

Minnesota

What's New

Returns Included	e-File Approved*	e-File Activated
M1	11/22/2023	01/02/2024
M2	11/22/2023	01/02/2024
M3	11/22/2023	01/02/2024
M4	11/22/2023	01/02/2024
M8	12/06/2023	01/02/2024

*NOTE: Certain return types may not be available for e-file as of the EF approval date. e-File will be activated when the state taxing authority is ready to receive all forms within the applicable package.

New Forms

- Schedule M1DQC, Dependents and Qualifying Children
- Schedule PTE-RP, Pass-Through Entity Tax for Resident Partners

Modified Forms

- **Forms EST and M15C, Additional Charge for Underpayment of Estimated Tax** – Changed the percentage rate on line 20 to 5%
- **Form M3, Partnership Return**
 - Line 9 – Changed to “Housing Tax Credit”
 - Line 10 – Changed to “Short Line Railroad Infrastructure Modernization Credit”
 - Line 11 – Changed to “Credit for Sales of Manufactured Home Parks to Cooperatives”
- **Form M3A, Apportionment and Minimum Fee** – Updated Minimum Fee Table
- **Form M3X, Amended Partnership Return**
 - Line 10 – Changed to “Housing Tax Credit”
 - Line 11 – Changed to “Short Line Railroad Infrastructure Modernization Credit”
 - Line 12 – Changed to “Credit for Sales of Manufactured Home Parks to Cooperatives”
- **Forms M8, S Corporation Return, and M8X, Amended S Corporation Return**
 - Line 10 – Changed to “Housing Tax Credit”
 - Line 11 – Changed to “Short Line Railroad Infrastructure Modernization Credit”
 - Line 12 – Changed to “Credit for Sales of Manufactured Home Parks to Cooperatives”

- **Schedule KPC, Partner’s Share of Income, Credits and Modifications**
 - Line 19 – Changed to “Disallowed section 280E expenses of a licensed cannabis business”
 - Line 20 – Changed to “State income tax refund included in income (see instructions)”
 - Line 23 – Changed to “Housing Tax Credit”
 - Line 24 – Changed to “Short Line Railroad Infrastructure Modernization Credit”
 - Line 25 – Changed to “Credit for Sales of Manufactured Home Parks to Cooperatives”
- **Schedules KPI, Partner’s Share of Income, Credits and Modifications; and KS, Shareholder’s Share of Income, Credits and Modifications**
 - Line 16 – Changed to “Disallowed section 280E expenses of a licensed cannabis business”
 - Line 17 – Changed to “Delayed business interest”
 - Line 18 – Changed to “State income tax refund included in income (see instructions)”
 - Line 21 – Changed to “Housing Tax Credit”
 - Line 22 – Changed to “Short Line Railroad Infrastructure Modernization Credit”
 - Line 23 – Changed to “Credit for Sales of Manufactured Home Parks to Cooperatives”
- **Schedule PTE, Pass-Through Entity Tax**
 - Line 2 – Removed the text “federal changes not adopted by Minnesota”
 - Lines 16 and 23 – Reworked for qualifying shareholders and partners: ability to take subtraction on one-fifth of the bonus depreciation that was added back in a year where composite tax or PTE was elected
 - Line 17 and 24– Reworked for qualifying shareholders and partners: ability to take subtraction on one-fifth of the section 179 expensing that was added back in a year where composite tax or PTE was elected
 - Line 28 – Added to include the amount from line 13 of Schedule PTE-RP

Obsolete Forms

The following forms are obsolete for tax year 2023 due to nonconformity:

- Schedule KFNC, Federal Adjustments
- Schedule KPCNC, Federal Adjustments
- Schedule KPINC, Federal Adjustments
- Schedule KSNC, Federal Adjustments
- Schedule M1NC, Federal Adjustments
- Schedule M2NC, Federal Adjustments
- Schedule M2SBNC, Federal Adjustments
- Schedule M4NC, Federal Adjustments

