

2025 Schedule M1CWFC Instructions

Purpose of this Schedule

Use this schedule to determine the amount of your Minnesota Working Family Credit and Child Tax Credit for 2025 and your Advance Child Tax Credit Payments and Minimum Credit Base for 2026. You must complete Schedule M1DQC, Dependents and *Qualifying Children*, to determine who is a qualifying child and qualifying older child.

The Working Family Credit is four percent of your first \$9,480 of earned income plus an additional amount for up to three qualifying older children. See Schedule M1DQC to determine who is a qualifying older child. For 2025, the maximum working family credit is:

- \$379 with zero qualifying older children
- \$1,379 with one qualifying older child
- \$2,649 with two qualifying older children
- \$3,089 with three or more qualifying older children

You may claim the credit for qualifying older children and child tax credit even if you have no earned income.

The Minnesota Child Tax Credit is \$1,750 for each qualifying child under the age of 18. See Schedule M1DQC to determine who you may claim as a qualifying child for the child tax credit.

The Working Family Credit and Child Tax Credit are reduced when your adjusted gross income exceeds \$31,950 (\$37,910 if married filing jointly). The amount of the credit is reduced by 12 percent of adjusted gross income (AGI) that exceeds the limit. If you had at least one qualifying older child but no qualifying child for the child tax credit, your credit is reduced by 9 percent of AGI exceeding the limit.

If you, your spouse (if married and filing a joint return) or your qualifying children do not have a Social Security Number, you may use an Individual Taxpayer Identification Number (ITIN) to claim these credits.

What's new

Beginning with tax year 2025, all taxpayers who elected to receive advance payments on their 2024 individual income tax return, must file Form M1, *Individual Income Tax*, and must include Schedule M1CWFC. You will use Schedule M1CWFC to reconcile advance payments of your 2025 Child Tax Credit you already received. You must file Schedule M1CWFC even if you are not eligible to claim the credits on Schedule M1CWFC in 2025.

If you elected to receive advance payments of your 2025 tax credit, you will receive a Summary Letter from Revenue in January of 2026. This letter includes information needed to complete Lines A, B, and C. If you did not receive a letter, contact us to have the letter resent and to get the information you need to complete your return.

You may elect to receive advance payments of your 2026 Child Tax Credit if you are eligible for the 2025 Child Tax Credit. See additional information under **Advance Payment of 2026 Child Tax Credit**.

Beginning with tax year 2025, you may be eligible for a Minimum Credit Base which is up to 50% of your Child Tax Credit received in the prior year. To be eligible for the 2025 Minimum Credit Base, you must have received advance payments of your 2025 Child Tax Credit **and** you must also be eligible for a 2025 Child Tax Credit when you file your 2025 return. The Minimum Credit Base may be reduced if you are claiming fewer qualifying children on your 2025 return than your 2024 return or if you are a part year resident in 2025.

Am I eligible?

You must meet all of these requirements to be eligible to claim the Minnesota Working Family and Child Tax credits:

- You were a full-year or part-year resident of Minnesota in 2025 (if you are a member of the military, see below)
- You have investment income less than \$11,950 (if you have investment income greater than \$11,950 complete step 2 in the instructions for line 27 of Form 1040 to determine if you are eligible to claim the credits on this schedule)
- You are not a dependent of another person
- If you have no qualifying children on rows 10 and 11 of Schedule M1DQC, you or your spouse must be between the ages of 19 and 64
- If you have no qualifying children on rows 10 and 11 of Schedule M1DQC, you and your spouse's main residence must have been in the United States for more than half of 2025
- If you are married and you or your spouse are a nonresident alien, your filing status must be Married Filing Jointly

You are **not** eligible if any of these apply:

- You have a 2-year or 10-year IRS ban on claiming the federal Earned Income Credit (EIC)
- You are the dependent or qualifying child of another person
- Your filing status is Married Filing Separately, unless you meet the exception and requirements under **Exception for Those Who are Married and Filing Separately** below

Earned income does not include:

- Any amount included on line 1z of Form 1040 or 1040-SR that is a taxable scholarship or fellowship grant not reported on a Form W-2
- Any amount included on line 1z of Form 1040 or 1040-SR that you received for work performed while an inmate in a penal institution, or
- Any amount included on line 1z of Form 1040 or 1040-SR that you received as a pension or annuity from a nonqualified deferred compensation plan or nongovernmental section 457 plan

