
Individual and Business Income Tax

Minnesota Income Tax Short Course

Tax Year 2023

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The information in this manual is based on the laws in effect when it was written. It does not supersede or alter any provisions of Minnesota laws, administrative rules, court cases, or Revenue Notices. It does not provide tax advice.

If you have questions or need clarification on this manual's information, contact the Minnesota Department of Revenue's tax professional outreach coordinators.

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Phone: 651-556-6606



Department of Revenue Contact Information

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Business Income Taxes	651-556-3075	businessincome.tax@state.mn.us
Business Registration	651-282-5225 1-800-6574-3605	business.registration@state.mn.us
Collection	651-556-3003 1-800-657-3909	mdor.collection@state.mn.us
Criminal Investigation	651-296-0811	tax.fraud@state.mn.us
Electronic Filing Technical Support	651-556-4818	efile.prepsupport@state.mn.us
Individual Income Tax and Property Tax Refund	651-296-3781 1-800-652-9094	individual.incometax@state.mn.us
Power of Attorney	651-556-3003 1-800-657-3909	mndor.poa@state.mn.us
Sales and Use Tax	651-296-6181 1-800-657-3777	salesuse.tax@state.mn.us
Special Taxes		special.taxes@state.mn.us
Alcohol	651-556-3036	
Cigarette and Tobacco	651-556-3035	
Environmental	651-282-5770	
Lawful Gambling	651-297-1772	
Insurance	651-556-3024	
Mortgage and Deed	651-556-4721	
Minerals	218-744-7424	
MinnesotaCare	651-282-5533	
Petroleum	651-296-0889	
Unrelated Business Income Tax	651-297-5199	
Taxpayer Rights Advocate	651-556-6013	dor.tra@state.mn.us
Tip Line	651-297-5195 1-800-657-3500	tax.fraud@state.mn.us
Withholding Tax	651-282-9999 1-800-657-3594	withholding.tax@state.mn.us

Message from the Assistant Commissioner

On behalf of the entire Minnesota Department of Revenue, let me be the first to welcome you to the start of the 2024 tax filing season and to thank you for all the work you do to assist Minnesota taxpayers.

As we've said in previous years, change is a fact of life here at Revenue, and we've yet again experienced quite a bit of it in 2023. We were happy to see the very first action from the Minnesota Legislature this year was to pass a federal conformity bill before the start of the filing season. As you likely remember, Minnesota did not previously conform to several federal provisions. While not in complete conformity, our state tax laws are now more aligned with federal updates made over the past five years. We were excited to see this be a priority at the beginning of the legislative session so that taxpayers and tax preparers alike could have a smooth filing season.

Additionally, we welcomed a new commissioner to Revenue at the start of 2023. Many of you likely know Paul Marquart for his years serving in the Minnesota House of Representatives, and for his time on the House Taxes Committee. Commissioner Marquart was appointed by Governor Walz in December 2022, and we are thrilled to have him. His keen knowledge and insight on all things taxes has helped the agency navigate and implement law changes such as an updated Working Family Credit, a new nation-leading Child Tax Credit, property tax modifications, social security deductions, and expanded ITIN usage just to name a few. A new online toolkit is in the works that will be launched later this fall to help explain these and other tax law changes to your clients.

Our mission at Revenue is: "Working together to fund the future for all of Minnesota." Our vision is: "Everyone reports, pays, and receives the right amount: no more, no less." We know that our partnership with you is essential for ensuring we are working together to meet our mission and making our vision a reality.

Let me join everyone at the department in wishing you a successful tax season. Thank you for your continued partnership.

Best wishes,



Chapter 1. Revenue Updates

The Minnesota Department of Revenue has been focused on implementing direct rebate payments and legislative changes from the 2023 Legislative Session. There are no substantial Revenue updates to share this year.

Chapter 2. Individual, Fiduciary, and Business Income Tax Updates

Federal Conformity

The rules used to determine Minnesota income tax are generally based on federal income tax laws, so when federal income tax laws are changed, conforming changes to Minnesota’s income tax law must also be made. These conforming changes are made by updating Minnesota statutes to adopt the most current version of the Internal Revenue Code (I.R.C.).

In January 2023, Minnesota law was updated to recognize the I.R.C. as amended through December 15, 2022. In May 2023, Minnesota law was updated again to recognize the I.R.C. as amended through May 1, 2023. These updates may impact previous Minnesota income tax returns. This means that many of the federal income tax nonconformity modifications reported on the originally filed 2017 through 2022 Minnesota returns are no longer required.

Because Minnesota has adopted federal income tax law changes that state law previously did not conform to, amended returns may be needed to correctly determine Minnesota taxable income. The statute of limitations to claim a refund has been extended to December 31, 2023, for the years that have expired statute of limitations. This extension is only for amended returns filed because of a law change in the January 2023 tax bill.

Disclaimer: The information in this chapter is based on Minnesota laws enacted through the state Legislature’s 2023 regular session and federal laws enacted through May 1, 2023.

Conformity by Federal Act:

Federal Tax Law	Date enacted	Impacted Years	Conform to	Minnesota Modification
Taxpayer Certainty and Disaster Tax Relief (TCDTR) Act of 2019	12/20/2019	2017, 2018, 2019, 2020, 2021, 2022	<ul style="list-style-type: none"> • TCDTR basis and depreciation provisions (Sec. 114, 115, and 118) • TCDTR credit provisions impacting basis and depreciation (Sec. 112, 122, 124, 125, 126, and 129) • Look-through rule for related controlled foreign corporations (Sec. 145) • TCDTR credit provisions impacting business expenses (Sec. 111, 113) 	<ul style="list-style-type: none"> • Employee retention credit for employers affected by qualified disasters (Sec. 203) • Deduction of qualified tuition and related expenses (Sec. 104)

Federal Tax Law	Date enacted	Impacted Years	Conform to	Minnesota Modification
Setting Every Community Up for Retirement Enhancement (SECURE) Act	12/20/2019	2019, 2020, 2021, 2022	<ul style="list-style-type: none"> Distributions from higher education savings accounts used for apprenticeship programs or student loan payments (Sec. 302) Deduction allowed for contributions to an IRA of a taxpayer over 70 ½ (Sec. 107) 	No modifications
Families First Coronavirus Response (FFCR) Act	3/18/2020	2018, 2019, 2020, 2021, 2022	Not applicable	<ul style="list-style-type: none"> Employer credit for paid medical leave (Sec. 7001) Employer payroll credit for required paid family leave (Sec. 7003)
Coronavirus Aid, Relief, and Economic Security (CARES) Act	3/27/2020	2017, 2018, 2019, 2020, 2021 2022	<ul style="list-style-type: none"> Exclusion for certain employer payments of student loans (Sec. 2206) Qualified Improvement Property (QIP) technical fix (Sec. 2307) Certain loan forgiveness and other business financial assistance (Sec. 1112 (c)), including Shuttered Venue Operator Grants (SVOG) and Small Business Assistance (SBA) loan subsidies Inclusion of certain over-the-counter medical products as qualified medical expenses (beginning TY20) (Sec. 3702) Charitable contribution deduction limitation (Sec. 2205) for corporate income tax (except tax year 2020) 	<ul style="list-style-type: none"> Modification of business interest limitation (Sec. 2306) Modifications for Net Operating Losses (Sec. 2303) Modification of excess loss limitation (Sec. 2304) Charitable contribution deduction limitation (Sec 2205) for individual income tax Employee Retention Credit (Sec. 2301) Allowance of partial above the line deduction for charitable contributions (Sec. 2204) Charitable contribution deduction limitation (Sec. 2205) for corporate income tax (tax year 2020 only)

