

Minnesota

Initial Release

Returns Included	Approved for e-File
M1	12/16/2022
M2	12/16/2022
M3	12/16/2022
M4	12/16/2022
M8	12/16/2022

Tax Law Changes

- The 2022 standard deduction amounts are as follows:
 - Single or Married Filing Separately – \$12,900
 - Married Filing Jointly or Qualifying Widow(er) – \$25,800
 - Head of Household – \$19,400
- Frontline Worker Payments on Minnesota Tax Return
 - MN-based companies are not required to issue federal Forms 1099 for amounts less than \$600.
 - MN does not tax frontline worker payments as income. These payments do not need to be reported on the MN return.
 - Payments included on federal returns may be subtracted from the MN return.
- The American Rescue Plan Act allows taxpayers to exclude certain payments from taxable income; however, Minnesota *has not* conformed to all provisions. As such, the following payments must be treated as taxable income on MN returns:
 - Targeted Economic Injury Disaster Loan Advances
 - Restaurant Revitalization Grants
 - Small Business Administration forgivable loan assistance
 - Shuttered Venue Operators Grant
- The 2022 dependent exemption amount is \$4,450 for each qualifying dependent.

New Forms

- Schedule M2NM, Non-Minnesota Source Income and Related Expenses — To be filled with Form M2, Form M2X, or Schedule M2SB.
- The following schedules have been revived due to MN not adopting certain federal laws enacted after December 18, 2018:

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

Modified Forms

- Form M1, Individual Income Tax
 - Updated standard deduction amounts for 2022
 - Updated standard and itemized deduction limitations for 2022
- Form M1PR, Homestead Credit Refund (for Homeowners) and Renter’s Property Tax Refund
 - Veterans’ disability compensation is now excluded when determining household income.
 - Paycheck Protection Program (PPP) loans must be included as taxable income on Schedule M1PR-AI, Additions to Income.
 - Changed line 10 to “Other Subtractions” and added input line below
- Schedule M1UE, Unreimbursed Employee Expenses – Added lines 12b, 13b, 20b, and 20c regarding 2022 split mileage rates
- Schedule M1M, Additions and Subtractions — Updated line 29 to report a new subtraction for Frontline Worker Pay
- Schedule M1C, Other Nonrefundable Credits
 - Made line 18 intentionally blank
 - Added line 19 to report the total amount of credits on Schedule M1C
- Schedule M1NC, Federal Adjustments
 - Each line now describes provisions of federal tax laws enacted after December 31, 2018, that MN does not conform to.
 - Added lines 13a, 13b, 14a, and 14b to calculate other amounts on Form M1 and determine carryover amounts to other tax years
- Schedule M1REF, Refundable Credits
 - Made line 11 intentionally blank
 - Changed line 12 to the total amount of credits
- Schedule PTE, Pass-Through Entity Tax
 - Added line 11 – “State Income Tax Refund Included in Income”
 - Added line 12 – “Add Lines 10 and 11”
 - In Part 2, removed the field for entities to enter the owner’s address, separated the name and SSN entry columns, and changed the “Share of Income” column from a percentage to a dollar
- Forms M2, Income Tax Return for Estates and Trusts, and M2X, Amended Income Tax Return for Estates and Trusts
 - Deleted “Subtraction for Prior Addback of Reacquisition of Business Indebtedness Income”