Tax Law Changes

Individual Package

- **Child Tax Credit and Working Family Credit** – Beginning tax year 2023, eligible taxpayers can claim a credit of \$1,750 per qualifying child, with no limit on the number of children claimed. The credit is combined with the Working Family Credit and is reduced when the greater of the filer’s earned income or adjusted gross income exceeds \$29,500 (\$35,000 if Married Filing Jointly).
- **Social Security Subtraction** – If the taxpayer received Social Security benefits and their adjusted gross income is *less than or equal to* the following thresholds, the taxpayer may be eligible to subtract the full amount of their taxable benefits: \$78,000 for Single or Head of Household, \$100,000 for Married Filing Jointly or Qualifying Surviving Spouse, and \$50,000 for Married Filing Separately. If the taxpayer’s income is *greater* than the threshold amounts, they may be eligible to subtract a portion of their benefits.
- **Qualified Retirement Benefit Subtraction** – If the taxpayer received a pension for certain public services, they may be able to subtract up to \$12,500 in pension income (\$25,000 for Married Filing Jointly or Qualified Surviving Spouse).
- **Minnesota Education Credit** – Beginning tax year 2023, the definition of income used for purposes of the credit has been changed from “household income” to “adjusted gross income,” and the credit amount per qualifying child has been increased from \$1,000 → \$1,500. The credit is reduced for taxpayers whose income exceeds \$70,000 (previously \$33,500).
- **Child and Dependent Care Credit** – The taxpayer no longer has to file a Married Filing Jointly return to claim the credit for a child born during the year. Taxpayers may be eligible to calculate their credit using \$3,000 of expenses in regards to a child born in 2023, even if they did not have actual expenses for that child or if only one spouse had earned income. See Schedule M 1CD, Child and Dependent Care Credit, for more information.
- **Standard Deduction** – The standard deduction has been increased as follows:
 - Single or Married Filing Separately – \$13,825
 - Married Filing Jointly or Qualifying Surviving Spouse – \$27,650
 - Head of Household – \$20,800
- **Dependent Exemptions** – The dependent exemption amount is now \$4,800 for each qualifying dependent. The taxpayer’s total exemption amount is reduced if their income exceeds the following thresholds:
 - Single – \$220,650
 - Married Filing Separately – \$165,475
 - Married Filing Jointly or Qualifying Surviving Spouse – \$330,950
 - Head of Household – \$275,800
- **CRP System Update for Landlords** – All residential property owners and managers can now use e-Services to create and manage Certificates of Rent Paid (CRPs) for Minnesota properties. There is no cost to use this service. For more information, visit the [CRP Information for Landlords page](#) of the MN DOR website.

Fiduciary Package

The following credits have been added for tax year 2023:

- Credit for Sales of Manufactured Home Parks to Cooperatives
- Housing Credit
- Short Line Railroad Infrastructure Modernization Credit

Corporation, S Corporation, and Partnership Packages

- The following credits have been added for tax year 2023:
 - Credit for Sales of Manufactured Home Parks to Cooperatives
 - Housing Credit
 - Short Line Railroad Infrastructure Modernization Credit
- **Delayed Business Interest Deduction Subtraction** – The delay allows a subtraction for one-fifth of the amount of the nonconformity adjustment additions required as a result of the CARES Act.
- **Housing Tax Credit** – This new nonrefundable credit is for qualifying contributions to a state fund. To be eligible, the taxpayer must apply to the Minnesota Housing Finance Agency (MHFA) and receive a credit certificate.
- **Short Line Railroad Infrastructure Modernization Credit** – This new nonrefundable credit is for railroad reconstruction or replacement expenditures of a Class II or Class III railroad.
- **Credit for Sales of Manufactured Home Parks to Cooperatives** – This new nonrefundable credit is for 5% of the amount of the sale.
- **Pass-Through Entity (PTE) Tax**
 - Expands eligibility by allowing partial elections (if not all owners are qualifying owners)
 - Requires 100% allocation to Minnesota for resident partners
 - Removes the requirement that one qualifying owner must be subject to the limitation on state and local taxes (SALT cap)
 - Clarifies eligibility for a single member LLC if the LLC is taxed as a partnership or S corporation
 - Requires partnerships with federal audit adjustments to file an amended Schedule PTE.
- **Nonresident Withholding and PTE Tax Refunds** – Overpayments of nonresident withholding tax and PTE tax are now limited to the amount of the overpayment that was not deducted or withheld from the shares of the partners or shareholders.
- **Minimum Fee** – Partnerships and S corporations are subject to a minimum fee if the sum of its Minnesota source property, payroll, and sales or receipts is at least \$1,160,000 (previously \$1,080,000).
 - Partnerships are exempt from the minimum fee if more than 80% of the income is from farming.
 - S corporations that file as QSSS federally should include all factors under one parent company and are subject to only one minimum fee at the parent company level.

Supported Forms

The following Minnesota forms are supported in Drake Tax 2023. MN forms cannot be e-signed.

