year?

Yes. An individual with zero taxable income may still be eligible for the Renter's Credit. SSI and MSA are not used in the calculation of the Renter's Credit.

How long do we have to wait between requesting a CRP before an affidavit is filed instead?

The Minnesota Department of Revenue may create and issue a Rent Paid Affidavit (RPA) as soon as February 1. Please be aware that when Revenue issues an RPA, the taxpayer must provide further rent payment substantiation, even if they later receive the CRP.

We used to be able to calculate rent credits for newlyweds separately under the old law and potentially get them a refund. How do we do that now?

There are multiple variables that must be considered before determining if a married couple may calculate the Renter's Credit using both newlyweds' rents, however, only one renter credit can be

claimed per income tax return. Please refer to the Filing Situations table in the instructions for the 2025 Schedule M1RENT for more information.

Does the ECN stay the same even if ownership of the property changes?

Yes. Once the CRP is submitted, the ECN does not change. The ECN is specific to each CRP submission and will change annually.

Homestead Credit Refund

Are there any changes for the Property Tax Refund?

New subtractions were added to the calculation of household income to determine the homestead credit per changes to state tax law. For more information, please refer to the Other Subtractions line in the instructions for Form M1PR, Homestead Credit Refund.

Is a paper copy of the Minnesota property tax filing instructions still available?

Yes. You may request a paper copy be mailed to you by calling 651-296-3781 and press #5. Please note that paper copies may become outdated with legislative changes. Find the latest versions on our website using the [Find a Form](#) tool.

If the real estate tax statement shows a property is both AG HMSTD (Agricultural Homestead) and RVL HMSTD (Rural Vacant Land Homestead), do we just check HMSTD on Form M1PR?

You should contact the county to confirm that line 1 of the statement for the homesteaded agricultural homestead reflects only the house, garage, and land immediately surrounding the house and does not include the portion of the property constituting vacant land.

Does tip and overtime need to be reported on Form M1PR?

This income is already included in Federal Adjusted Gross Income (FAGI) on line 1 of Form M1PR.

Nonconformity

Will there be any retroactive changes for federal conformity?

Some of the changes in the 2025 Federal Tax Budget and Reconciliation Bill (H.R. 1) impact retroactive forms years. The Legislature will need to decide how to handle conformity during the upcoming legislative session.

Is the overtime adjustment a below-the-line adjustment on the federal return? Is an adjustment required for Minnesota?

Yes. Tip income and overtime income are below-the-line adjustments. Therefore, nonconformity adjustments are not required for Minnesota.

Will Minnesota Form 4562 be required due to bonus depreciation and Section 179 expensing nonconformity?

The nonconformity schedule instructions do not require Minnesota Form 4562 to be completed and submitted. You may choose to use a pro forma Minnesota 4562 to calculate nonconformity adjustment.

Does the addback of 60% due to federal nonconformity of federal bonus depreciation allow for a subsequent 1/5 subtraction? Will we be required to keep a separate Minnesota depreciation schedule?

The 60% addition is a nonconformity adjustment. This will not be allowed a 1/5 subtraction. You will need to maintain a separate schedule to track the depreciation. The Legislature will have to address conformity in the upcoming session.

On lines 9b and 9c of Schedule M1NC, do you get a depreciation deduction for whatever the depreciation method would allow for prior year assets but not the 1/5 deduction?

Line 9b is the allowable method of depreciation for the assets using 2023 Internal Revenue Code, which have the addback on 9a.

Line 9c is the same but a continuation for the assets from the prior year.

Neither of these lines are related to the 1/5 subtraction, which is still done on Schedule M1MB.

The 2025 Schedule M1NC has a 60% addback for bonus depreciation. Is this different than the 80% addback on the 2025 Schedule M1MB?

Minnesota is not in conformity to H.R. 1. On the nonconformity schedules, a taxpayer must recalculate their bonus depreciation based on the law prior to H.R. 1.

Bonus depreciation would have been allowed at 40% in tax year 2025 absent the federal bill. This requires the nonconformity adjustment to add back 60% of the bonus depreciation claimed on the taxpayer's federal return. Taxpayers must still also add back 80% of the remaining amount on Schedule M1MB or the equivalent business form.

How will the new \$6,000 deduction for seniors be handled on individual returns for 2025? Is Minnesota not allowing the new federal deduction for seniors?

This new federal deduction has no impact on the Minnesota return. The additional standard deduction for seniors is a below-the-line deduction and is calculated after Federal Adjusted Gross Income on the federal return. There is no equivalent deduction on the Minnesota return.

