



2024-25 Tax Pro Annual Webinar – Questions and Answers

These come from our December 11 and January 7 webinars covering what’s new for the 2024 filing season and beyond.

Several questions were about the availability of updated tax forms. We posted these forms to our website, including:

- [2024 Form M1, Individual Income Tax Return](#)
- [2024 M1QPEN, Qualified Public Pension Subtraction](#)
- [2024 M1RENT, Renter's Credit](#)
- [2024 M1PR, Property Tax Refund Return](#)
- [2024 M1CWFC, Minnesota Child and Working Family Credits](#)

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Pass-Through Entity (PTE Tax)

Can businesses that use the Pass-Through Entity (PTE) Minnesota tax payments file those returns online in 2024?

Schedule PTE can be filed electronically with Form M3 or Form M8. Some software vendors may have e-filing limitations for certain forms and schedules. We encourage you to reach out to your software vendor if you cannot file Schedule PTE electronically.

Business Income Tax

Does the Net Operating Loss (NOL) limit of 70% only apply to C-Corps?

No. The NOL limitation of 70% applies to C-corporations and Unrelated Business Income Tax returns. Individual taxpayers, estates, and trusts follow federal NOL treatment.

Does the 70% NOL limit also apply to a tax-exempt organization's Minnesota sourced unrelated business income?

Yes. The 70% NOL limit applies to Unrelated Business Income Tax on Minnesota returns with a fiscal year end after December 31, 2023.

Estate Tax

How can I prepare the M706 for decedents who pass away in January and February?

The draft of the M706 is released on August 1, and the final M706 is posted on October 1. All estates are provided an automatic extension to file their return. Estates and preparers can use the draft M706 released on August 1 and the prior year return to estimate their estate tax payment due by the original due date.

Advance Payments and the Child Tax Credit and Working Family Credit

How does an individual choose not to receive advance payments of the Child Tax Credit in 2025?

Taxpayers can choose each year to receive advance payments if they are interested. If they do not choose advance payments, they will receive their full Child Tax Credit for 2024 on their 2024 income tax return. If they later decide to discontinue advance payments, they must do so online.

How do I find out if my client received advance payments in the previous year?

You can ask them. Taxpayers receive a letter at the end of the year listing their advance payments. We will offer additional options for taxpayers through e-services as they become available.

What is the definition of "older child"?

An older child is a qualifying child older than 17.

When do these credits completely phase out?

The credit begins to phase out when income exceeds \$36,880 for a married filing joint return and \$31,090 for all other filers. The final income phaseout amounts for these credits, or when the credits drop down to \$0, depends on factors such as income, filing status, and number of qualifying children, and qualifying older children. Please complete Schedule DQC, Dependents and Qualifying Children, and Schedule M1CWFC, Child and Working Family Credits, to determine taxpayer credit amounts.

Social Security and Public Pension Subtractions

What date was the Revenue Notice posted for the qualified retirement benefits subtraction?

[Revenue Notice #24-02: Individual Income Tax - Qualified Retirement Benefits Subtraction - Allocation](#) was posted July 8 on our website.

Do pension plans instruct taxpayers about this benefit?

Not usually. Pension plan administrators are not required to give instructions to taxpayers about this subtraction.

Will the pensioner know what code section their public pension will be?

Our Qualified Public Pension Subtraction webpage lists the type of pension plans and the code sections eligible for the subtraction. If your client receives a public pension, you should ask them follow-up questions to help them determine which plan they are under and if they are eligible for the Qualified Public Pension Subtraction.

Is Minnesota State Retirement System (MSRS) considered a Qualified Public Pension?

If the taxpayer contributes to Social Security and their public pension simultaneously for the same service, they do not qualify for the Qualified Public Pension Subtraction for this service.

Where can I find examples of someone who had a public pension plan without social security earnings?

You can find a list of eligible plans on our Qualified Public Pension Subtraction web page. Select **What if I am receiving Social Security Benefits?** for examples of plans that qualify and for more information about when pension plans switch from basic to coordinated.

Does most tax software compare the simplified method to the old Social Security subtraction method and use the best result?