Form	Description	IND	CRP	SCRIP	PTR	FID
	Amended Income Tax Payment Voucher	✓				
	Individual Extension Payment Voucher	✓				
	Return Amended Payment Voucher		✓	✓	✓	✓
	Return Estimated Payment Voucher	✓	✓	✓	✓	✓
	Return Payment Voucher	✓	✓	✓	✓	✓
AWC	Alternative Withholding Certificate			✓	✓	
BANK	Authorization of Direct Debit	✓	✓	✓	✓	
CRP	Certificate of Rent Paid	✓				
DIV	Deduction for Dividends Received		✓			
EETP	Electronic Estimated Tax Payments / e-File Payment Voucher	✓				
EST	Additional Charge for Underpayment of Estimated Tax			✓	✓	✓
ETP	Employer Transit Pass Credit	✓	✓	✓	✓	✓
M1	Individual Income Tax	✓				
M15C	Additional Charge for Underpayment of Estimated Tax		✓			
M1PR	Homestead Credit Refund (for Homeowners) and Renter's Property Tax Refund	✓				
M1PRX	Amended Homestead Credit Refund (for Homeowners) and Renter's Property Tax Refund	✓				
M1X	Amended Minnesota Income Tax	✓				
M2	Income Tax Return for Estates and Trusts					✓
M23	Claim for a Refund Due a Deceased Taxpayer	✓				
M2X	Amended Income Tax Return for Estates and Trusts					✓
M3	Partnership Return				✓	
M3A	Apportionment and Minimum Fee				✓	
M3X	Amended Partnership Return				✓	
M4	Corporation Franchise Tax Return		✓			
M4A	Apportionment/Fee Calculation		✓			
M4I	Income Calculation		✓			
M4R	Minnesota Business Activity Report		✓			
M4T	Tax Calculation		✓			
M4X	Amended Corporation Franchise Tax Return		✓			
M8	S Corporation Return			✓		
M8A	Apportionment and Minimum Fee			✓		
M8X	Amended S Corporation Return			✓		
M99	Credit for Military Service in a Combat Zone	✓				
MN4562	Depreciation and Amortization	✓	✓	✓	✓	
NOL	Net Operating Loss Deduction		✓			
RD	Credit for Increasing Research Activities		✓			
REV184b	Business Power of Attorney		✓	✓	✓	✓
REV184i	Individual or Sole Proprietor Power of Attorney	✓				
Schedule KF	Beneficiary's Share of Minnesota Taxable Income	✓				✓
Schedule KPC	Partner's Share of Income, Credits and Modifications	✓		✓		

Form	Description	IND	CRP	SCRPP	PTR	FID
Schedule KPI	Partner's Share of Income, Credits and Modifications	✓			✓	
Schedule KS	Shareholder's Share of Income, Credits and Modifications	✓		✓		
Schedule M15	Underpayment of Estimated Income Tax	✓				
Schedule M1529	Education Savings Account Contribution Credit or Subtraction	✓				
Schedule M1AR	Accelerated Recognition of Installment Sale Gains	✓				
Schedule M1C	Nonrefundable Credits	✓				
Schedule M1CAT	Casualty and Theft	✓				
Schedule M1CD	Child and Dependent Care Credit	✓				
Schedule M1CMD	Credit for Attaining Master's Degree in Teacher's Licensure Field	✓				
Schedule M1CR	Credit for Income Tax Paid to Another State	✓				
Schedule M1DQC	Dependents and Qualifying Children	✓				
Schedule M1ED	K-12 Education Credit	✓				
Schedule M1HOME	First-Time Home Buyer Savings Account	✓				
Schedule M1LS	Tax on Lump-Sum Distributions	✓				
Schedule M1LTI	Long-Term Care Insurance Credit	✓				
Schedule M1M	Income Additions and Subtractions	✓				
Schedule M1MA	Marriage Credit	✓				
Schedule M1MB	Business Income Additions and Subtractions	✓				
Schedule M1MT	Alternative Minimum Tax	✓				
Schedule M1MTC	Alternate Minimum Tax Credit	✓				
Schedule M1NR	Nonresidents/Part-Year Residents	✓				
Schedule M1PR-AI	Additions to Income	✓				
Schedule M1PSC	Credit for Parents of Stillborn Children	✓				
Schedule M1R	Age 65 or Older/Disabled Subtraction	✓				
Schedule M1RCR	Credit for Tax Paid to Wisconsin	✓				
Schedule M1REF	Refundable Credits	✓				
Schedule M1SA	Minnesota Itemized Deductions	✓				
Schedule M1SLC	Student Loan Credit	✓				
Schedule M1UE	Unreimbursed Employee Business Expenses	✓				
Schedule M1W	Minnesota Income Tax Withheld	✓				
Schedule M1WFC	Minnesota Working Family Credit	✓				
Schedule M2MT	Alternative Minimum Tax					✓
Schedule M2NM	Non Minnesota Source Income and Related Expenses					✓
Schedule M2SB	Income Tax Computation for S Portion of ESBT					✓
Schedule PTE	Pass-through Entity Tax			✓	✓	
Schedule PTE-RP	Pass-through Entity Tax for Resident Partners				✓	