Federal Tax Law	Date enacted	Impacted Years	Conform to	Minnesota Modification
Taxpayer Certainty and Disaster Tax Relief Act of 2020 (TCDR20)	12/27/2020	2019, 2020, 2021, 2022	<ul style="list-style-type: none"> • TCDTR20 basis and depreciation provisions (Sec. 102, 115, 116, and 138) • TCDTR20 credit provisions impacting basis and depreciation (Sec. 106, 140, 142, 143, 144, and 146) • TCDTR20 basis and depreciation provisions (Sec. 201, 202, 203, and 204) • Exclusion of discharge of indebtedness on qualified principal residence (TY21-TY25) (Sec. 114) • Temporary suspension of limitations on charitable contributions (Sec. 304) • Benefits for volunteer firefighters and emergency medical responders (beginning TY21) (Sec. 103) • Exclusion for certain employer payments of student loans (TY21-25) (Sec. 120) • Modification of limitation on charitable contributions (TY21) (Individual Income Tax) (Sec. 213) 	<ul style="list-style-type: none"> • Extension and modification of Employee Retention and Rehiring credit (Section 207) • Temporary allowance of full deduction for business meals (Section 210) • Employee Retention Credit for employers affected by qualified disasters (Section 303) • Deduction for disaster-related casualty losses (beginning TY20) (Section 304(b))
COVID-related Tax Relief (COVIDTR) Act of 2020	12/27/2020	2019, 2020, 2021, 2022	Certain loan forgiveness and other business financial assistance (Sec. 278)	No modifications

Federal Tax Law	Date enacted	Impacted Years	Conform to	Minnesota Modification
American Rescue Plan Act (ARPA)	3/11/2021	2020, 2021, 2022	<ul style="list-style-type: none"> • Increase maximum unearned income for Working Family Credit (beginning TY21) (Sec. 9621) • Exclusion for certain forgiven student loans (TY21-TY25) (Sec. 9675) • Extend limitation on Excess Business Losses of noncorporate taxpayers (TY26 only) (Sec. 9041) • Exclusion of Economic Injury Disaster Loan advances (TY21 only) (Sec. 9672) • Exclusion of restaurant revitalization grants (TY21 only) (Sec. 9673) • Repeal worldwide interest allocation rules (beginning TY21) (Sec. 9671) • Deny deduction for certain highly compensated executives (beginning TY27) (Sec. 9626) • Increase exclusion for employer-provided dependent care assistance (TY21 only) (Sec. 9632) 	<ul style="list-style-type: none"> • Preserving health benefits for workers (Sec. 9501(b)) • Refundability and enhancement of child and dependent care tax credit (Sec. 9631) • Extension of employee retention credit (Sec. 9651) • Payroll sick and family leave credits (Sec. 9641) • Credit for COBRA Continuation Coverage (Sec. 9501)
Infrastructure Investment and Jobs Act (IIJA) of 2021	11/15/2021	2021, 2022	<ul style="list-style-type: none"> • Private Activity Bonds for Qualified Broadband Projects (beginning TY22) (Sec. 80401) • Tax Exempt Bonds for Qualified Carbon Dioxide Capture Facilities (beginning TY22) (Sec. 80402) • Modification of Tax Treatment of Contributions to the Capital of a Corporation (beginning TY21) (Sec. 80601) 	No modifications

Federal Tax Law	Date enacted	Impacted Years	Conform to	Minnesota Modification
Creating Helpful Incentives to Produce Semiconductors for American Act (CHIPS)	8/9/2022	2022	<ul style="list-style-type: none"> IRA and CHIPS Act credit provisions (Sec. 107) 	No modifications
Inflation Reduction Act (IRA) of 2022	8/16/2022	2021, 2022	<ul style="list-style-type: none"> IRA and CHIPS Act credit provisions (Sec. 13101, 13102, 13103, 13104, 13203, 13204, 13401, 13402, 13403, 13501, and 13502) 	No modifications

<p>Setting Every Community Up for Retirement Enhancement (SECURE) Act 2.0</p>	<p>12/29/2022</p>	<p>2020, 2021, 2022</p>	<ul style="list-style-type: none"> • Automatic enrollment in retirement plans (Sec. 101) • Modification of Credit for Small Employer Pension Plan Startup Costs (Sec. 102) • Increased catch up contribution amounts for certain retirement plans (Sec. 109) • Application of Credit for Small Employer Pension Plan Startup Costs to Employers which join an existing plan (Sec. 111) • Military Spouse Retirement Plan Eligibility Credit for Small Employers (Sec. 112) • Deferral of tax for certain sales of employee stock to ESOP sponsored by S corporation (Sec. 114) • Penalty free withdrawal from retirement plans for certain emergency expenses (Sec. 115) • One-time election for qualified charitable distribution to a split-interest entity (Sec. 307) • Exclusion of certain disability-related first responder treatment payments (Sec. 309) • Retroactive first year deferral for sole proprietors (Sec. 317) • Special rules for use of retirement funds in connection with qualified federally declared disasters (Sec. 331) • Elective deferrals generally limited to regular contribution limit (Sec. 603) • Limitation on deduction for qualified conservation contributions made by pass-through entities (Sec. 605) 	<p>No modifications</p>
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Minnesota Business Income Tax Law Changes

Cannabis Income Tax Subtraction

The May 2023 Cannabis Finance and Policy bill expanded existing cannabis income tax subtractions to include non-medical cannabis license holders. This change allows certain cannabis-related businesses to subtract business expenses that are not deductible from federal taxable income under Internal Revenue Code, section 280E. Up to date information regarding Minnesota’s cannabis law can be found here: [Minnesota Office of Cannabis Management | State of Minnesota - Office of Cannabis Management](#)

The subtractions are effective for tax years beginning after December 31, 2022.

The amount of Cost of Goods Sold (COGS) allowed for federal purposes is included in “adjusted gross income” and “net income” - the starting points for Minnesota income tax purposes. There are no Minnesota COGS income tax additions allowed for either licensed medical cannabis businesses or license holders for nonmedical cannabis businesses.

Composite Income Tax and Pass-Through Entity Tax Recodification

The May 2023 tax bill recodified certain composite income tax and pass-through entity tax definitions from Chapter 289A to Chapter 290.

This change is effective upon enactment.

Corporate Net Operating Loss (NOL) Limit

The May 2023 tax bill changed the corporate net operating loss (NOL) deduction limitation from 80% to 70% of taxable net income.

This change is effective for tax years beginning after December 31, 2022.

Dividends Received Deduction (DRD)

The May 2023 tax bill made these changes to the corporate DRD:

- For dividends received by a corporation owning 20% or more of stock of another corporation, the deduction is reduced from 80% to 50% of the dividends received
- For dividends received by a corporation owning less than 20% of stock of another corporation, the deduction is reduced from 70% to 40% of the dividends received

These changes are effective for tax years beginning after December 31, 2022.