Yes. You can complete a worksheet that compares both subtraction methods and picks the most beneficial subtraction amount.

Is there any requirement for pension administrators to include information to help us figure out if our clients qualify for the pension subtraction?

No. There is no requirement.

What if the taxpayer does not know whether they were paying into Social Security when they were paying into their Public Pension?

Taxpayers who are unsure if they were paying social security tax on their wages should review their social security earnings and tax records on the Social Security Administration's website, or by contacting the Social Security Administration.

How do you complete M1QPEN if a taxpayer does not know which plans they contributed to?

The taxpayer will need contact the Social Security Administration or their pension administrators to determine if they contributed to Social Security benefits and to their public pension at the same time during their service.

Some retirees from the United Postal Service receive pension payments based on the old Civil Service and from the Federal Employee Retirement System, if they switched over in 1984. They receive a statement from U.S. Office of Personnel Management in December breaking down the amounts. Do they qualify for a partial subtraction based on the Civil Service payment part?

Yes, they may be eligible for an apportioned Qualified Public Pension Subtraction. See the M1QPEN, *Qualified Public Pension Subtraction*, instructions for more information on how to calculate it.

Does the Social Security Fairness Act signed January 5, 2025, affect the Minnesota Qualified Public Pension Subtraction?

No.

Certificates of Rent Paid (CRP)

Do property owners or managing agents still create CRPs?

Yes. Owners and managing agents of homesteaded property must create CRPs using e-Services and provide them to renters.

Where can someone set up an individual e-services account to create CRPs?

Sign up for e-Services by visiting the [Create a Certificate of Rent Paid webpage](#) and reviewing the information in the **Create CRPs Using e-Services** section.

Do you have a demonstration showing how to create electronic CRPs?

Yes. Our [CRP e-Services Training Recording is available to assist you.](#)

To file CRPs, should my client apply for an e-Services account online with the LLC name and employer identification number (EIN) or single member's name and social security number?

Either option will work. We recommend setting it up based on who owns the property.

Will Revenue reject CRPs completed without using the online system?

No. Returns will not be automatically rejected, but we may ask for additional information which could delay a refund.

What if a renter does not receive a CRP from the property owner or managing agent?

The renter should request a CRP from the owner or managing agent if they do not receive one by January 31. If the owner or managing agent does not give them a CRP, the renter should contact Revenue to request a Rent Paid Affidavit (RPA) after February 1. If claiming a Renter's Credit with an RPA, renters must attach proof of rent paid to the return to substantiate the credit claim. If your software does not allow attachments the return must be paper filed. The RPA includes instructions.

If a taxpayer gets a CRP after they file, can they amend the M1 and Schedule M1RENT to add their Renter's Credit?

Yes. They should file Form M1X and include a complete Schedule M1RENT.

Can I file an income tax return claiming the Renter's Credit if I have a CRP without an Electronic Certificate Number (ECN)?

Yes. The ECN is not a required field in tax filing software for tax year 2024. File the income tax return and include the information from the CRP. Filing without an ECN may delay processing.

Beginning with 2024 Certificates of Rent Paid (CRPs), property owners and managing agents must create and submit all Minnesota CRPs using Revenue's e-Services. The system automatically assigns an ECN to each CRP. If a renter receives a CRP without an ECN, it was not created using e-Services.

We will work with property owners or managing agents we discover are not using e-Services.

Will a return be rejected if there is no ECN?

No, but the refund may be delayed. If there is no ECN on the CRP, renters should contact the property owner or manager to get a corrected CRP with an ECN.

Is there a penalty for filing a CRP late?

Yes. A property owner or managing agent who, without reasonable cause, fails to give a renter their CRP, is liable to the commissioner for a penalty of \$100 for each failure.

What is the turnaround time for a Rent Paid Affidavit?

If you call us, we can usually create your RPA the same day. If you email us with complete information, we can create it within three business days.

After we create your RPA, we can either email you a copy or provide an expected mailing timeframe.

Is there one CRP for Married Filing Jointly in 2024, or should each spouse receive a CRP from the property owner or managing agent?

This has not changed. Each spouse should receive a separate CRP. If they lived together all year, they should combine rent amounts from the CRPs on Schedule M1RENT to claim the credit.

