DEPARTMENT OF REVENUE

NEAR FINAL DRAFT — 11/13/26

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2024 Schedule M1MB, Business Income Additions and Subtractions

See instructions for more information and worksheets to complete Schedule M1MB.

Your First Name and Initial | Your Last Name | Your Social Security Number

Additions to Income

1	Federal bonus depreciation addition *(determine from worksheet in the instructions)*	1	
2	State income taxes passed through to you as a partner, shareholder, or a beneficiary of a pass-through entity	2	
3	Foreign-derived intangible income deduction *(see instructions)*	3	
4	Suspended loss from bonus depreciation	4	
5	Net operating loss carryover adjustment from WHBA of 2009	5	
6	Accelerated recognition of nonresident installment sales *(enclose Schedule M1AR)*	6	
7	This line intentionally left blank	7	
8	This line intentionally left blank	8	
9	Add lines 1 through 8. Include the result on line 2 of Form M1	9	

Subtractions from Income

10	Federal bonus depreciation subtraction	10	
11	Section 179 expensing subtraction	11	
12	Gain from the sale of farm property	12	
13	Net operating loss carryover adjustment from WHBA of 2009	13	
14	Subtraction for railroad maintenance expenses	14	
15	Income from prior-year partnership or S corporation sale	15	
16	Disallowed section 280E expenses for licensed cannabis or hemp businesses	16	
17	Deferred foreign income subtraction/Employee Retention Credit	17	
18	Delayed business interest	18	
19	Delayed net operating loss *(see instructions)*	19	
20	This line intentionally left blank	20	
21	Add lines 10 through 20. Include the result on line 7 of Form M1	21	

2024 Schedule M1MB Instructions

You may have received these additions or subtractions as an individual, as a partner of a partnership, as a shareholder of an S corporation, or as a beneficiary of a trust or estate. Amounts you received as a partner, shareholder, or beneficiary will be reported on the Schedule KPI, KS, or KF you received from the entity.

Additions

Line 1 — Federal Bonus Depreciation Addition

If you chose the special depreciation allowance for qualified property on federal Form 1040, complete the Worksheet for Line 1.

Worksheet for Line 1 — Bonus Depreciation Modification

1	Add line 14 and line 25 of your federal Form 4562	
2	Enter the amount of bonus depreciation for qualified production property under IRC 168(n) to the extent it was included in step 1	
3	Subtract step 2 from step 1	
4	Total bonus depreciation amounts passed to you as a partner or shareholder (line 4 of Schedule KPI or Schedule KS)	
5	Add steps 3 and 4	
6	Multiply step 5 by 80% (.80)	
7	Total of any 80% federal bonus depreciation addition passed through to you as a beneficiary (from line 5 of Schedule KF)	
8	Add steps 6 and 7. Enter the result here and on line 1 of Schedule M1MB	

Instructions

If bonus depreciation included on step 3 or 4 generated a loss in an activity that cannot be deducted in 2024 (e.g. a passive activity loss, excess business loss, or loss in excess of basis), you may reduce step 3 or 4 by the amount of loss not allowed from the activity for 2024, up to the bonus depreciation claimed by the activity. In a future year when the 2024 suspended loss is allowed, you must include the bonus depreciation as an addition. The bonus depreciation is treated as the last suspended loss allowed.

Line 2 — State Income Taxes Passed Through to You as a Partner of a Partnership, a Shareholder of an S Corporation, or a Beneficiary of a Trust

Include state income taxes that were deducted in determining adjusted gross income. Include the total of the amounts reported on line 2 of Schedules KPI, KS, and KF.

Line 3 — Foreign-Derived Intangible Income Deduction under section 250 of the Internal Revenue Code

Include the amount of foreign-derived intangible income you deducted from net income under section 250 of the Internal Revenue Code for the taxable year.

Line 4 — Suspended Loss From Bonus Depreciation

Complete the Worksheet for Line 4 if both of the following apply:

- You are claiming a suspended loss from 2001 through 2005 or 2008 through 2023 on your federal return generated by bonus depreciation.
- You did not add back 80 percent of the bonus depreciation in those years.

Complete a separate worksheet for each entity that had a suspended loss. Combine the results for step 6 of each worksheet and enter the result on line 4.

