DEPARTMENT OF REVENUE

FINAL DRAFT — 11/20/26

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2026 Schedule M1NC, Federal Adjustments

Minnesota has not adopted certain federal law changes enacted after May 27, 2026, which affect federal adjusted gross]income for tax year 2026. This schedule allows for any necessary adjustments required to file a state tax return.

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

Read the instructions before you complete this schedule.

Enter amounts as a positive.

Adjustments to federal adjusted gross income (FAGI)

1	Educator expense deduction for early childhood educators *(see instructions)*	**1** ■	
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3	This line intentionally left blank	**3** ■	
4	This line intentionally left blank	**4** ■	
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24 This line intentionally left blank . . . . . **24** ■ _____

25 This line intentionally left blank . . . . . **25a** ■ _____

26 This line intentionally left blank . . . . . **26** ■ _____

27 This line intentionally left blank . . . . . **27** ■ _____

28 This line intentionally left blank . . . . . **28** ■ _____

29 This line intentionally left blank . . . . . **29** ■ _____

30 This line intentionally left blank . . . . . **30** ■ _____

31 This line intentionally left blank . . . . . **31** ■ _____

32 This line intentionally left blank . . . . . **32** ■ _____

33 This line intentionally left blank . . . . . **33** ■ _____

34 This line intentionally left blank . . . . . **34** ■ _____

35 This line intentionally left blank . . . . . **35** ■ _____

36 Other adjustments *(see instructions)* . . . . . **36** ■ _____

If you have an amount on lines 1 through 36 and had rental real estate losses, received social security income, contributed to an IRA, or paid interest on student loans, see the instructions and worksheets for lines 37 through 40 to determine your Minnesota deduction.

37 Rental real estate loss limitation . . . . . **37** ■ _____

38 Taxable social security benefits . . . . . **38** ■ _____

39 IRA Deduction . . . . . **39** ■ _____

40 Student loan interest deduction . . . . . **40** ■ _____

41 Add lines 1-40. If positive, report on line 11 of Schedule M1M.
If negative, report as a positive number on line 42 of Schedule M1M. . . . . **41** ■ _____

42 Line 1 of Form M1 . . . . . **42** ■ _____

43 **Minnesota Adjusted Gross Income.** Add Lines 41 and 42, then see instructions . . . . . **43** ■ _____

You must include this schedule when you file Form M1.

2026 Schedule M1NC Instructions

For taxpayers who are affected by changes to federal tax law passed after May 27, 2026.

Purpose of This Schedule

Rules used to determine Minnesota Individual Income Tax are generally based on the Internal Revenue Code (IRC) as amended through May 27, 2026 with certain exceptions. Since that date, Congress has enacted federal income tax law changes which impact the calculation of Minnesota Individual Income Taxes.

Who Must File Schedule M1NC

If you are affected by any of the provisions included on this form, complete Schedule M1NC to make the necessary adjustments when you file Form M1. Refer to the line instructions below for more information about the adjustments for your Minnesota return.

Line Instructions

Line 1 – Educator expense deduction for early childhood educators

If you claimed educator expenses on line 11 of your 2026 Federal Schedule 1 and you are an early childhood educator, enter the amount of expenses you claimed on line 1 of Schedule M1NC.

Do not use this line if you are a kindergarten through grade 12 educator and claimed educator expenses. If your federal deduction was calculated using expenses as both an early childhood educator and as a kindergarten through grade 12 educator, calculate the portion of the federal deduction attributed to your early childhood educator expenses only, and enter this amount on line 1 of Schedule M1NC

Line 36 – Other Adjustments to Adjusted Gross Income

If any provision within any federal acts enacted since May 27, 2026, impacts the calculation of adjusted gross income and is not included as an adjustment on another line of this schedule, enter an adjustment incorporating the change(s) to adjusted gross income on line 38.

Attach a statement showing the calculation of any amount entered on line 36.