Exception for Those Who are Married and Filing Separately

Check the box at the top of Schedule M1CWFC if your filing status is Married Filing Separately, you have at least one qualifying child on Schedule M1DQC who lived with you for more than half of 2025 and either of these apply:

- You do not share the same principal abode as your spouse for at least the last six months of 2025
- You are legally separated from your spouse according to Minnesota law under a written separation agreement or a decree of separate maintenance and do not live in the same household as your spouse at the end of 2025

Treatment of military personnel stationed outside Minnesota

If you are a member of the Armed Forces, you will be treated as if you resided in Minnesota during any period which you are stationed outside the United States while serving on extended active duty with the U.S. Armed Forces. "Extended active duty" means any period of active duty pursuant to a call or order to such duty for a period in excess of 90 days or for an indefinite period. You must otherwise be a resident of Minnesota. You may include nontaxable combat pay as earned income.

Is there a penalty for fraudulently claiming a refund?

Yes. If you file a return that fraudulently claims a credit that results in a refund, you may be assessed a penalty equal to 50% of the portion of the refund attributable to fraud. If a fraudulently claimed credit reduced your tax liability, you may also be assessed a penalty equal to 50% of the unpaid tax.

Line Instructions

Round amounts to the nearest whole dollar.

Reconciliation of advance payments

If you received advance payments of your 2025 child tax credit, check the box at the top of the schedule and complete lines A, B, and C. When you complete Schedule M1CWFC, you must complete lines 17 through 27 to determine any advance payment you might need to repay, the remaining amount of your 2025 credit and eligibility for the Minimum Credit Base is based on the amount of your 2024 Child Tax Credit.

What do I include on line A?

On line A, include the advance payments of your 2025 Child Tax Credit. This amount is included on your Summary Letter. If you did not receive a Summary Letter, contact us to get the letter sent to you or to find these amounts. If you had a change in a filing status from 2024 to 2025 follow the instructions in the table below:

If, in 2024	And, in 2025	Then, on your 2025 return
You filed married filing jointly	File as single, married filing separately, or head of household	Include 50% of the payments from your Summary Letter on line A
You filed head of household	File married filing jointly	Combine the advance payments you and your spouse are required to include from your Summary Letter(s) on line A
You filed married filing jointly	File as a qualifying surviving spouse	Include all the payments from your Summary Letter on line A

What do I include on line B?

Enter the amount from line 19 (line 20 if a part year resident) of your 2024 Schedule M1CWFC. If you had change in filing status, follow the instructions in the table below:

If, in 2024	And, in 2025	Then, on your 2025 return
You filed married filing jointly	File as single, married filing separately, or head of household	Each spouse should include the amount from your joint return on line B.
You filed head of household	File married filing jointly	Include the amount from both spouse's 2024 returns
You filed married filing jointly	File as a qualifying surviving spouse	Include the amount from your joint return on line B

What do I include on line C?

Enter the number of qualifying children from line 7 of your 2024 Schedule CWFC. If you had a change in filing status, follow the instructions in the table below:

If, in 2024	And, in 2025	Then, on your 2025 return
You filed married filing jointly	File as single, married filing separately, or head of household	Each spouse should include the same number from your 2024 joint income tax return on line C.
You filed head of household	File married filing jointly	Combine the number of qualifying children from each of your 2024 returns on line C
You filed married filing jointly	File as a qualifying surviving spouse	Include the same number from your 2024 joint income tax return on line C

Line 1

Enter the amount from line 1 of Form M1 or the amount from line 43 of Schedule M1NC if you were required to complete Schedule M1NC.

Line 2

Use the Worksheet for Earned Income below to determine the amount for line 2. You must use your 2025 earned income when completing this worksheet.

Worksheet for Earned Income

- 1 Line 1z of federal Form 1040 or 1040-SR. Church employees and clergy, see instructions below for Step 1
- 2 Enter all of your nontaxable combat pay if you elect to include it in earned income
- 3 Add steps 1 and 2. Enter the result on Line 2 of this schedule, unless you were self-employed, filing federal Schedule SE as a member of the clergy, had church employee income, or are filing federal Schedule C as a statutory employee. If any of these apply, continue to step 4.....
- 4 Use the amount from step 3 of this worksheet on line 4a of Worksheet B from the instruction for line 27 of Form 1040. Complete Worksheet B in the federal instructions and enter the amount from Step 6 of EIC Worksheet B on line 2 of this schedule.....