Film Production Tax Credit

The May 2023 tax bill extended the film production tax credit through 2030 and increased the annual appropriation from \$4.95 million to \$24.95 million. It also changed the \$1 million expenditure threshold timeline to apply in any 12-consecutive-month period beginning with the first expenditure paid in Minnesota, rather than by tax year.

These changes are effective for tax years beginning after December 31, 2022.

Global Intangible Low-Taxed Income (GILTI)

The May 2023 tax bill generally conformed Minnesota to the federal treatment of Global Intangible Low-Taxed Income (GILTI), but not the federal section 250 deduction, and repealed the relating income tax subtraction

modifications. GILTI will be treated as dividend income for purposes of the corporate dividends received deduction and the sales factor.

This change is effective for tax years beginning after December 31, 2022.

Historic Structure Rehabilitation Tax Credit

The May 2023 tax bill extended the Historic Structure Rehabilitation Credit through fiscal year 2030. There is a special rule to revive the credit for projects that started rehabilitation work after June 30, 2022, but before July 1, 2023, and meet all other requirements to qualify for the credit, will be eligible for the credit if the application is received on or before August 30, 2023.

This change is effective retroactively from July 1, 2022.

Manufactured Home Parks Credit

The May 2023 tax bill enacted a new nonrefundable tax credit for sales of manufactured home parks to cooperatives. The credit is equal to 5% of the amount of the sale. The credit may be carried forward to five succeeding tax years.

To be eligible for the tax credit, the manufactured home park must be:

- Located in Minnesota
- Classified as Class 4c(5)(i) or 4c(5)(iii) under Minnesota Statute 273.13, subdivision 25, paragraph (d)

To be eligible for the tax credit, the seller must be paying income, corporate franchise, or unrelated business income tax, and sell the qualified property to one of these entities:

- **A cooperative or association organized under state Chapter 308A or 308B**, where each person who owns one or more shares would be entitled to occupy a lot within the qualified property after the sale
- **A charitable corporation**, organized under the laws of Minnesota with no outstanding stock, holding a tax-exempt status through the IRS, and whose members hold residential participation warrants entitling them to occupy the units in the manufactured home park
- **A nonprofit or representative acting on behalf of residents** (as defined in Minnesota Statute 327C.015, subdivision 13) who purchases the property on behalf of the residents who intend to form a cooperative or association

The credit is available for tax years beginning after December 31, 2022.

Nonresident Withholding Tax Refunds

The May 2023 tax bill clarified that overpayments of nonresident withholding tax are limited to the amount of overpayment that was not deducted or withheld from the shares of the nonresident partners or shareholders.

This change is effective May 26, 2023.

Owners of Agricultural Assets Tax Credit (Beginning Farmer Tax Credit)

The May 2023 tax bill increased the credit for sale of agriculture assets to 8% of the sales price, for a maximum credit of \$50,000. For sales to beginning farmers who are emerging farmers, the credit rate is increased to 12% of the sales price.

The tax bill also allowed for the sale of agricultural land to family members to qualify for the credit so long as the sales price of the land is equal to or greater than the assessed value of the land.

These changes are effective for tax years beginning after December 31, 2022.

Pass-Through Entity (PTE) Tax

The January 2023 tax bill enacted a rule that does not allow an entity to claim a refund after the qualifying owner has claimed the PTE tax credit on their return. The refund must be claimed by the qualifying owner and not by the qualifying entity. This change is effective retroactively for tax years beginning after December 31, 2020.

The May 2023 tax bill changed the PTE tax in the following ways:

- Expands eligibility by allowing partial elections if not all owners are qualifying owners
- Requires 100% allocation of distributive shares 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)
- Provides for a special rule for federal adjusted gross income calculation for individual qualifying owners
- Clarifies eligibility for a single member limited liability company (LLC) if the LLC is taxed as a partnership or S corporation
- Requires partnerships with federal audit adjustments to file an amended Schedule PTE, Pass-through Entity Tax
- Disqualifies publicly traded partnerships from making a PTE election

These changes are effective for tax years beginning after December 31, 2022.

Short Line Railroad Infrastructure Modernization Tax Credit

The May 2023 tax bill enacted a new nonrefundable tax credit for railroad infrastructure modernization of Class II or Class III railroads. The credit can offset:

- Corporate income tax
- Fiduciary income tax
- Individual income tax
- Unrelated business income tax (UBIT)
- Composite income tax
- Insurance taxes

The unused portion of the credit may be carried forward to five succeeding taxable years or transferred to one other taxpayer.

Qualified railroad reconstruction or replacement expenditures are expenditures for maintenance, reconstruction, or replacement of railroad infrastructure in Minnesota that you owned or leased as of January 1, 2021. Expenses relating to new construction of industrial leads, switches, spurs and sidings, and extension of existing sidings also qualify.

The credit is available for tax years beginning after December 31, 2022.

Sustainable Aviation Fuel Tax Credit

The Transportation Finance and Policy bill included a new refundable tax credit for \$1.50 per gallon of sustainable aviation fuel produced or blended in Minnesota sold for use in planes departing Minnesota airports. This tax credit will be available for fuel sold beginning July 2024.

Minnesota Individual Income Tax Law Changes

Angel Investment Credit

The May 2023 tax bill extended the Angel Investment Tax Credit through tax year 2024, with an appropriation of \$5 million per year.

Child Tax Credit

The May 2023 tax bill enacted a Child Tax Credit equal to \$1,750 per child under 18, with no cap on the number of children. This credit is phased out, along with an amended Working Family Credit, for those with incomes over \$35,000 and Married Filing Jointly, or \$29,500 for other filers.

The credit is available for tax years beginning after December 31, 2022.

Dependent Care Credit – Newborn Credit

The May 2023 tax bill changed the Dependent Care Credit to allow all taxpayers, including unmarried taxpayers, with a newborn child who do not have dependent care expenses to claim the “newborn credit.” Prior law only afforded this credit to taxpayers married filing jointly.

This change is effective for tax years beginning after December 31, 2022.

Electric-Assisted Bicycle Rebates

The Transportation Finance and Policy bill included a new electric bike rebate program. Beginning July 1, 2024, Minnesota Department of Revenue will allocate rebate certificates. The rebate maximum is \$1,500. Individuals must assign the rebate at time of purchase to an eligible retailer, reducing the cost of purchase.

The bill appropriated \$2 million for credits each in 2024 and 2025. The rebate program sunsets June 30, 2026.

K-12 Education Credit

The May 2023 tax bill made several changes to the K-12 Education Credit.

First, the bill clarified statutory language. Second, the bill simplified the definition of income that is used for purposes of the credit by using adjusted gross income rather than calculating household income.

Third, the bill made several changes to eligibility and credit amounts:

- Increased income eligibility from \$33,500 to \$70,000
- Increased credit amount from \$1,000 to \$1,500 multiplied by number of qualifying children

- Added inflation adjustment to help credit keep pace with increased expenses

These changes are effective for tax years beginning after December 31, 2022.

Net Investment Tax

The May 2023 tax bill enacted a new tax on net investment income starting in tax year 2024. Net investment income includes interest, dividends, capital gains, rental and royalty income, and other similar income. It is reduced by certain deductions, like investment interest expenses, investment advisory and brokerage fees, and similar expenses.

