



Introduction to Minnesota Estate Tax

Minnesota Business Tax Education Program

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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:

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

- Phone lines muted
- Questions taken only by chat
- Presentation is not recorded



Today, we will cover:

- Definitions
- Forms
- What is Estate Tax?
- Filing requirements and due dates
- Penalties and interest
- Death certificate and supporting documentation

Refers to a deceased person



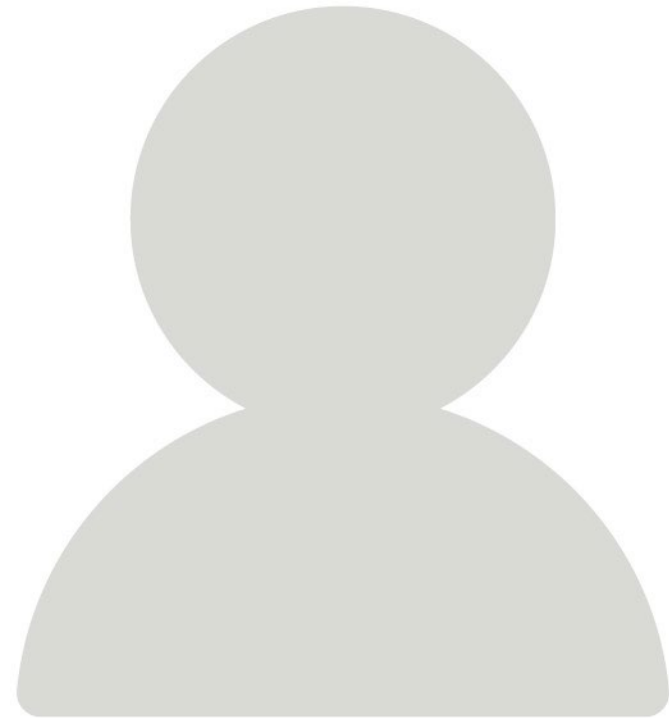
Beneficiary



Designated to receive assets or property from a person's estate or trust.

Personal Representative or Executor

Responsible for handling the estate.





Responsible for holding and managing the trust property.

Executes or administers a deceased person's estate or hold assets in a trust.





The total value of an individual's assets.

The portion of assets and property that is subject to estate tax.



Minnesota Tax Returns



- Form M706, Estate Tax Return
- Form M706Q, Election to Claim the Qualified Small Business and Farm Property Deduction
- Form M2, Income Tax Return for Estates and Trusts

Federal Tax Returns

- Form 706, Estate Tax Return
- Form 706-NA, Estate Tax Return for Nonresident Alien
- Form 1041, Fiduciary Income Tax Return
- Form 709, Gift Tax Return



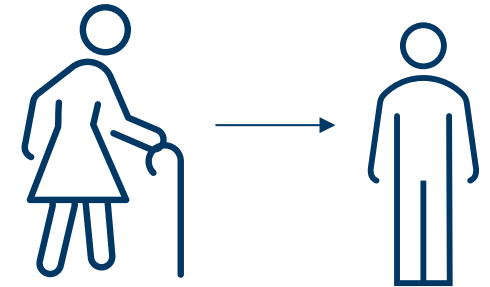
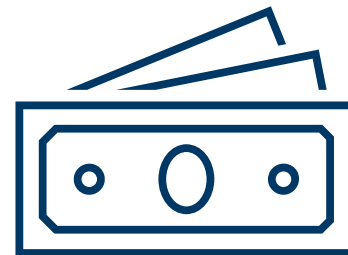
What is Estate Tax?



- A death tax on decedent's estate
- Imposed against all assets owned at time of death
- Estate is like a balance sheet