You stated tip and overtime incomes are calculated on federal returns, but then you said those are still taxed in Minnesota? Do we add them back on Form M1?

The “No Tax on Tips” and “No Tax on Overtime” federal deductions are calculated on the federal return; however, these deductions are calculated **after** FAGI. The Minnesota return starts with FAGI, so all of their tip and overtime income is already included on the Minnesota return (FAGI on line 1), is taxable to Minnesota, and should not be added back separately.

Do we have to add back the tips and overtime income to Form M1?

Tip and overtime income is taxable and included in FAGI. The federal “No Tax on Tips” and “No Tax on Overtime” deductions are calculated after FAGI and does not impact the Minnesota return. There is no addition or subtraction relating to these federal benefits on the Minnesota return.

e-Services

Will the taxpayer individual e-Services account show estimated tax payments and other payments made?

Yes. A history of all payment types, amounts, and dates can be found in e-Services.

Will the Form M1 summary be available to everyone? As a tax preparer, am I able to look up a new client’s 2024 tax filing?

The Form M1 summary will be available to all taxpayers who have an e-Services account. Tax preparers cannot search this information without the assistance of their clients. Third-party access is not available.

Can we use e-Services to confirm 2025 estimated tax payments paid in 2025?

If a taxpayer has access to their personal tax information in e-Services, they can view their history of estimated tax payments dating back to the 2024 tax year.

Can each member of a couple have their own e-Services account, or is there one account for both?

Each spouse may have their own e-Services account.

Can an individual e-Services account be set up for a deceased taxpayer?

No. We only allow the owner access. An account will not be established for someone to access information for a deceased individual.

Amended Returns

Will we be able to electronically amend Minnesota individual returns this year? Does it depend on what software we use?

Yes, but this only applies to Form M1 at this time for tax year 2025. We will not accept amended Form M1PR or amended business returns electronically. It does depend on the software used; contact your software vendor for more information.

It seems to be taking a lot longer to process Minnesota amended returns. Is progress being made on that?

It can take up to a year to process amended returns. Consider e-filing Form M1X, Amended Minnesota Income Tax, for faster processing.

Will businesses be able to e-file amended returns in 2026 for the 2025 tax year?

No.

Power of Attorney

Will individuals be able to give their accountant or Power of Attorney (POA) access to their account through e-Services?

Not at this time. Third-party access is a feature that will be coming later in the rollout.

Will the IRS Form 2848 be accepted if Minnesota Income Tax is listed?

We will accept federal Form 2848 for representation or receiving customer information if a Minnesota tax type or Minnesota tax form is listed in section 3 of the form. Visit our [Power of Attorney page](#) for more information.

Does federal Form 2848, with Minnesota included as a tax type, still work in place of Form M100?

No. Federal form 2848 is a POA form. Form M100 was used to request tax returns, but Form M100 is obsolete as of December 1, 2025. It has been replaced with:

- Form M100i, Request for Copies of Tax Returns or Release of Not Public Data — Individual or Sole Proprietor

- Form M100b, Request for Copies of Tax Returns or Release of Not Public Data — Business
- Form M100e, Request for Copies of Tax Returns or Release of Not Public Data — Estates

On the POA with the Form M100, do we now have to complete two forms to get tax information instead of one?

The Rev184 form series has not changed. The M100 form series is for requesting returns or other non-public data to be sent to a recipient of the taxpayer's choosing without granting the recipient the ability to act on the taxpayer's behalf.

Tax Preparer Regulations

Does Minnesota impose the preparer \$50 per return for an invalid Preparer Tax Identification Number (PTIN)?

Yes. Tax preparers who prepare Minnesota Individual Income Tax returns must provide their federal PTIN or Employer Identification Number (EIN) on those Minnesota returns. If they do not, we will assess a \$50 penalty for each return without a federal ID.

Can you confirm that only paid preparers are required to pay the \$5 paper filing fee and that Volunteer Income Tax Assistance (VITA) and Tax Counseling for the Elderly (TCE) sites are exempt?

Yes. This requirement only applies to paid tax preparers and does not apply to VITA/TCE sites. For faster processing, we encourage electronic filing whenever possible.

What is the procedure for the \$5 paper filing?

The procedure may be found on the [Preparer's Paper-Filing Fee page](#), including how to pay.