This new tax is imposed on individuals, estates, and trusts with more than \$1 million of net investment income in the tax year. The tax rate is 1% on the net investment income over \$1 million.

The net investment income tax must also be determined and calculated for an owner's composite income tax election and an entity's pass-through entity tax election.

This provision is effective for tax years beginning after December 31, 2023.

Public Pension Income Subtraction

The May 2023 tax bill provided for a subtraction for certain qualified public pension income, effective for tax years 2023 and later. The subtraction is allowed only to recipients or survivors receiving benefits from basic pension plans as defined that were earned based on service for which the member or survivor did not earn Social Security benefits.

The subtraction amount is limited to:

- \$25,000 for Married Filing Jointly or Qualifying Surviving Spouse
- \$12,500 for all other filers

The subtraction phases out at these income thresholds, reducing it by 10% for each \$2,000 of adjusted gross income exceeding the threshold:

- \$100,000 for Married Filing Jointly or Qualifying Surviving Spouse
- \$78,000 for a single or head of household taxpayer

This subtraction is effective for tax years beginning after December 31, 2022.

Sexual Harassment or Abuse Settlements

The May 2023 tax bill included two provisions related to sexual harassment or abuse settlements between an employer and an employee.

First, when there is a financial settlement provided, the financial settlement cannot be provided as wages or severance pay to the employee, regardless of whether the settlement includes a nondisclosure agreement. This change is effective May 26, 2023.

Second, an income tax subtraction is provided related to damages received for nonphysical injuries and sicknesses, such as emotional distress, humiliation, and defamation, as a result of an abuse claim.

The subtraction is effective for taxable years beginning after December 31, 2022.

Social Security Income Subtraction

The May 2023 tax bill expanded Minnesota's Social Security subtraction to allow taxpayers to subtract the greater of a new Simplified Method (described below) of calculating the subtraction or Alternative Method (described below), which is similar to the subtraction as it had been calculated under prior law.

For a new "Simplified Method," taxpayers with adjusted gross income below \$100,000 for Married Filing Jointly or \$78,000 for Single or Head of Household are eligible, and the subtraction is phased out by 10% for each \$4,000 of adjusted gross income (AGI) in excess of the phaseouts mentioned. For Married Filing Separately, the phaseout is 10% for each \$2,000 of AGI over \$50,000.

The thresholds are indexed to inflation. Taxpayers can continue to claim the state subtraction amounts with a calculation similar to prior law (now known as the "Alternative Method"), if those amounts are greater than the new "Simplified" approach established in the bill.

This subtraction is effective for tax years beginning after December 31, 2022.

Standard and Itemized Deduction Limitation Changes

Filers with incomes over \$220,650 will generally see fewer tax benefits from the standard or itemized deductions. For those with adjusted gross income (AGI) more than \$220,650, the reduction is the lesser of:

- 80% of the amount of the deductions
- 3% of AGI between \$220,650 and \$304,970, plus 10% of AGI greater than \$304,970.

Those with AGI greater than \$1 million will have deductions reduced 80% rather than using the calculation above.

These changes are effective for taxable years beginning after December 31, 2022.

Student Loan Discharge of Indebtedness Subtraction

The May 2023 tax bill made permanent the definition of "qualified student loan discharge" for purposes of the state student loan discharge subtraction. Without this law change, the definition for "qualified student loan discharge" as provided in section 9675 of the American Rescue Plan Act of 2021 (ARPA) would have expired in 2025.

This subtraction is effective for tax years beginning after December 31, 2022.

Credit for Military Service in a Combat Zone

The May 2023 tax bill made the Credit for Military Service in a Combat Zone (Form M99) available per calendar year. Individuals eligible for this credit do not have to wait until the end of the tax year to file a claim for this credit. They may file a claim as soon as they have returned from military service in a combat zone.

This change is effective for tax years beginning after December 31, 2022.

Withholding Rate for Pensions and Annuities

The May 2023 tax bill established a withholding rate of 6.25% (or a rate directed by the recipient) for periodic payments and nonperiodic distributions from retirement accounts, such as annuities or IRA distributions on demand.

Unemployment Compensation Subtraction

This new subtraction for unemployment compensation affects a small population of teenagers and high school students who were initially denied unemployment benefits in 2020, but later received them in 2021 as a result of the Minnesota Court of Appeals decision.

Since the previous subtraction for unemployment benefits only applied to benefits received in 2020, these individuals did not qualify. This subtraction is only for recipients affected by the ruling and limited to benefits reported in tax year 2021.

This subtraction is effective retroactively for tax years beginning after December 31, 2020, and before January 1, 2022.

Working Family Credit Modifications

The May 2023 tax bill allowed a refundable credit equaling 4% of the first \$8,750 of earned income for eligible Minnesota residents. The credit is increased by:

- \$925 for a taxpayer with one qualifying older child (age 18 or older)
- \$2,100 for a taxpayer with two qualifying older children
- \$2,500 for a taxpayer with three or more qualifying older children

The Working Family Credit (WFC) is combined with the Minnesota Child Tax Credit (CTC) and then phased out together at 12% of income above a certain income threshold.

If the taxpayer has a WFC that includes a qualifying older child and they did not qualify for the CTC, the phase-out rate is 9% of income above the threshold.

Filers with Individual Income Tax Identification Numbers (ITINs) are now able to claim the WFC.

These changes are effective for tax years beginning after December 31, 2022.

Minnesota Property Tax Refund Changes

The May 2023 tax bill increased refund amounts for the 2022 Homestead Credit Refund (for Homeowners) and Renter's Property Tax Refund (Form M1PR).

Refunds for homeowners and renters increased by 20.572%. Taxpayers who already filed a 2022 Form M1PR may see a larger refund than originally claimed.

Homeowners may now qualify for a special (or "targeted") refund if their property tax increased by more than 6% — rather than 12% — from 2022 to 2023.

The income requirements have not changed for claiming either the Homestead Credit Refund or Renter's Property Tax Refund.

The bill made other changes to property tax refunds:

- Homeowners who have an Individual Taxpayer Identification Number (ITIN), can now qualify for homestead status for their residence and claim the refund on the 2022 Form M1PR for property taxes payable in 2023.
- Starting with rent paid in 2024, renters will claim the refund on their Minnesota income tax return (Form M1) instead of Form M1PR. Owners and managing agents must still provide a Certificate of Rent Paid (CRP) and submit CRPs to Revenue by January 31.

2023 Tax Forms

Schedule M1CWFC, Child and Working Family Credits

The May 2023 tax bill saw significant changes to the Working Family Credit along with the introduction of Minnesota's Child Tax Credit. The combined credits will be phased out jointly on the new Schedule M1CWFC. See the Schedule M1CWFC instructions for more information.

Schedule M1DQC, Dependents and Qualifying Children

Taxpayers will file Schedule M1DQC to provide information about dependents and qualifying children for the Minnesota Child Tax Credit and qualifying older children for the Working Family Credit. If listing more than three children, provide a separate statement with the additional dependents and qualifying children.

Schedule MHP, Credit for Sales of Manufactured Home Parks to Cooperatives

Schedule MHP is filed by the qualified seller to claim the new nonrefundable tax credit. See [Credit for Sales of Manufactured Home Parks to Cooperatives](#) for more information about the tax credit.