What Estate Tax is Not

- Inheritance Tax
- Gift Tax
- Fiduciary Income Tax



Estate Tax vs. Estate Income Tax

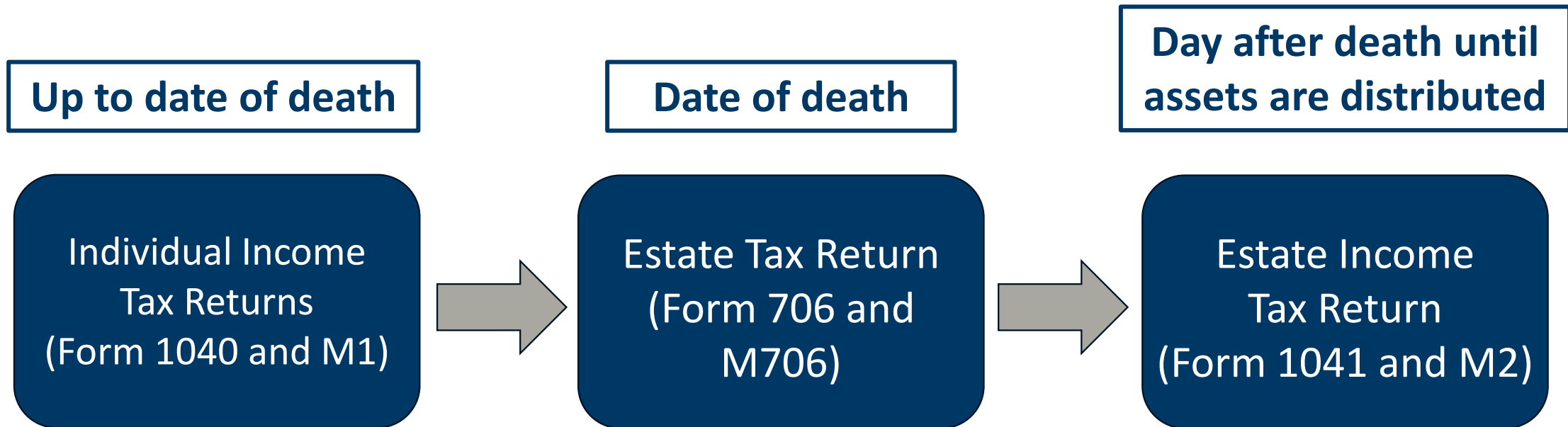


ESTATE TAX



ESTATE INCOME TAX

Timeline of Decedent's Tax Returns



Resident Filing Requirements

File Form M706 if either:

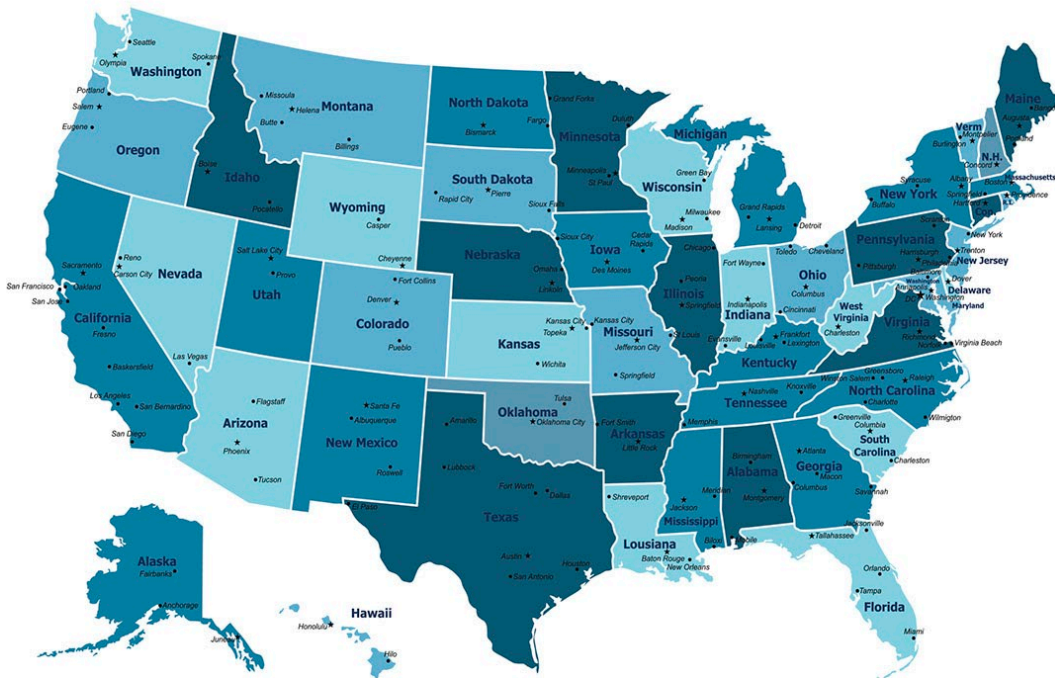
- Federal gross estate and federal adjusted taxable gifts exceed Minnesota's exemption amount of \$3 million.
- A federal estate tax return is required to be filed.
 - The federal exemption amount for 2025 is \$13,990,000.



Non-Resident Filing Requirements

File Form M706 if the decedent owned property with situs in Minnesota at the time of death and either:

- Federal gross estate and federal adjusted taxable gifts exceed Minnesota's exemption amount of \$3 million.
- A federal estate tax return is required to be filed.