Line 37 – Rental Real Estate Loss Limitation Adjustment

Rental real estate losses are limited based on your Minnesota adjusted gross income. Complete the Worksheet for Line 37 – Rental Real Estate Loss Limitation Adjustment if line 7 of your federal Schedule 8582 was less than $150,000. Enter the adjustment on line 37 of this schedule.

Worksheet for Line 37 — Rental Real Estate Loss Limitation

1	Enter the amount from line 5 of federal Form 8582	
2	Enter the amount from line 6 of federal Form 8582	
3	Enter the total of lines 1 through 36 of Schedule M1NC	
4	Add steps 2 and 3. If the result is greater than or equal to step 1, skip steps 5 and 6 and enter 0 on step 7 Otherwise, continue with step 5.	
5	Subtract step 4 from step 1. If zero or less, enter 0	
6	Multiply step 5 by 50% (0.5). Do not enter more than line 8 of Form 8582	
7	Enter the lesser of line 4 of Form 8582 or step 6 of this worksheet	
8	Enter the amount from line 10 of Form 8582	
9	Add steps 7 and 8.	
10	Enter the amount from line 11 of Form 8582	
11	Subtract step 9 from step 10. Include the result on line 37 of Schedule M1NC	

Line 38 – Taxable Social Security Benefits Adjustment

If you received Social Security benefits, you must use one of these methods to determine the taxable portion for Minnesota purposes.

Method 1

Use method 1 if you received social security benefits and either of these apply:

- You did not claim an IRA deduction on your federal return
- You did claim an IRA deduction on your federal return, but neither you or your spouse were covered by a retirement plan at work or through self-employment

Complete the **Worksheet for Line 38 – Social Security Benefits** to determine the adjustment to your Minnesota taxable Social Security benefits.

Method 2

Use method 2 if you received Social Security benefits and both of these apply:

- You are claiming an IRA deduction
- You or your spouse were covered by a retirement plan at work or through self-employment

Complete a separate Minnesota worksheet for each of Worksheets 1 through 3 of Appendix B in IRS Publication 590-A[RD2.1]. To determine your Minnesota IRA deduction and taxable Social Security benefits on these worksheets, follow the federal instructions but with the following modifications:

- On line 1 of your Minnesota Worksheets 1 and 3, include adjustments to AGI from lines 1 through 37 of Schedule M1NC
- On your Minnesota Worksheet 3, subtract the amount from line 19 of your federal worksheet from line 19 of you Minnesota worksheet and enter the result on line 38 of Schedule M1NC
- Do not use the Worksheet for Line 38 to determine your Minnesota IRA deduction adjustment

Worksheet for Line 38 — Social Security Benefits

1	Total amount from box 5 of all your Forms SSA and RRB-1099	
2	Multiply step 1 by 50%	
3	Combine amounts from Form 1040 or 1040-SR lines 1z, 2b, 3b, 4b, 5b, 7 and 8	
4	Form 1040 or 1040-SR line 2a (tax exempt interest)	
5	Combine amounts from lines 1through 37 of Schedule M1NC.	
6	Combine step 2, 3, 4, and 5	
7	Enter the total of the amounts from Schedule 1, lines 11 through 20, and 23 and 25	
8	If step 7 is less than step 6, subtract step 7 from step 6. If step 7 is more than step 6, none of your Social Security is taxable. Skip steps 9 through 18, enter 0 on step 19 and continue to step 20	
9	If you are: Married filing jointly enter $32,000 Single, Head of household, Qualifying widower, Married filing separately enter $25,000 Married filing separately and lived with spouse, skip step 9 through 16. Multiply step 8 by 85%, enter result on step 17, and continue to step 18	
10	If step 9 is less than step 8, subtract step 9 from step 8. If step 9 is more than step 8, none of your social security benefits are taxable. Skip steps 11 through 18, enter 0 on step 19 and continue to step 20.	
11	If you are: Married filing jointly enter $12,000 Single, head of household, qualifying widower, or married filing separately enter $9,000	
12	Subtract step 11 from step 10. If less than zero, enter 0	
13	Enter smaller of step 10 or 11	
14	Multiply step 13 by 50%	
15	Enter smaller of step 2 or step 14	
16	Multiply line 12 by 85%	
17	Add steps 15 and 16	
18	Multiply line 1 by 85%	
19	Enter the smaller of steps 17 or 18	
20	Enter amount from line 6b of Form 1040	
21	Subtract Step 20 from step 19. Enter result on line 38 of Schedule M1NC. If negative, enter as a negative	