Are property owners or managing agents of short-term rentals, like VRBO, required to prepare CRPs?

Not usually. A CRP is not generally needed for short term rentals not used as a homestead. However, if a VRBO is used as a homestead and if the stay is more than 30 consecutive days, there is a requirement to issue a CRP.

What is the process to correct a CRP when there are multiple renters in one apartment, and the CRP shows the whole amount applied to one renter?

Request a new CRP from the property owner or managing agent. Contact Revenue if they refuse.

Should renters without a tax ID number and not eligible for a SSN or an ITIN still get a CRP? Can they claim the Renter's Credit?

Yes. All renters should receive a CRP regardless of whether they have a Social Security Number (SSN) or Individual Taxpayer Identification Number (ITIN). The eligibility requirements listed on the [Schedule M1RENT, Renter's Credit instructions](#).

Should a client be provided a CRP if they have been in a nursing home for 10 years and have never previously received a CRP?

Not necessarily. Health care facilities have different requirements. Visit [CRPs for Health Care Facilities](#) for more information.

If the property owner or managing agent will not issue a corrected CRPs, and a Power of Attorney is needed to discuss our client's case, can we call with the taxpayer to avoid obtaining one?

If you are with the taxpayer while calling the department, they can provide verbal authorization to discuss the issue with you after we confirm their identity.

Renter's Credit

Is the Renter's Credit a refundable credit?

Yes.

Is the Renter's Credit applied to taxes owed on Form M1?

Yes. The Renter's Credit is a refundable credit that can offset the taxpayer's income tax.

Is the due date for the Renter's Credit now April 15 instead of August 15?

Yes. The deadline to claim the Renter's Credit is now the same as the individual income tax deadline of April 15.

If a taxpayer does not need to file a federal or state tax return, can they still claim the Renter's Credit?

Yes, but they must file Form M1 to claim their 2024 Renter's Credit.

If a taxpayer's only income is Social Security and Supplemental Social Security Income (SSI), do we exclude both sources for the Renter's Credit?

Yes. Nontaxable Social Security and SSI are not included in the calculation of income on Schedule M1RENT.

For clients who previously claimed the rent credit without filing a 1040 or M1 because they were under the filing requirements, how do we prepare the return so a Federal 1040 can be e-filed with Form M1? What if my client paper files instead?

To prepare Federal Form 1040, enter \$1 in other income and call it "For State Filing Purpose Only" so that a 1040 will be e-filed with Minnesota. For a paper return, print the 1040 and attach it to Form M1.

When an individual only has nontaxable Social Security income, our software will not allow us to file a 1040. How do we file for the Renter's Credit in that case?

Renters who are not required to file a federal return must file a Federal Form 1040 with Minnesota Form M1 and Schedule M1RENT to receive their property tax refund. Use the filing method described in the previous question.

Does the taxpayer now have 3.5 years to file and claim the Renter's Credit?

Yes. The Renter's Credit no longer expires one year after the initial due date. The individual income tax statute of limitations of 3.5 years after the initial filing deadline now applies for the credit.

If someone filed an M1X to claim the Renter's Credit, does that extend the statute of limitations another 3.5 years for that tax year?

The Statute of Limitations for the Renter's Credit is the same as all other aspects of the Minnesota Individual Income Tax Return. This is opposed to the Renter's Rebate, formerly on Form M1PR, which had its own Statute of Limitations.

Do renters who want to claim the credit but do not have to file federal or state file an M1 on paper if they do not want to e-file a federal return?

There is no requirement for a taxpayer who e-files their Minnesota return to also e-file a federal return if they do not have a federal filing requirement. Revenue recommends they e-file both returns with the IRS and Revenue because it helps us validate and process their Minnesota return.

Are full-time students under 24 eligible for the Renter's Credit if they provide more than half of their own support?

Only if they are not claimed as a dependent on another taxpayer's return.

Can you amend taxes for prior years to claim the Renter's Credit?

Yes. Renter property tax refunds filed for rent paid before January 1, 2024, must be claimed on Form M1PR. A Form M1PR can be amended up to 3.5 years after the return was filed or due, whichever is later. After January 1, 2024, renters must amend Form M1 to claim the Schedule M1RENT, Renter's Credit.