- Added a new check box if the taxpayer is making a tax position disclosure through Form TPD
- Schedule M2MT, Alternative Minimum Tax – Line 9 maximum exemption updated to \$41,080
- Schedules M2NC and M2SBNC, Federal Adjustments
 - Replaced line 2 with “IIJA Provisions (IIJA Sec. 80401, 80402, and 80601),” removing the previous adjustment for “Employee Retention Credit (CARES Act Sec. 2301)”
 - Deleted previous adjustments for:
 - “TCDTR credit provisions impacting business expenses (TCDTR Sec. 111, 113)”
 - “Employee retention credit for employers affected by qualified disasters (TCDTR Sec. 203)”
 - Added line 14 – “Certain loan forgiveness and other business financial assistance (CARES Act Sec. 1112(c); COVIDTRA Sec. 278)”
 - Added line 15 – “EIDL grants (ARPA Sec. 9672)”
- Schedule M2SB, Income Tax Computation for S Portion of ESBT — Deleted “Subtraction for Prior Addback of Reacquisition of Business Indebtedness Income”
- Form M3, Partnership Return
 - Updated minimum fee table on Form M3A
 - Changed signature and printed name lines to “Partner or LLC Member”
 - Added a new check box if the taxpayer is making a tax position disclosure through Form TPD
- Form M3X, Amended Partnership Return
 - Added a new check box if the taxpayer is making a tax position disclosure through Form TPD
 - Changed signature and printed name lines to “Partner or LLC Member”
- Form M4, Corporate Franchise Tax Return
 - Added a new check box if the taxpayer is making a tax position disclosure through Form TPD
 - Updated minimum fee table on Form M4A
- Form M4X, Amended Franchise Tax Return/Claim for Refund
 - Added a new check box if the taxpayer is making a tax position disclosure through Form TPD
 - Removed check box on page 3 – “I do not want my paid preparer to file my return electronically”
- Schedule M4NC, Federal Adjustments
 - Replaced line 4 with “IIJA Provisions (IIJA Sec. 80401, 80402, and 80601),” removing the previous adjustment for “Employee Retention Credit (CARES Act Sec. 2301)”
 - Deleted previous adjustment for:
 - “TCDTR credit provisions impacting business expenses (TCDTR Sec. 111, 113)”
 - “Employee retention credit for employers affected by qualified disasters (TCDTR Sec. 203)”
 - Added line 15 – “Certain loan forgiveness and other business financial assistance (CARES Act Sec. 1112(c); COVIDTRA Sec. 278)”
 - Added line 16 – “EIDL grants (ARPA Sec. 9672)”
- Form M8, S Corporation Return
 - Added a new check box if the taxpayer is making a tax position disclosure through Form TPD
 - Updated minimum fee table on Form M8A

- Schedules KPI, Partner’s Share of Income, Credits and Modifications, and KPC, Partner’s Share of Income, Credits and Modifications
 - Removed “FEIN of Partner Ultimately Taxed” from heading
 - Added line 19 – “State Income Tax Refund Included in Income” subtraction
- Schedule KPC, Partner’s Share of Income, Credits and Modifications
 - Removed “FEIN of Partner Ultimately Taxed” from heading
 - Added line 21 – Subtraction for “State Income Tax Refund Included in Income”
- Schedule KPINC, Federal Adjustments and Schedule KPCNC, Federal Adjustments
 - Replaced line 2 with “IIJA Provisions (IIJA Sec. 80401, 80402, and 80601),” removing the previous adjustment for “Employee Retention Credit (CARES Act Sec. 2301)”
 - Deleted previous adjustment for:
 - “TCDTR credit provisions impacting business expenses (TCDTR Sec. 111, 113)”
 - “Employee retention credit for employers affected by qualified disasters (TCDTR Sec. 203)”
 - Added line 14 – “Certain loan forgiveness and other business financial assistance (CARES Act Sec. 1112(c); COVIDTRA Sec. 278)”
 - Added line 15 – “EIDL grants (ARPA Sec. 9672)”
- Schedule KF, Beneficiary’s Share of Minnesota Taxable Income
 - Deleted “Subtraction for Prior Addback of Reacquisition of Business Indebtedness Income”
 - Added line 34 for “Unused Credit for Owners of Agricultural Assets from a Prior Year” in addition to entries for the AO certificate number and remaining carryover years
- Schedule KFNC, Federal Adjustments
 - Replaced line 2 with “IIJA Provisions (IIJA Sec. 80401, 80402, and 80601),” removing the previous adjustment for “Employee Retention Credit (CARES Act Sec. 2301)”
 - Deleted previous adjustment for:
 - “TCDTR credit provisions impacting business expenses (TCDTR Sec. 111, 113)”
 - “Employee retention credit for employers affected by qualified disasters (TCDTR Sec. 203)”
 - Added line 14 – “Certain loan forgiveness and other business financial assistance (CARES Act Sec. 1112(c); COVIDTRA Sec. 278)”
 - Added line 15 – “EIDL grants (ARPA Sec. 9672)”
- Schedule KS, Shareholder’s Share of Income, Credits and Modifications – Added line 19 subtraction for “State Income Tax Refund Included in Income”
- Schedule KSNC
 - Replaced Line 2 with “IIJA Provisions (IIJA Sec. 80401, 80402, and 80601),” removing the previous adjustment for “Employee Retention Credit (CARES Act Sec. 2301)”
 - Deleted previous adjustment for:
 - “TCDTR credit provisions impacting business expenses (TCDTR Sec. 111, 113)”
 - “Employee retention credit for employers affected by qualified disasters (TCDTR Sec. 203)”

- Added line 14 – “Certain loan forgiveness and other business financial assistance (CARES Act Sec. 1112(c); COVIDTRA Sec. 278)”
- Added line 15 – “EIDL grants (ARPA Sec. 9672)”