Worksheet for Line 4

1	Bonus depreciation from 2001 through 2005 or 2008 through 2023 that was not added back on your Form M1	
2	Total suspended loss from activity remaining after 2023	
3	Subtract step 2 from step 1 (if a negative amount, enter zero)	
4	Multiply step 3 by 80% (.80)	
5	Total of the 80% bonus depreciation addition passed through to you as a beneficiary (from line 4 of Schedule KF)	
6	Add steps 4 and 5. Enter here and on Schedule M1MB, line 4	

Line 5 — Net Operating Loss (NOL) Carryover Adjustment

Minnesota did not adopt the provisions of the Worker, Homeownership, and Business Assistance Act of 2009 (WHBA). Under this Act, you may carry back 3, 4, or 5 years of an NOL generated in 2008 or 2009. For federal purposes, any remaining NOL that was not fully absorbed in the carryback years can be carried forward for up to 20 years, beginning in 2010. If you used any of that carryforward on your 2024 federal return, add back that amount as a positive number on line 5.

Line 6 — Accelerated Recognition of Nonresident Installment Sales

If you are required to report accelerated gains from an installment sale in 2023, complete and enclose Schedule M1AR, *Accelerated Recognition of Installment Sale Gains*.

Continued

Subtractions

Line 10 — Federal Bonus Depreciation Subtraction

You may be eligible to reduce your taxable income if either of the following are true:

- You reported 80 percent of the federal bonus depreciation as an addition to income on your 2019 through 2023 Form M1.
- You received a federal bonus depreciation subtraction in 2024 from an estate or trust.

Complete the Worksheet for Line 10 to determine the amount to enter.

Worksheet for Line 10

If you claimed bonus depreciation as an addition on your 2019 Form M1:

1 Line 3 or line 8 of your 2019 Schedule M1M . . . . . _____
2 Net operating loss generated for tax year 2019 (line 25, Schedule A of 2019 federal Form 1045). Enter as a positive number _____
3 Subtract step 2 from step 1 . . . . . _____
4 Multiply step 3 by 20% (.20) . . . . . _____

If you claimed bonus depreciation as an addition on your 2020 Form M1:

5 Line 3 or line 8 of your 2020 Schedule M1M . . . . . _____
6 Net operating loss generated for tax year 2020 (line 25, Schedule A of 2020 federal Form 1045). Enter as a positive number . . _____
7 Subtract step 6 from step 5 . . . . . _____
8 Multiply step 7 by 20% (.20) . . . . . _____

If you claimed bonus depreciation as an addition on your 2021 Form M1:

9 Line 1 or line 4 of your 2021 Schedule M1MB . . . . . _____
10 Net operating loss generated for tax year 2021 (line 24, Schedule A of 2021 federal Form 1045). Enter as a positive number _____
11 Subtract step 10 from step 9 . . . . . _____
12 Multiply step 11 by 20% (.20) . . . . . _____

If you claimed bonus depreciation as an addition on your 2022 Form M1:

13 Line 1 or line 4 of your 2022 Schedule M1MB . . . . . _____
14 Net operating loss generated for tax year 2022 (line 24, Schedule A of 2022 federal Form 1045). Enter as a positive number _____
15 Subtract step 14 from step 13 . . . . . _____
16 Multiply step 15 by 20% (.20) . . . . . _____

If you claimed bonus depreciation as an addition on your 2023 Form M1:

17 Line 1 or line 4 of your 2023 Schedule M1MB . . . . . _____
18 Net operating loss generated for tax year 2023 (line 24, Schedule A of 2023 federal Form 1045). Enter as a positive number _____
19 Subtract step 18 from step 17 . . . . . _____
20 Multiply step 19 by 20% (.20) . . . . . _____

If you received a subtraction in 2024 from an estate or trust:

21 Total bonus depreciation subtraction you received as a beneficiary of an estate or trust (from line 18 of Schedule KF). . . . . _____

Total subtraction

22 Add steps 4, 8, 12, 16, 20 and 21. Enter here and on line 10 of Schedule M1MB . . . . . _____

Line 11 — Section 179 Expensing Subtraction

If you added back 80% of the excess IRC section 179 deduction in 2019, enter one-fifth of the add-back. (MS 290.0132 subd. 14). Do not include an amount attributable to section 179 addition for property placed in service in a tax year beginning after December 31, 2019. Minnesota subtractions related to prior year additions will be allowed until the 5-year subtraction period ends.

Line 12 — Gain From the Sale of Farm Property

You can reduce your taxable income if you received a gain from the sale of farm property in 2024 and all of the following are true:

- You owned and operated the farm.
- Your debts were greater than the fair market value of your assets immediately before the sale.
- You included the gain from the sale in your federal adjusted gross income on line 11 of federal Form 1040.
- You applied the proceeds from the sale of the property to paying off the mortgage, contract for deed, or lien on the property.

Complete the Worksheet for Line 12.