If a dependent receives a CRP because they are 18 and their parents claim them, can the parents still claim both CRPs on Form M1?

Yes, a parent may add into their Renter's Credit the rent appearing on a CRP issued to their dependent child they lived with.

Does the M1RENT change the rules around a deceased taxpayer's beneficiaries' receipt of the refund?

The Renter's Credit is treated like other individual income tax credits for a beneficiary claiming a refund on behalf of a deceased taxpayer. The total income tax refund amount (which includes the Renter's Credit) is not limited to a surviving spouse or dependent.

Schedule M1RENT says we must include copies of the CRPs when we file Form M1. Is that note for electronic or just paper filed returns?

Just paper. Tax software typically requests information from the CRP and generates an electronic version for submission.

If a couple is Married Filing Jointly but live in separate rental units, do we have to file jointly for M1RENT?

If the taxpayers are Married Filing Jointly but living in separate rental units, then they may only claim a Renter's Credit for one unit.

Do renters need to add income of others living in the home who are not dependents?

No. This is not a requirement for the new Renter's Credit on the M1. This is only a homeowner requirement for the Homestead Credit.

What if Married Filing Jointly renters moved to another apartment and received four CRPs, two for each spouse?

They may combine all rent amounts from all CRPs when computing the Renter's Credit on a joint income tax return. However, they should not claim overlapping rent. If there is overlap between two rental units, the renter should only claim the rent for the place where they actually lived.

If a married couple files jointly and one lives in a nursing home, can we adjust the income on the M1RENT?

If one spouse lived in a care facility and the other spouse lived elsewhere, and you are filing a joint return, you may only file one Schedule M1RENT. You can only claim the credit for one rental unit using one spouse's CRP and income. AGI on line 1 of Schedule M1REF may be different than line 1 of the M1 in these circumstances. If this is the case, the taxpayer should enclose an explanation with their return. Additional information on filing situations can be found in the instructions of [Schedule M1RENT, Renter's Credit](#).

With the new CRP changes, how are we reporting individuals who live with someone that they are NOT married?

All adults living in a rental unit should receive a CRP from the property owner, with rent split evenly between them. Each renter may claim the credit separately. If individual renters have separate agreements with the property owner, they can calculate CRP rent amounts based on those agreements.

What happens when the taxpayer both rents and owns a property?

The taxpayer may claim a renter's credit for the rental unit where they lived during the year. If they rented for the first part of the year but then owned and occupied a homestead on January 2 of 2025, they may be eligible for both the Renter's Credit on the M1 and the Homestead Credit Refund on the M1PR.

If the taxpayer is a part-year renter, is there a place to adjust for the part-year income?

Yes, there is a line on Schedule M1RENT to adjust income for part-year residents.

If we amend Form M1 for a late CRP, do we need to submit a federal amended return, too?

Not if you do not change anything on the federal return.

Will software providers add a text box in the e-file schema to explain income differences on the M1RENT and the M1?

There are no plans to add a text box into the schema to explain differences in income between the M1 and M1RENT.

Are there additional resources to help us get the word out about changes to Form M1 and CRPs to our clients?

Yes. There are resources available on the [Promotional Materials page](#) on our website.

Is there an option for non-game wildlife donation for renters?

Yes. Taxpayers can use line 18 on the 2024 Form M1 for the non-game wildlife donation.

Homestead Credit Refund

When should I use Schedule M1PR-SR?

Use Schedule M1PR-SR to claim the Special Refund on Form M1PR.

What is the definition of a co-occupant on Form M1PR?

A co-occupant is someone who lives with the owner who files a homestead credit claim. There are a few exceptions listed in the M1PR instructional booklet. For more information, please review the M1PR instructions.

Can a taxpayer claim a renter's credit and homestead credit if they lived in a nursing home and owned their home part of the year?

If the taxpayer began the year as a homeowner but then permanently moved to a nursing home during the year, they are no longer eligible for the homestead credit. However, they may be eligible for the renter's credit.

Is there a penalty for filing the M1PR late?