- **Original due date:** Nine months after date of death
- **Extended due date:** 15 months after date of death
- **Six-month extension to pay:** Request through Minnesota Revenue
- **Approved federal extensions:** Granted (for both filing and paying)

- Late Payment: 6%
- Additional Late Payment: 5%
- Late Filing: 5%
- Substantial Understatement: 20%
- Negligence: 10%
- Failure to Report Federal Audit Changes: 10%

Abatement Requests

- Made in writing
- Received within 60 days



Form M706 Review



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FORM NAME OR NUMBER

M706

TAX TYPE

- Any -

TAX YEAR

- Any -

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2024 Form M706, Estate Tax Return

2024 Form **M706**, Estate Tax Return

Tax Year: 2024

</sites/default/files/2025-03/m706-24.pdf>

- Bank Account: \$150,000
- Residential Real Estate: \$500,000
- Vehicles: \$25,000

Death Certificate

CERTIFICATE OF VITAL RECORD

CERTIFICATE OF DEATH

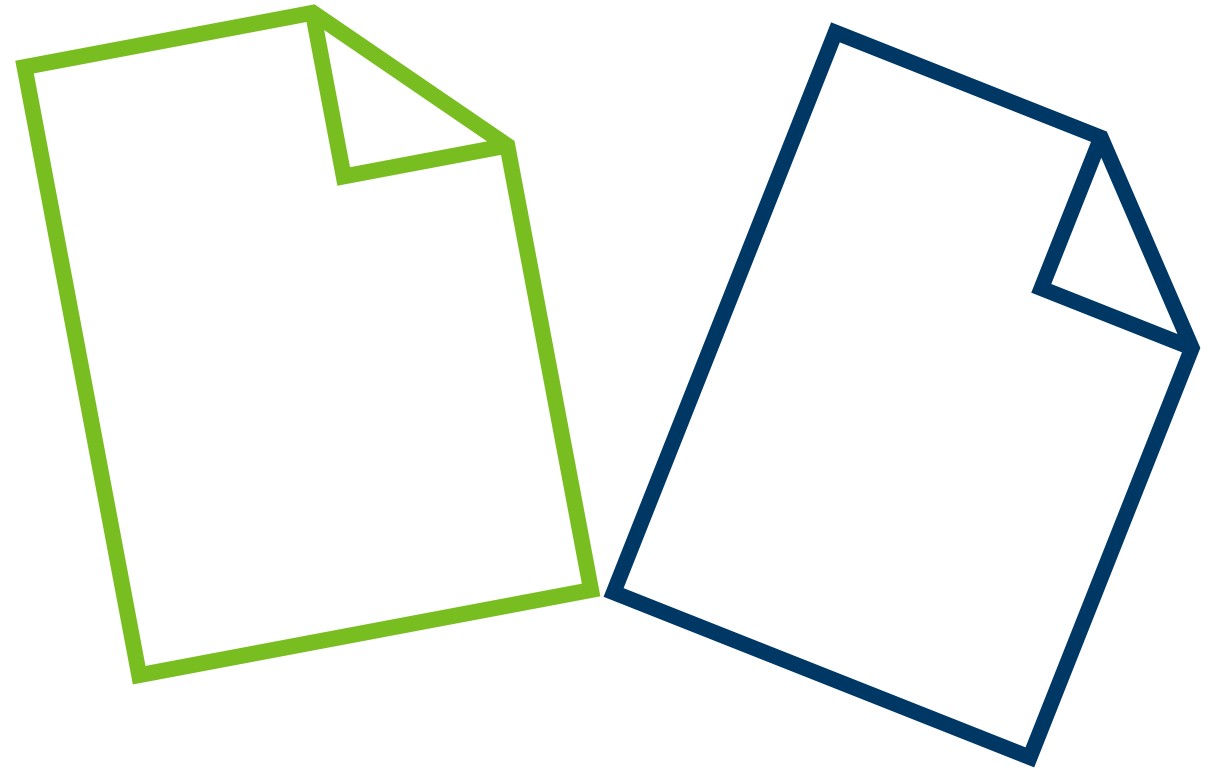
STATE FILE NUMBER [REDACTED]

DECEDENT **DARLENE** [REDACTED]
LAST NAME BEFORE FIRST MARRIAGE [REDACTED]
ALSO KNOWN AS [REDACTED]
SOCIAL SECURITY NUMBER [REDACTED]
SEX [REDACTED]
BORN [REDACTED]
PLACE OF BIRTH [REDACTED]
DATE OF DEATH [REDACTED]
PLACE OF DEATH [REDACTED]

MARITAL STATUS **MARRIED**
SPOUSE **ROBERT** [REDACTED]
LAST NAME BEFORE FIRST MARRIAGE [REDACTED]
RESIDENCE [REDACTED]
PARENT [REDACTED]
PARENT [REDACTED]
FUNERAL HOME [REDACTED]
DISPOSITION [REDACTED]
CAUSE OF DEATH
IMMEDIATE [REDACTED]
UNDERLYING [REDACTED]
OTHER CONTRIBUTING CONDITIONS [REDACTED]
MANNER **NATURAL**

Supporting Documentation

- Form M706Q, if applicable
- Federal form 709
- Federal form 706 + all schedules
- Verifying balances
- Payment voucher



Questions



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Thank You!

Halle Rotty

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