I understand that under IRS Circular 230, each individual who prepares tax returns for compensation must have their own PTIN. At the state level, does Minnesota impose any specific penalties or fines for this conduct, or is enforcement handled only at the federal level?

The penalty for failure to include their PTIN on a return when required is \$50 per failure. If a preparer files a return without a valid PTIN as defined by the Internal Revenue Code, they are subject to a \$500 penalty per failure. A preparer who owes the latter penalty in any given instance will not owe the former penalty as well for that same instance under [Minnesota Statute 289A.60, subdivision 28](#).

Coerced Debt Subtraction

What documentation must be included with Form M1 for consumer enforcement or coerced debt subtractions?

The taxpayer does not need to provide documentation with their return, however, if Revenue requests documentation to substantiate the subtraction claim, they must provide a copy of the applicable court order.

Are we able to put the court order number for coerced debt subtractions on the forms?

No, but taxpayers may be asked to provide documentation including the court order.

What is meant by "Economic Abuse"?

For the Coerced Debt Subtraction, a court must have specifically discharged the debt as “coerced debt” under Minnesota law and that any “economic abuse” determination would fall into the court’s decision.

Miscellaneous

Will this webinar be recorded?

Yes. A recording is posted under the Webinar Archives heading on our [Tax Pro Education webpage](#).

Is there an easy way for a preparer to get estimated payment information directly from Revenue? Does Form M100 work?

Form M100 is obsolete as of December 1, 2025. Please [contact us](#) to get a history of any estimated payments your client has made to Revenue. Make sure you have the proper POA on file.

On page 20 of the handout, what is reported on Form W-2 for Minnesota relating to withholding on tip or overtime pay?

Currently, there is no requirement to report overtime pay on Form W-2 any different from how taxable overtime and taxable tips are currently reported on Form W-2.

Are there any tax credits for childbirth expenses, such as delivery?

Minnesota does not have a tax credit that specifically covers childbirth expenses; however, the taxpayer should review Schedule M1CD, including the Worksheet for Children Born in 2025 in the Schedule M1CD instructions, to determine if they are eligible for the Child and Dependent Care credit (even if they had no dependent care expenses).

Are Continuing Professional Education credits available for CPAs that volunteer? How can I sign up?

VITA and TCE programs are approved to provide IRS credits for:

- Enrolled Agent (AE)
- Certified Financial Planner (CFP)
- Non-credentialed tax return prepare participating in the IRS Annual Filing Season Program (AFSP)

Attorneys and CPAs may also qualify for CE credits depending on their state licensing requirements or National Association of State Boards of Accountancy (NASBA).

For more information on volunteering at free tax preparation sites in Minnesota, please visit our [Become a Volunteer](#) page.

How much longer will Minnesota accept paper checks?

There are no plans to eliminate paper checks.

What is a foreign service employee?

A foreign service employee is an employee of the United States Foreign Service, such as a foreign service officer. They may be eligible for the Foreign Service Retirement Subtraction if they receive retirement income from the Foreign Service Retirement and Disability System or the Foreign Service Pension System. Please review the 2025 Schedule M1M instructions for more information.

Does Minnesota allow subtractions for the federal Qualified Opportunity Zone deferral provisions for the 2018 tax year?

No. There is no subtraction for opportunity zone gains which were previously added to income in 2018.

Are there any limitations on the amount of expenses we can add on the medical expenses line?

Taxpayers who itemize deductions may be eligible to claim certain medical expenses as an itemized deduction on Schedule M1SA, Minnesota Itemized Deductions. These expenses must exceed 10% of their FAGI. For more information, see lines 1 to 4 of Schedule M1SA and its instructions.

Does Minnesota allow 529 Plans to pay for K-12 private tuition expenses without becoming taxable income?

No. Distributions for these expenses are added to Minnesota income and may result in the recapture tax if the taxpayer previously claimed the Minnesota 529 plan contribution credit or subtraction.

What if 529 plan money is used for a grandchild in another state for K-12?

The state where the grandchild attended school is not relevant; the taxpayer would still need to report this unqualified distribution as income using Schedule M1M, and they may owe penalty if they previously claimed the 529 credit or subtraction. For more information, see the instructions for 2025 Schedule M1529, Education Savings Account Contribution Credit or Subtraction.

Does Minnesota recognize the super catch-up 401K contributions?

Minnesota conformed to the federal Secure Act 2.0 that was passed in 2022, which allows these “super catch-up” contributions. Therefore, Minnesota allows these pre-tax contributions to be excluded from income.