Schedule PTE-RP, Pass-Through Entity Tax for Resident Partners

Schedule PTE-RP is a supplemental form for Schedule PTE, Pass-Through Entity Tax. It is filed by partnerships to calculate the amount of the PTE tax credit for their resident partners. See [Pass-Through Entity Tax](#) for more information about the PTE tax law changes.

Schedule RAIL, Short Line Railroad Infrastructure Modernization Credit

Schedule RAIL is filed by a Class II or Class III railroad to claim the new nonrefundable tax credit. See [Short Line Railroad Infrastructure Modernization](#) for more information about the tax credit.

Chapter 3. Information about Filing Tax Returns

Filing Past Due or Amended Individual Income Tax Returns

Amended Tax Returns

If you find errors on your client's Form M1, *Individual Income Tax*, after filing, you must file [Form M1X, Amended Minnesota Income Tax](#), to correct it.

Do not write "amended" on the top of [Form M1, Individual Income Tax](#), and use it to amend a return.

Deadline for Amending

To claim an income tax refund, you must file Form M1X within 3 ½ years of the original due date of the return. For example, to receive a refund for amending a 2020 income tax return, you must file a 2020 Form M1X by October 15, 2024.

Reporting Federal Changes

If you amend your client's federal return or the IRS changes it, you must notify Revenue or amend the Minnesota return within 180 days. If you do not, we may charge a 10% penalty on any additional tax your client owes.

- **If the federal changes affect your client's Minnesota tax return:** File Form M1X and include a copy of the federal amended return or correction notice. Mail to:
Minnesota Amended Individual Income Tax
Mail Station 1060
600 N. Robert St.
St. Paul, MN 55145-1060
- **If the changes do not affect your client's Minnesota tax return:** Send us a letter of explanation and include a copy of the federal amended return or correction notice. Mail to:
Minnesota Department of Revenue
Mail Station 7703
600 N. Robert St.
St. Paul, MN 55146-7703

Preventing Processing Delays

Income Tax

To help prevent general processing delays:

- Confirm the amount of estimated taxes your clients are claiming. Do not assume your clients paid what they were told to pay.
- If you carried forward your clients' prior year refunds to the current year, ask them if we adjusted this refund. If so, our adjustment may affect the refund carried forward to the current year. Our adjustment notice would indicate if the changes affected the refund carried forward.
- When using software to prepare a paper return, make sure your client's Social Security Number is not masked on the return. This is especially important if the return contains [Schedule M1WFC, Minnesota Working Family Credit](#).

For Credits and Subtractions:

- When claiming the [Pass-Through Entity \(PTE\) Tax credit](#) on the 2023 [Schedule M1REF](#), you will need to provide the Minnesota Tax Identification Number for the pass-through entities that the credit is associated with.
- When claiming the [Credit for Income Tax Paid to Another State](#) (Schedule M1CR), include the income taxed by the other state in Minnesota source income on [Schedule M1NR, Nonresidents/Part-Year Residents](#).
- To learn more about who qualifies for the federal Earned Income Credit, review [federal Form 8867](#).
- When claiming the Alternative Minimum Tax Credit ([Schedule M1MTC](#)), complete [Schedule M1MT, Alternative Minimum Tax](#), and Schedule M1MTC for every taxable year since your client paid alternative minimum tax.
- When claiming the [Credit for Increasing Research Activities \(“R&D Credit”\)](#) from a pass-through entity, submit Schedule KS or Schedule KPI with Form M1.
- The subtraction for military pay should not be more than the total military pay. Do not subtract National Guard pay and then subtract it again as federal active duty pay.

For certain forms and schedules:

- When Form M1 has amounts coming from a Minnesota schedule, be sure to attach the schedule or include it with the electronic return.
- On [Schedule M1M, Income Additions and Subtractions](#), enter the amount on the correct line of the schedule. Do not enter notations, such as “see statement,” “other subtraction,” or “K1 subtraction.”
- When claiming withholding from one of these schedules, include all pages:
 - [Schedule KS, Shareholder’s Share of Income, Credits and Modifications](#)
 - [Schedule KPI, Partner’s Share of Income, Credits and Modifications](#)
 - [Schedule KF, Beneficiary’s Share of Minnesota Taxable Income](#)

Property Tax Refund

To help prevent general processing delays:

- When using software to prepare paper returns, make sure your client’s Social Security Number is not masked on the return.

For homeowners:

- Use the correct property tax statement. For 2023 returns, use your client’s Statement of Property Taxes Payable in 2024.
- When computing the special property tax refund on Schedule 1 of Form M1PR, only use the previous year’s special refund on line 31.

For renters:

- If your client has multiple [Certificates of Rent Paid \(CRPs\)](#), only file one Renter’s Property Tax Refund return (Form M1PR) and combine the line 3 amounts from the CRPs.

S Corporation and Partnership Returns

- If the activity of the business is 100% in Minnesota, you must complete the Minnesota and everywhere columns on the apportionment schedule.

Form M99, Credit for Military Service in a Combat Zone

To help prevent processing delays:

- File [Form M99](#) within 3 ½ years of the original due date of your income tax return.
- Include the “[required documentation](#)” with your return.

New for this year: The Form M99 will now be available at the beginning of the calendar year. For example, the 2024 Form M99 will be available in January of 2024. This will allow you to file and claim a credit for your client as soon as they return home from deployment.

Electronic Filing Threshold

[\(Minnesota Statutes 2020, section 289A.08, subdivision 16\)](#)

As a tax preparer, you must file Minnesota individual income, corporate franchise, S corporation, partnership, and fiduciary income tax returns electronically if both of these apply:

- You are required to file federal returns electronically
- You reasonably expect to prepare more than 10 Minnesota tax returns of the types listed above in any combination

If you do not file electronically when required, you must pay a filing fee of \$5 per paper return. This fee does not apply to returns we require you to file by paper. For more information, see [Income Tax Fact Sheet 17, Preparer’s Paper-Filing Fee](#).

Tax Return Acknowledgements and Error Rejection Codes

Software providers send an acknowledgement of acceptance as evidence of receiving and accepting your clients’ returns.

If a return is rejected, you’ll receive a rejection notice including the [Error Rejection Code \(ERC\)](#) explaining why the return was not accepted. Explanations of these error codes are located in the [Tax Professionals](#) section of our website.

For more information, go to www.revenue.state.mn.us, and enter **ERCs** into the Search box or call 651-556-4818.

Driver’s Licenses and State ID Cards

Minnesota does not require state driver’s license or state ID card information on income tax returns. This information does not affect return processing times.

Refund Timing and Direct Deposit

Check the status of your client's refund online using our [Where's My Refund?](#) system. Our system is updated overnight, Monday through Friday, and provides the most accurate and timely information available.

Each tax return is different. We review every return to verify the information on the return and take the time necessary to make sure the right refund goes to the right person.

Direct deposit is the easiest and most secure way for your clients to get their refunds.

Note: We issue paper checks if a bank rejects the direct deposit information.

Payment Options

We encourage you and your clients to pay electronically.

If your clients have a balance due, you may file their returns electronically with a direct debit authorization for electronic payment. Funds are withdrawn in the amount and on the date your clients specify. This is a convenient way for your clients to postpone payment until April 15 while ensuring they pay their balance on time.