Instructions for Worksheet for Earned Income

Step 1

If you are a church employee, determine how much was reported on both line 1z of Form 1040 or 1040-SR and line 5a of federal Schedule SE. Subtract the combined amounts reported on both lines from the amount reported on line 1z of Form 1040 or 1040-SR. Enter the result on Step 1.

If you are a minister, a member of a religious order that has not taken a vow of poverty, or a Christian Science Practitioner, determine the amount reported on both line 1 of Form 1040 or 1040-SR and line 2 of federal Schedule SE. Subtract the combined amounts reported on both lines from the amount reported on line 1z of Form 1040 or 1040-SR. Enter the result on Step 1.

Line 5

You must complete Schedule M1DQC to determine which of your qualifying children are eligible to be claimed as a qualifying older child on line 5. Use the information from that schedule to determine what amount to enter on line 5.

Line 7

You must complete Schedule M1DQC to determine who is a qualifying child for the Minnesota Child Tax Credit. Enter the number of boxes checked from Row 10 of Schedule M1DQC on line 7 of this schedule.

Line 12

If line 10 is less than line 11, skip line 13 and use the amount from line 9 on line 15.

Line 16

If you were a full-year nonresident enter 0.

If you are a part-year resident, you will determine your credit using your percentage of income taxable to Minnesota. If your Minnesota gross income is:

- \$14,950 or more, multiply line 15 by line 30 of Schedule M1NR. Enter the result on line 16
- Less than \$14,950, you should have entered zero on line 28 of Schedule M1NR, Nonresidents/Part-Year Residents. To determine this credit, fully complete Schedule M1NR (do not skip lines 16-27) to determine what the amounts would have been. Then, complete the Worksheet for Line 16 below.

Worksheet for Line 16 (for part-year residents whose Minnesota gross income is less than \$14,950

Note: If you are a full-year nonresident, do not use this worksheet. You are not eligible for this credit.

- 1 Line 15, column B, of Schedule M1NR
- 2 Line 27, column B, of Schedule M1NR
- 3 Subtract step 2 from step 1. (If result is zero or less, **STOP HERE**. You do not qualify for the credit)
- 4 Line 29 of Schedule M1NR
- 5 Divide step 3 by step 4 and enter the result as a decimal (carry to five decimal places). If step 3 is more than step 4, enter 1.0. Enter the result on the space provided on line 16 of this schedule
- 6 Amount from line 15 of Schedule M1CWFC
- 7 Multiply step 5 by step 6. Enter the result on line 16 of Schedule M1CWFC

Lines 17 and 18

If you did not receive advance payments and are not electing to receive advance payments for 2026, do not complete lines 17 and 18. Enter the amount from line 15 (line 16 if a part year resident) on line 2 of Schedule M1REF.

Complete lines 17 and 18 if you received advance payments of your 2025 child tax credit or you are electing to receive advance payments of your 2026 child tax credit. After completing lines 17 and 18, complete section 2 if you received advance payments and complete section 3 if you elected to receive advance payments of your 2026 child tax credit.

Section 2 — Reconciliation of 2025 Advance Payments and Minimum Credit Base

Line 20

Full year resident: If line 15 is greater than zero, enter the amount from line B on line 20. If line 15 is zero, enter zero on line 20.

Part year resident: If line 16 is greater than zero, enter the amount from line B on line 20. If line 16 is zero, enter zero on line 20.

Line 21

Divide the number of qualifying children you had this year on line 7 by the number of qualifying children you had in 2024 included on line C. If line 7 is greater than line C, enter 1 on line 21.

Line 25

See “What do I include on line A?” under **Reconciliation of Advance Payments** to determine what amount to enter on line A. After determining what amount to enter on line A, enter the amount from line A on line 25.

Line 26

If line 24 is greater than line 25, your 2025 credit is greater than the payments you already received. Subtract the payments you already received from your 2025 credit, enter the result on line 26 and include this amount on line 2 of Schedule M1REF.

Line 27

If line 25 is greater than line 24, your 2025 credit is less than the payments you received and you must repay the amount that exceeded your 2025 credit. Subtract your 2025 credit from your advance payments, enter the result on line 27 and include this amount on line 14b of Form M1.