Worksheet for Line 12

1 Amount of your debts immediately before the sale . . . . . _____
2 Amount of debt forgiveness you were permitted to exclude from income on federal Form 1040 . . . . . _____
3 Subtract step 2 from step 1 . . . . . _____
4 Fair market value of your assets immediately before the sale . . . . . _____
5 Subtract step 4 from step 3 . . . . . _____
6 Gain from the sale included on line 11 of federal Form 1040 . . . . . _____
7 Step 5 or step 6, whichever is less. Also enter this amount on Schedule M1MB, line 12 . . . . . _____

Continued

Line 13 — Net Operating Loss (NOL) from 2008 or 2009

Minnesota did not adopt the provisions of the Worker, Homeownership, and Business Assistance Act of 2009 (WHBA). If you chose this federal option, you are limited on your Minnesota return to a carryback period of two years preceding the loss.

Enter the amount you are carrying forward for 2024 for Minnesota purposes. For complete information on how to determine line 13 and any amount to carry forward, go to our website at www.revenue.state.mn.us and enter **net operating loss** into the Search box.

Line 14 — Railroad Maintenance Expenses

If you claimed a federal credit for railroad maintenance expenses on federal Form 8900, you may be allowed a subtraction for Minnesota purposes. The Minnesota subtraction is the amount of depreciation expenses you were not allowed for federal income tax purposes due to making a basis adjustment as a result of claiming the federal credit under section 45G(a) of the Internal Revenue Code. The Minnesota subtraction is allowed regardless of when the railroad purchased the asset to support the Railroad Track Maintenance Credit.

Line 15 — Income From Prior Year Partnership or S Corporation Sale

Complete this line if both of the following are true:

- You filed Schedule M1AR, *Accelerated Recognition of Installment Sale Gains*, in a prior year to report income from the sale of a partnership or S corporation.
- You recognized a gain on your 2024 federal income tax return from the sale reported on Schedule M1AR in the prior year. Include the gain recognized on your 2024 federal return that is included in your income.

Line 16 — Disallowed Section 280E Expenses for Licensed Cannabis or Hemp Businesses

If you are a licensed cannabis or hemp business in the state of Minnesota, you may subtract expenses that were not allowed for federal tax purposes under section 280E of the Internal Revenue Code.

Line 17 — Deferred foreign income/Employee Retention Credit

Enter the amount of deferred foreign income recognized on your federal return under Internal Revenue Code section 965. This amount is the section 965(a) inclusion amount reduced by section 965(c). Also include the amount of wages not deducted from income in the current taxable year and used for the calculation of the federal Employee Retention Credit under CARES Act Sec. 2301, TCDTR Sec. 206 and 207, and/or ARPA Sec. 9651.

Line 18 — Delayed Business Interest

You may be able to reduce your taxable income if you:

- Reported a nonconformity adjustment in tax years 2019 through 2022 for business interest expense deducted under the special rule (CARES Act Section 2306) in section 163(j)(10)(A) and (B) of the Internal Revenue Code.
- Have an unused Minnesota-only excess business interest expense carried forward from your 2019 through 2022 Minnesota returns.
- Received a delayed business interest subtraction on a 2024 Schedule KF.

If you filed a 2023 return, enter the same amount of the subtraction you claimed on your 2023 return.

If you did not file a 2023 return, determine the amount of your subtraction by summing the amounts reported on the following nonconformity adjustment lines:

- 2019 Schedule M1NC, line 8
- 2020 Schedule M1NC, line 16
- 2021 Schedule M1NC, line 16
- 2022 Schedule M1NC, line 16

Multiply the total of the above lines by 20 percent. If you received an amount on line 24 of a 2024 Schedule KF, add this to the result. The total is the amount of your subtraction in tax year 2024. The remaining 3/5th of the total can be taken as a 20 percent subtraction in each of the tax years 2025 through 2027.

Line 19 – Delayed Net Operating Loss Deduction

Minnesota did not adopt provisions from the CARES Act which allowed net operating losses generated in tax years 2018 through 2020 to be carried back up to 5 years and exceed 80% of federal taxable income. These disallowed net operating loss deductions are allowed as a carryforward for Minnesota purposes. The disallowed losses may be carried forward up to 20 years from the year in which the loss arose. Use the Worksheet for Line 19 to determine your disallowed Minnesota net operating loss subtraction for tax year 2024.

Worksheet for Line 19

1 Enter the amount of Minnesota NOL carried into 2024 from prior years.
Do not include amounts that were already subtracted in a prior year . . . . . _____
2 Enter the amount of federal taxable income from line 15 of Form 1040 or 1040-SR. If less than zero, enter 0 . . . . . _____
3 Multiply step 2 by 80% (0.80) . . . . . _____
4 Enter the lesser of step 1 or step 3. Enter this amount on line 19 . . . . . _____
5 Subtract step 4 from step 1. This is your Minnesota NOL carried into 2025 . . . . . _____