If your clients pay estimated income tax, they can set up all four payments using our [e-Services system](#).

You and your clients can also pay:

- Online from a bank account
- Online with a credit or debit card (third-party processing fees apply)
- With a check and payment voucher

Note: When your clients provide a check, it is considered an authorization to make a one-time electronic fund transfer from that account.

For more information on [making a payment](#), go to our website and type **Make a Payment** into the Search box or call 1-800-570-3329.

Copies of Returns

To request a copy of a client's return, use [Form M100, Request for Copy of Tax Return](#).

We can provide a copy of the state return and all submitted attachments for the past six years. If you need a certified copy, you must check the appropriate box on Form M100.

Note: There is no longer a requirement to pay a \$5 processing fee per copy of a return for taxpayers. Tax preparers and third parties must pay a \$5 processing fee per copy of return by check or money order before we send copies.

If your clients want to authorize you to receive their tax return information, you must include a completed Form [REV185i, Authorization to Release Individual or Sole Proprietor Tax Information](#), with the request. [Federal Form 8821](#) is also acceptable if it specifies the state tax information being released.

Make your check or money order payable to Minnesota Revenue. Send your request to:

Minnesota Department of Revenue

Mail Station 7703

600 N. Robert St.

St. Paul, MN 55146-7703

Return Verification Letters

When reviewing returns, we may take extra steps to protect an individual's identity. To confirm the identity on some returns filed, we may send your clients a letter asking them to verify their return before processing can continue.

The letter directs your clients to our website where they enter the last name on the tax return and a verification code provided in the letter. They also must indicate whether or not you filed the return we received.

Filing Situations for the Property Tax Refund

Below are some special situations you may encounter when [filing for a property tax refund](#).

Your client owns or lives in a “relative homestead.”

Neither the owner nor the related occupants of a “relative homestead” property are eligible for a property tax refund. The occupants are not eligible because they do not own the property. The owner is not eligible because they do not live on the property.

Your client wants to claim rent paid for more than 12 months.

Your client rents two units during 2021, and the CRPs show rent paid in both units during the same period. You should include rent for only one of the units in the overlapping time. Use the CRP for where your client lived at the time.

Your client owns a home, sells it, and becomes a renter during the same year.

Your client must file as a renter using their total income for the year and rent paid during the rental period. Your client cannot file as a homeowner because they did not own and occupy the home on January 2 of the following year.

Your client rents and then buys a homestead during the year.

Your client should file one Property Tax Refund and check both the renter and homeowner boxes.

- Calculate the Renter's Property Tax Refund on lines 16, 17, and 18 of Form M1PR.
- Calculate the Homestead Credit Refund on lines 19 through 22.
- Add the two refunds on line 23 and report the total refund amount on line 25.

Your client rents a mobile home and mobile lot from two different landlords and received two CRPs for the same period.

Your client should file one Property Tax Refund claiming the total rent paid for the year.

- Add the line 3 amounts from the CRPs and list the total on line 16 of Form M1PR.
- Enclose an explanation so we do not disallow one of the CRPs due to rent paid for an overlapping period.

Your client owns a mobile home and rents the lot on which it's located.

Your client will file as a mobile homeowner.

- Complete Worksheet 1 in the Form M1PR instructions to determine the amount for line 19.

A third party paid rent on behalf of your client.

Your client may receive credit for the rent on a CRP if the other party, such a parent, church, or nonprofit organization, paid the funds to your client first. If the other party paid the rent directly to the landlord and your client did not control the funds, your client may not receive credit on a CRP.

Your client lives in a cooperative (co-op).

Residents of co-ops are considered homeowners for the purpose of this credit. Your client will file as a homeowner, and they should receive a statement from their association allocating the property taxes to each resident. Your client must contact their association if they have not received a statement.

Your client co-owns a mobile home.

Mobile homeowners are treated as homeowners. If there are two co-owners, they cannot split the CRP and Property Tax Statement. Only one may file for the property tax refund, and the filer must include the other owner's income on [Schedule M1PR-AI, Additions to Income](#). If each owner received a CRP for half of the lot rent, the filer must combine both CRPs and include an explanation.

Your client has an agricultural homestead.

For this credit, your client's qualifying tax on an agricultural homestead (on line 1 of the property tax statement) is limited to the taxes on the house, garage, and immediately surrounding one acre of land.

Your client has a life estate.

Elderly homeowners may transfer their property to a relative or friend but continue to occupy the property under a life estate. If your client occupies this property and retains an ownership interest in the home, they may qualify for the property tax refund.

Your client is married but maintains a separate household.

If a married couple lives apart and maintains separate households for an indefinite period, they may each file their own property tax refund using only their own income. You must include the other spouse's income for any time the couple lived together. The couple should also include letters with their returns explaining the situation.

Multiple tenants occupy your client's rental unit.

A landlord must give each tenant a separate CRP and split the rent equally among them, regardless of how much rent each tenant pays.

- Note:** Married couples must receive separate CRPs showing they each paid an equal portion of the rent. They are not considered one person when completing a CRP.

Your client is married, lives with their spouse, and owns a home. Your client has a Social Security Number and their spouse has an Individual Taxpayer Identification Number (ITIN).

Since your client has a valid Social Security Number and is listed as the property owner, the couple can homestead the property. The couple may qualify for the Homestead Credit Refund.

Your client rents a unit with transient renters.

If your client rents a unit but has additional people staying who come and go during the year (transient renters), the landlord should issue a CRP to only the known tenants - usually your client or others listed on the lease.

- Transient renters who did not receive a CRP should request one from the tenants on the lease because it is a sublease situation.
- If your client issued a CRP to the transient renter, you must reduce their CRP by the amount of rent the transient renter paid. Write this amount in the lower figure on the CRP.

Your client is a renter with an adult dependent.

If your client's dependent received a CRP splitting the amount of rent, your client should ask the landlord to reissue a corrected CRP. The landlord can write "corrected" at the top of the new CRP. If the landlord will not issue a corrected CRP, add the dependent's CRP information to your client's CRP and include an explanation with their return.

Your client resides in campgrounds, travel trailers, or campers.

Your client is not eligible for the Property Tax Refund because residents of campgrounds, travel trailers, and campers do not receive a CRP. This is true even if your client does not have a permanent residence elsewhere.

Your client is a part-year resident homeowner.

You must include your client's household income for the entire year because the Statement of Property Taxes Payable reflects the entire year's taxes.

Your client is a part-year resident renter.

Include only the income your client received while a Minnesota resident. Renters only include their part-year income because the CRP will only reflect part-year rent.

Note: If your client rented for part of the year and bought and homesteaded a home by January 2 of the following year, you must use their household income for the entire year.

Your client was a resident of a nursing home, adult foster care, intermediate care facility, or group home.

If your client received a CRP from one of the above listed properties and received Medicaid, Supplemental Security Income (SSI), Minnesota Supplemental Aid (MSA), or Minnesota Housing Support (formerly GRH), you need to complete the Worksheet for Line 18.

Chapter 4. Tax Professional Enforcement

What's new in Tax Professional Enforcement?

Minnesota Statute 270C.446, subdivision 2(a), was amended to require publication of a paid tax preparer who has been assessed a penalty in excess of \$1,000 for failing to provide a Preparer Tax Identification Number on returns they prepare and file for others. This change is effective for returns filed after December 31, 2023. (See Minnesota Laws 2023, Chapter 64, Article 18, Section 3.)