Section 3 — Advance Payment of 2026 Child Tax Credit

You may elect to receive advance payment of your 2026 Child Tax Credit by checking the box at the top of Schedule M1CWFC. You must be eligible for a child tax credit in 2025 to receive advance payments for 2026. If you receive advance payments, you may have to repay the advances. See **Reconciliation of advance payments** for more information.

If you elect to receive advance payments you:

- Are eligible to claim a 2026 Minimum Credit Base (See Tax Year 2026 Minimum Credit Base for more information)
- Must file a 2026 income tax return even if you are not required to file a Minnesota return
- Must file a 2026 income tax return even if you no longer have qualifying children for the child tax credit

If you elect to receive advance payments of your 2026 child tax credit you must file a 2026 income tax return.

You may elect to receive advance payments if all of these are true:

- You file your original return on or before April 15
- You have qualifying children under the age of 17 at the end of 2025
- You were a resident of Minnesota on December 31, 2025

Married Filing Jointly

If you are married and filing a joint return, each spouse is considered to have received half of the total advance payments on a joint return. If you are no longer married, both spouses are required to file 2026 Minnesota Individual Income tax returns, with 50% of all advance payments attributed to each former spouse.

Deceased Spouse

If you are filing as Married Filing Joint and one spouse died prior to filing your 2026 return, all advance payments you receive in 2026 are attributed to the surviving spouse. The surviving spouse is required to file a 2026 Minnesota Individual Income tax return claiming all of the advance payments.

Timing of Advance Payments

If you are eligible and elect to receive the advance payments, the payments will begin after July 1. The payments will be made in three equal amounts. For more information about advance payments go to our website at revenue.state.mn.us and enter **advance child tax credit payments** into the Search box.

Amending your return

You cannot elect to receive advance payments on an amended return if you did not already elect to receive advance payments on your original return. If you amend your income tax return and there is a change to your child tax credit, you will no longer receive advance payments of your 2026 child tax credit.

Supplemental Nutrition Assistance Program (SNAP) recipients

SNAP benefits or eligibility for benefits may be impacted if you received advance payments of your Child Tax Credit. If you choose to receive the Child Tax Credit with your return during tax filing season, it will not impact your eligibility or benefit amount for SNAP. For more information, contact the SNAP center at the Minnesota Department of Children, Youth, and Families at 1-800-657-3698 or online at dcyf.mn.gov/snap-ctc.

Tax Year 2026 Minimum Credit Base

If you receive advance payments of your 2026 credit, you may be eligible for the Minimum Credit Base on your 2026 return. The Minimum Credit Base is based on 50% of your 2025 child tax credit but reduced if you have fewer qualifying children for the child tax credit in 2026 than you had in 2025. For more information on the Minimum Credit Base, go to our website at revenue.state.mn.us and enter **advance child tax credit payments** into the Search box.

Deposit information

If you want the advance payments for your 2026 Child Tax Credit by direct deposit, provide the bank routing and account information.

The routing number must have nine digits. The account number may contain up to 17 digits, which includes numbers and letters. Leave out any hyphens, spaces, or symbols. If the routing or account number is incorrect or is not accepted by your financial institution, we will send your refund as a paper check. We may also issue your refund by check if we adjusted your return or recaptured part of your refund to pay a debt you owe. You must use an account not associated with any foreign banks.

By completing line 32, you are authorizing us and your financial institution to initiate electronic credit entries and, if necessary, debit entries and adjustments for any credits made in error.

If you do not check the box, or enter bank account information, you will receive advance payments by check.

Reconciliation of advance payments for 2026

If you elect to receive advance payments of your 2026 child tax credit, you must file a 2026 Minnesota income tax return and compare the payments you received to your eligible credit. If the total advance payments you received are greater than the total credit you are eligible for, you will have to repay the excess payment amount. The excess will be added to your tax due for the year and will reduce your refund or increase your tax liability.

For example, you may have to repay some or all of your advance payments of your child tax credit on your 2026 income tax return if:

- You have fewer qualifying children on your 2026 return
- You are no longer eligible for the 2026 Minimum Credit
- Your advance payments exceed your 2026 tax refund
- You were a full-year resident in 2025 and became a part-year or non-resident in 2026

For more information on reconciliation of advance payments, go to our website at revenue.state.mn.us and enter **advance child tax credit payments** into the Search box.