Line 39 – IRA Deduction Adjustment

Use the Worksheet for Line 39 to determine your Minnesota IRA deduction. Do not use the worksheet if:

- You used method 2 on line 38 to determine your taxable Social Security benefits and IRA deduction
- You (and your spouse if filing a joint return) were not covered by a retirement plan at work or through self-employment

Worksheet for Line 39 — Minnesota IRA Deduction (2025)

		Your IRA	Spouses's IRA
1	Were you covered by a retirement plan? Answer Yes or No on Step 1. If you answered No, see instructions.	☐ Yes ☐ No	☐ Yes ☐ No
2	Enter the amount shown below that applies to you	2a	2b
	• Single, Head of household, married filing separately and lived apart enter $89,000 • Qualifying Surviving Spouse enter $146,000 • Married filing jointly enter $146,000 if you checked Yes on step 1 • Married filing jointly enter $246,000 if you checked No on step 1 • Married filing separately and you lived with your spouse enter $10,000		
3	Enter the amount from line 9 of Form 1040 or 1040-SR	3	
4	Combine the amounts included on lines 1through 38 of Schedule M1NC	4	
5	Add steps 3 and 4	5	
6	Enter the total of amounts from Schedule 1, lines 11 through 19a, plus 23 and 25	6	
7	Subtract step 6 from step 5. Enter the result in both columns	7a	7b
8	If the amount on step 7 is less than step 2, continue to step 9. If the amount on step 7 is more than step 2, none of your IRA is deductible for Minnesota purposes. **Stop here** and include the amount you entered on line 20 of federal Schedule 1 on line 39 of Schedule M1NC.		
9	Subtract step 7 from step 2. If your filing status is single, head of household, or married filing separately and the result is less than $10,000, enter the difference on step 9 and go to step 10. If the result is $10,000 or more, enter one of the following amounts on step 10 and go to step 11	9a	9b
	• $7,000 if under age 50 at the end of 2026 • $8,000 if over age 50 at the end of 2026 If you are married filing jointly or a qualifying surviving spouse, and the result is $20,000 or more ($10,000 in the column that entered No on step 1), enter one of the following amounts on step 10 and go to step 11. • $7.000 if under age 50 at the end of 2026 • $8,000 if over age 50 at the end of 2026 Otherwise, enter the difference on line 9 and go to step 10.		
10	Multiply the amounts on step 9 by the following percentages. Round the result up to the nearest multiple of $10. If the result is less than $200, enter $200.	10a	10b
	If single, head of household, married filing separately use 70% (.70) or if over age 50 at the end of 2026, use 80% (.80) If married filing jointly and answered Yes on step 1, use 35% (.35) or in the column of a person who is over age 50 at the end of 2026, use 40% (.40). In the column for people who answered No on step 1, use 70% (.70) or 80% (.80) if over age 50 at the end of 2026		
11	Enter the total of your (and your spouse's if filing a joint return): • Wages, salaries, tips • Alimony reported on line 2a of Schedule 1 • Nontaxable combat pay from Box 12 of Form W-2 with Code Q	11	
12	Enter the earned income you (and your spouse if filing a joint return) received as self-employed. This is net earnings minus the deduction on lines 15 and 16 of Schedule 1. If zero or less, enter 0	12	
13	Combine amounts from lines 8 through 38 of Schedule M1NC	13	
14	Combine the amounts on steps 11, 12, and 13. If married filing jointly and step 14 is less than $14,000 ($15,000 if one spouse is age 50 or older at the end of 2025; $16,000 if both spouses are age 50 or older at the end of 2025), **stop here**, and use the worksheet in Pub. 590-A to figure your IRA deduction.	14	
15	Enter traditional IRA contributions to your IRA on step 15a and your spouse's IRA on step 15b	15a	15b
16	On step 16a, enter the smaller of steps 10a, 14, or 15a On step 16b, enter the smaller of steps 10b, 14, or 15b	16a	16b
17	Combine the amounts on step 16	17	
18	Enter the amount from line 20 of federal Schedule 1	18	
19	Subtract step 17 from step 18. Enter the result on line 39 of Schedule M1NC. If the result is negative, enter as a negative amount.	19	