Oversight of Tax Professionals

Minnesota law establishes high standards of conduct for paid tax preparers and imposes civil penalties when these standards are not met. (See [Minnesota Statute 270C.445](#).)

Preparers regulated by licensing agencies – including attorneys, certified public accountants, and enrolled agents – are generally not subject to penalties under this section of the law. Instead, these individuals are subject to penalties for willful or reckless disregard of the law. (See [Minnesota Statute 289A.60, subdivision 13](#).)

The standards of conduct – and the penalties to enforce them – will apply to tax preparers who are licensed professionals if they have:

- Had a professional license suspended or revoked for cause
- Been convicted of any crime of dishonesty or breach of trust
- Been censured, suspended, disbarred under United States Treasury Department Circular 230
- Been sanctioned by a court relating to any client's tax liability or their own liability for:
 - Instituting or maintaining proceedings primarily for delay
 - Advancing frivolous or groundless arguments
 - Failing to pursue available administrative remedies
- Failed to file either:
 - A required annual return for two of the three preceding tax periods
 - A required return for three of the six preceding tax periods

Taxpayer representatives are also held to high standards when representing taxpayers before the Minnesota Department of Revenue. [Minnesota Rule 8052.0300](#) and [Minnesota Rule 8052.0400](#) establish those standards and the consequences for violating the standards, up to, and including, suspension from being able to represent taxpayers before Revenue. These rules regulate attorneys, accountants, agents, or preparers who represent taxpayers before Revenue.

Representative Standards of Conduct

These standards of conduct apply to taxpayer representatives practicing before Revenue under [Minnesota Rule 8052.0300](#).

Representatives must be authorized by the taxpayer through a valid, written power of attorney on file with Revenue. A written power of attorney is not required if the taxpayer is present during interactions with Revenue. Certain people are not eligible to act as a taxpayer's representative. This includes anyone who is:

- Barred or suspended from practice before the Department of Revenue
- An employee of the Department of Revenue
- Barred or suspended from practice as an attorney or CPA in the state of Minnesota
- Barred or suspended from practice before the IRS
- A former employee of the Department of Revenue within one year of terminating employment or any matter they handled as an employee of Revenue

Representatives must submit records or information to Revenue if provided with a legal request, unless the representative has a good faith belief that the information is privileged.

Representatives must act in good faith and exercise due diligence in determining the accuracy of all representations they make to, and with respect to any matters before, Revenue.

Representatives may not unreasonably delay the prompt disposition of any matter before Revenue.

A representative may be barred or suspended from practice before Revenue for incompetent or disreputable conduct, which may include:

- Not demonstrating a familiarity with state tax laws and forms sufficient to provide adequate services
- Conviction of any criminal offense under state or federal law
- Knowingly preparing false or fraudulent returns for oneself or another
- Failing to file a state tax return for oneself or another
- Failing to prepare and file an amended state tax return for oneself when a material error is known
- Failing to make recommendation to a client to file an amended return when a material error is known
- Knowingly filing a fraudulent document with Revenue in any proceeding
- Misappropriating funds received from a client intended for the purpose of paying taxes owed to the state of Minnesota

For a complete list of violations, see [Minnesota Rule 8052.0300](#).

Disciplinary actions against a representative for violating the representative standards of conduct progresses as follows:

- **First offense:** A warning letter
- **Second offense:** Suspension up to one year
- **Third offense:** Suspension up to five years
- **Fourth offense:** Barred from practice before Revenue

For more information about this process, see [Minnesota Rule 8052.0400](#).

Preparer Standards of Conduct

The following standards of conduct apply to the paid preparers governed by [Minnesota Statute 270C.445](#).

The law states that tax preparers must:

- Act in the best interest of the client
- Complete a client's tax return promptly
- Sign a client's tax return when transaction is complete
- Return all original documents to clients
- Give a client a copy of any document requiring the client's signature
- Retain copies of income tax returns for at least four years
- Maintain a confidential relationship with clients and former clients
- Safeguard a client's nonpublic personal information
- Safeguard and account for any money handled for the client
- Disclose all information affecting the client's rights and interests
- Give clients an itemized statement of charges

Tax preparers must not:

- Have a client sign an incomplete form
- Require a client to enter into a loan arrangement to complete a tax return
- Charge or accept a fee based on a percentage of an anticipated refund for tax preparation services
- Falsely claim credits or deductions on a client's tax return
- Violate any provision of [Minnesota Statute 332.37](#)
- Withhold a document provided by the client for use in preparing the client's tax return
- Create an account to receive a client's refund without the client's name on the account
- If making, providing, or facilitating a refund anticipation loan, fail to provide all disclosures required by the federal Truth in Lending Act (U.S. Code, title 15) in a form the client may retain
- Include any of these in any documents:
 - A hold harmless clause
 - A confession of judgment or a power of attorney to confess judgment against the client or appear as the client in any judicial proceeding
 - A waiver of the right to a jury trial in any action brought by or against a debtor
 - An assignment of or an order for payment of wages or other compensation for services
 - A provision stating the client agrees not to assert any claim or defense otherwise available
 - A waiver of any provision of these limitations or a release of any obligation required to be performed by the tax preparer
 - A waiver of the right to injunctive, declaratory, or other equitable relief or relief on a class basis

Tax Preparer Sanctions

If you prepare returns with reckless disregard of laws and rules, or willfully attempt to understate tax liabilities or overstate refund claims, we may assess a \$500 penalty per violation. Because we collect this liability like an income tax, we can collect this penalty from your income tax or property tax refund filings. (See [Minnesota Statute 289A.60, subdivision 13.](#))

If you violate the standards of conduct in Minnesota Statute 270C.445, subdivisions 3 or 5, or Minnesota Statute 270C.4451, we may assess a penalty of up to \$1,000 per violation.

For more information on tax preparer penalties, see Chapter 13 in this manual.

Preparer Tax Identification Numbers (PTINs)

If you have a valid PTIN and do not include it on a return you have prepared, we can assess a \$50 penalty for each failure to include a PTIN. If you are required to have a PTIN but do not have one, we can assess a \$500 penalty for each failure to include a PTIN on returns you prepared. For more information, see [PTIN Requirements for Tax Return Preparers](#) on the IRS website.

We will notify preparers who file with invalid PTINs and provide them information on how to update them.

Electronic Filing Requirement

You must electronically file individual income, corporation franchise, S corporation, partnership, and fiduciary tax returns you have prepared if you expect to file more than 10 of these returns in any combination in a year.

You must pay a \$5 fee for each return you do not file electronically. This fee does not apply to any return that Revenue or the client expressly required to be filed on paper. Payments for this fee are due by:

- **June 15** for paper returns filed between January 1 and April 15
- **January 15 of the following year** for paper returns filed between April 16 and December 31

We created a new form ([Schedule PFF, \\$5 Paper Filing Fee](#)) for preparers to complete when they are required to self-assess a preparer's paper filing fee. This will give Revenue more information to appropriately credit this payment to the preparers who submit this fee.

You may pay by check or electronically in e-Services. For more information, see ["Preparer's Paper Filing Fee" on our Regulation of Tax Preparers page](#).