No. The M1PR is not a required return.

Is there now a two-year statute of limitations for the M1PR?

This did not change. The original return must be filed within the same August 15 deadlines.

Does the CRP apply to the Homestead Credit Refund now? If so, how?

Yes. It applies to mobile homeowners who rented a lot.

What non-taxable and co-occupant income must be included for the Renter's Credit and M1PR?

Unlike prior years, the 2024 Renter's Credit does not require the addition for non-taxable income. You must add various forms of non-taxable income to total income on the M1PR for the purposes of calculating the homestead credit. The homestead credit is the only credit that requires you to include current and prior year co-occupant income.

If a mobile homeowner files the M1PR, where do you enter the CRP information?

Use the worksheet in the M1PR instructions for mobile homeowners. This should be programmed into your tax software as well, but the worksheet allows you to include the lot rent in the calculation of the Homestead Credit.

Can a mobile homeowner claim a Renter's Credit for lot rent and receive a property tax refund?

No. Mobile homeowners use Form M1PR to claim the homestead credit for their mobile home. They use the worksheet in the M1PR instructions to factor property taxes and lot rent into the calculation of the credit. This calculation should be installed into the software you use.

If a mobile home is not classified as a homestead, can the owner only file Form M1?

They can choose to, but they cannot claim a Homestead Credit on Form M1PR or lot rent with Form M1.

If a mobile homeowner has both a CRP and a property tax statement, and we are not supposed to do them separately, does that then mean the M1 cannot be filed until July when the property tax statement is received?

A mobile homeowner with both a CRP and a property tax statement will use Form M1PR to claim the homestead credit. They should not wait to file their M1 because they do not use Schedule M1RENT to claim a refund relating to their mobile home. The CRP and property tax statements are both used with the worksheet in the M1PR instructions to calculate the homestead credit for mobile homeowners.

When do property tax statements come out?

Property tax statements are issued by counties and are generally released around March. For mobile homeowners, statements are generally released around June or July.

Miscellaneous

Can amended returns be filed online in 2024, or must they still be filed on paper?

2024 individual income tax amended returns can only be filed on paper.

Can you authorize a firm to have third-party access, or does authority have to be granted to an individual?

For third-party access in e-Services, each user must have a unique username and password. There are some exceptions for bulk filers.

For Power of Attorney (POA), an election must be made for each person being given authority to access a customer's information and to represent a customer before Revenue.

Can we use federal Form 2848 for POA if we include MN on the issues line?

We will accept federal Form 2848 for representation or receiving customer information if it mentions Minnesota or a Minnesota return, the tax type, and the tax years applicable.

Is the MN Secure Choice Retirement Program postponed until January 1, 2026?

At the time of this Q&A the Secure Choice board anticipates the program will open for enrollment the first quarter 2026. Updated information is on the [Secure Choice section of the Minnesota legislature website](#).

Can taxpayers give us access to their e-Services accounts so we can see it as a third party?

Not currently. There is no third-party access for individual e-Services accounts. This is only available for business accounts. We hope to add this feature in the future.

If my filing status is Married Filing Separately and I itemize my deductions on my M1, can my spouse take the standard deduction?

No. If you are Married Filing Separately and one spouse claims itemized deductions, the other spouse must also claim itemized deductions.

If we check the new MNSure checkbox on Form M1, will MNSure contact all taxpayers or only eligible taxpayers?

Yes. MNSure will contact taxpayers and may have additional questions to determine eligibility.

How does a taxpayer get credit for their withholding if we cannot include the withholding from an Alternative Withholding Certificate (AWC)?

The Form AWC is submitted with the M3 or M8 return. The partner or shareholder uses the Form AWC to calculate the alternative withholding amount. The Schedule KPI or KS provides the owner the amount withheld by the partnership or S corporation. The owner should include Schedule KPI or KS with their personal return.

If couples who are Married Filing Jointly set up individual e-services accounts, can either spouse make the estimate payment? Will both social security numbers reflect the payments, or do we need to create two accounts?

Married Filing Jointly taxpayers can each have their own e-Services account. A payment made on a joint return will show for both taxpayers, regardless of who made it.