Line 40 – Student Loan Interest Deduction Adjustment

Complete the Worksheet for Line 40 – Student Loan Interest if you deducted student loan interest on your federal return. After you complete the worksheet, enter the adjustment on line 40. If you are required to complete worksheets for lines 37 through 39, you must complete those worksheets before completing the worksheet for line 40.

Worksheet for Line 40 — Student Loan Interest Deduction

1	Enter the interest you paid in 2026 on qualified student loans (see instructions for line 21 of federal Schedule 1). Do not enter more than $2,500	
2	Enter the amount from line 9 of federal Form 1040 or 1040-SR	
3	Enter the total of lines 1 through 38 of Schedule M1NC	
4	Add steps 2 and 3	
5	Enter the total of the amounts from Schedule 1, lines 11 through 20, and 23 and 25	
6	Enter IRA deduction adjustment from line 39 of Schedule M1NC	
7	Add steps 5 and 6	
8	Subtract step 7 from step 4	
9	Enter amount based on filing status Single, head of household, qualifying widower - $85,000 Married filing jointly - $170,000	
10	If step 8 is more than step 9, subtract step 9 from step 8 If step 8 is less than step 9, skip steps 10 and 11, enter 0 on step 12, and go to step 13.	
11	Divide step 10 by $15,000 ($30,000 if married filing jointly). Enter result as decimal (rounded to at least three places) If the result is more than 1.000, enter 1.000	
12	Multiply step 1 by step 11	
13	Subtract step 12 from step 1. Minnesota student loan interest deduction	
14	Federal student loan interest deduction from line 21 of federal Schedule 1	
15	Subtract step 13 from step 14. Enter the result on line 40 of Schedule M1NC. If the result is negative, enter as a negative	

Line 43 — Minnesota Adjusted Gross Income

If you are claiming the social security subtraction on line 14 of Schedule M1M, Income Additions and Subtractions, use the Worksheet for Line 14 of Schedule M1M below to determine your subtraction.

If you are filing the following forms, use the amount from line 43 on the appropriate lines:

- Line 5 of Schedule M1CD, Child and Dependent Care Credit
- Line 1 of Schedule M1ED, K -12 Education Credit
- Line 1 of Schedule M1CWFC, Minnesota Child and Working Family Credits
- Line 1 of Schedule M1SA, Minnesota Itemized Deductions
- Line 18 of Schedule M1CAT, Casualty and Theft
- Line 9a of Schedule M1R, Age 65 or Older/Disabled Subtraction
- Line 1 of Schedule M1MT, Alternative Minimum Tax
- Line 2 of Schedule M1SLC, Student Loan Credit
- Line 1 of Schedule M1CR, Credit for Income Tax Paid to Another State (use this amount in the instructions for line 1)
- Line 1 of Schedule M1RCR, Credit for Tax Paid to Wisconsin (use this amount in the instructions for line 1)
- Line 4 of Schedule M1QPEN, Qualified Public Pension Subtraction
- Line 1 of Schedule M1RENT, Renter's Credit

Use line 43 of Schedule M1NC on the following worksheets:

- Form M1 – Standard Deduction Limitation on Line 4 – Use line 43 of Schedule M1NC to determine if you need to complete Worksheet A or Worksheet B
- Form M1 - If required to use Worksheet A for Line 4 – use line of Schedule M1NC on Step 1 of the Worksheet A for Line 4 – Standard Deduction Limitation
- Form M1 - Step 4 of the Worksheet for Line 5 – Dependent Exemptions[AL3.1][AL3.2]
- Schedule M1SA – Use line 43 of Schedule M1NC to determine which worksheet to complete for Line 28
- Schedule M1SA – If required to use Worksheet A for Line 28 - Step 4 of the Worksheet A for Line 28 – Itemized Deduction Phaseout for AGI $1,107,750 or less
- Form M1 – Step 1 of the Adjusted Gross Income Worksheet for PTE Deductions
- Schedule M1529 - Step 3 of the Worksheet for Line 5 (529 Credit)

Worksheet for Line 12 of Schedule M1M

1 Line 43 of Schedule M1NC . . . . . .

2 Enter the amount based on your filing status . . . . . .
Married Filing Jointly or Qualifying Widow(er): $110,780
Single or Head of household: $86,410
Married Filing Separate: $55,390

3 Subtract step 2 from step 1 . . . . . .

4 Divide step 3 by $4,000 ($2,000 if married and filing a separate return).
Round up to nearest whole number. If greater than ten, enter 10. . . . . .

5 Multiply step 4 by 10% (0.1) Enter the result as a decimal . . . . . .

6 Taxable Social Security benefits from line 6b of Form 1040 or 1040-SR . . . . . .

7 Step 21 of the Worksheet for Line 38 – Social Security Benefits . . . . . .

8 Combine steps 6 and 7 . . . . . .

9 Multiply step 5 by step 8 . . . . . .

10 Subtract step 9 from step 8. If less than zero, enter 0. . . . . .

11 Enter the amount from line 9 of Form 1040 or 1040-SR . . . . . .

12 Subtract step 8 from step 11 . . . . . .

13 Enter the amount from line 6a of federal Form 1040 or 1040-SR . . . . . .

14 Multiply step 13 by 50% (0.50) . . . . . .

15 Enter the amount you included or should have included on line 2a of Form 1040 or 1040-SR . . . . . .

16 Add steps 12, 14, and 15 . . . . . .

17a Enter the amount from line 26 of federal Schedule 1 (total deductions from Schedule 1) . . . . . .

17b Enter your IRA deduction adjustment from Line 39 of Schedule M1NC . . . . . .

17c Combine steps 17a and 17b . . . . . .

18a Enter the amount from line 21 of federal Schedule 1 . . . . . .

18b Enter your student loan interest adjustment from Line 40 of Schedule M1NC . . . . . .

18c Combine Steps 18a and 18b . . . . . .

19 Subtract step 18c from step 17c. If zero or less, enter 0. . . . . .

20 Subtract step 19 from step 16. If zero or less, enter 0. . . . . .

21 Enter the amount based on your filing status . . . . . .
Married Filing Jointly or Qualifying Widow(er): $88,630
Single or Head of household: $69,250
Married Filing Separate: $44,315

22 Subtract step 21 from step 20. If zero or less, enter 0 . . . . . .

23 Multiply step 22 by 20% . . . . . .

24 Enter the amount based on your filing status . . . . . .
Married Filing Jointly or Qualifying Widow(er): $5,840
Single or Head of household: $4,560
Married Filing Separate: $2,920

25 Subtract step 23 from step 24. If zero or less, enter 0 . . . . . .

26 Enter the amount from step 8 (Minnesota Taxable Social Security benefits . . . . . .

27 Enter the amount of Tier 1 railroad retirement benefits included on line 17 of Schedule M1M . . . . . .

28 Subtract step 27 from step 26. If zero or less, enter 0 . . . . . .

29 Enter step 25 or step 28, whichever is less . . . . . .

30 Subtract step 27 from step 10. If zero or less, enter 0 . . . . . .

31 Enter step 29 or 30, whichever is greater. Also, enter this amount on line 12 of Schedule M1M . . . . . .