Cease and Desist

We may issue an administrative order requiring you to cease and desist from committing specified violations.

A cease and desist order will:

- Describe the act, conduct, or practice committed
- Include a reference to the law violated
- Provide notice that you may request a hearing

If you are subject to a cease and desist order and violate the order, we may assess up to a \$5,000 penalty per violation and may revoke your authority to transmit returns electronically to Minnesota. A court may assess up to a \$10,000 penalty for each violation of the cease and desist order.

Publication of Names

We must [publish the names and business addresses](#) of tax preparers who have incurred certain penalties if the preparer is:

- Convicted of identity theft for a return filed with the commissioner, the IRS, or another state
- Assessed a penalty in excess of \$1,000 related to reckless disregard of laws and rules or a willful attempt to understate liability for tax

- Assessed a penalty in excess of \$1,000 related to violating the required standards of conduct
- Assessed a penalty in excess of \$1,000 for failing to provide a Preparer Tax Identification Number on returns they prepare and file for compensation
- Subject to a cease and desist order that has become final
- Assessed a penalty for violating a cease and desist order

We provide tax preparers a notice before publishing their names and business addresses.

For more information, see [Tax Preparers Subject to Sanctions](#) on our website and [Minnesota Statute 270C.446](#).

Direct Deposit Limits

We will only deposit up to five Minnesota tax refunds into a single bank account. This limitation applies to both property tax refunds and income tax refunds. The limitation may affect families who deposit parents' and children's refunds into a family bank account.

The limit applies to financial accounts such as bank checking or savings. If an account entered on a tax return exceeds this limit, we will send the refund as a paper check. We will send the taxpayer a letter if we make this change to their refund.

We made this change to:

- Prevent criminals from stealing state tax refunds
- Protect clients from tax preparers who deposit client refunds into their own bank accounts

We still encourage your clients to use direct deposit. It is the easiest, most convenient, and most secure way for them to receive their refund. Clients can check the status of their refund by using the [Where's My Refund? system on our website](#).

Requirement to Give Written Notice of Nongame Wildlife Checkoff

As a tax preparer, you must:

- Give written notice of the option to contribute to the Nongame Wildlife Fund to corporate and individual clients who file an income tax or property tax refund return
- Include this notice with preliminary worksheets or other documents used in preparing their returns
- Include a line for displaying contributions

Reporting Tax Professional Misconduct

If you suspect a tax professional of breaking state tax laws, you can call, email, or write us. You may remain confidential, but it's helpful to provide your contact information in case we need more details or clarification.

When reporting Tax Professional Misconduct, provide:

- The name and address of the preparer or their business
- What makes you believe they are violating standards of conduct or acting with reckless disregard
- Information about the offense

- Any details you know about the tax professional not filing their own return or not reporting income from their tax preparation business
- Any records you can access showing a violation occurred
- The names of anyone else who could provide us information
- Other information about the tax professional, such as their licensing status and Preparer Tax Identification Number (PTIN)

To report violations of Minnesota's Tax Professional Enforcement laws, call us at 651-556-6626 or email Taxpro.Review@state.mn.us.

Note: Under state privacy laws, we cannot disclose what action we take, if any, based on information you provide.

Chapter 5. Protecting You and Your Clients from Fraud

Tax professionals continue to be a prime target for cybercriminals. We must all take responsibility for protecting client data from theft.

To provide you guidance on data security, the IRS joined with state agencies and the tax industry to form the [Security Summit](#). The Security Summit has created awareness campaigns such as:

- [Protect Your Clients; Protect Yourself — Summer 2022](#)
- [Boost Security Immunity: Fight Against Identity Theft](#)
- [Protect Your Clients; Protect Yourself: Tax Security 101](#)
- [Tax Security 2.0](#)
- [Working Virtually: Protecting Tax Data at Home and at Work](#)

This year's theme, [Protect Your Clients; Protect Yourself — Summer 2023](#), is focused on raising awareness among tax professionals about the importance of maintaining strong security. This can help protect sensitive taxpayer data that tax professionals have while also protecting their business from identity thieves.

The IRS, state tax agencies, and the nation's tax industry continue to see a steady stream of attacks aimed at the nation's tax professional community to steal sensitive tax and financial information from clients. As part of this campaign, partners of the Security Summit encourage tax professionals to use its security plan template ([Written Information Security Plan](#)) designed to help tax professionals create and implement a data security plan.

Secure Your Systems

Title V, Subtitle A of the Financial Services Modernization Act of 1999, also known as Gramm-Leach-Bliley Act, and the Safeguards Rule (Code of Federal Regulations, Title 16, Chapter I, Subchapter C, Part 314) require certain entities - including tax return preparers - to create and maintain a security plan for protecting client data.

According to the Federal Trade Commission (FTC), each company, as part of its plan, must:

- Designate one or more employees to coordinate its information security program.
- Identify and assess the risks to customer information in each relevant area of the company's operation and evaluate how effectively current safeguards control these risks.
- Design and implement a safeguards program with regular monitoring and testing.
- Select service providers who maintain appropriate safeguards. Ensure the contract requires the provider to maintain safeguards and oversee their handling of customer information.
- Evaluate and adjust the program in light of relevant circumstances, including changes in the firm's business or operations or results from security testing and monitoring.

Note that the FTC is re-evaluating the Safeguards Rule and has proposed new regulations. Watch for any changes in the Safeguards Rule and their effect on the tax preparation community.

These publications will help you get started:

- [IRS Publication 4557](#) outlines your obligations to protect client information. It also has a checklist for creating and maintaining a security plan for your digital network and office.
- [FTC Cybersecurity for Small Business](#) includes practical tips on creating and implementing a plan for safeguarding personal information.
- [NIST's Small Business Information Security – The Fundamentals \(NISTIR 7621, Revision 1\)](#) provides an overview of five principles to secure data: identify, protect, detect, respond, and recover.
- [IRS Publication 5293](#) provides basic steps you and your firm can take to protect client data. This step-by-step guide makes data security achievable for tax professionals and firms of all sizes.

Spot Data Theft

You or your firm may be a victim of data theft and not even know it. Here are some common signs of data theft:

- Your clients' e-filed tax returns begin to be rejected because returns with their Social Security Numbers were already filed
- The returns filed for a taxable year with your firm's Electronic Filing Identification Number (EFIN) exceed your number of clients
- Tax professionals or clients respond to emails you or your firm did not send
- Your network computers slow down
- Computer cursors move or numbers change without your input
- Network computers lock you out
- Your clients receive:
 - IRS authentication letters (5071C, 4883C, or 5747C) for returns they did not file
 - Refunds for returns they did not file
 - Tax transcripts they did not request
 - IRS online services account emails stating an account was created when they did not create one
 - IRS online services account emails stating their account was accessed or disabled when they did not request it

Create a Data Theft Response Plan

If you fall victim to data theft, immediately:

- **Report it to the [local IRS stakeholder liaison](#).** Stakeholder liaisons will notify IRS Criminal Investigation and others within the agency. The IRS can block fraudulent returns in your clients' names and assist through the process. If the data theft involved an IRS impersonation scam, you should also report it to the [Treasury Inspector General for Tax Administration](#).
- **Email the Federation of Tax Administrators at StateAlert@taxadmin.org.** Get information on how to report victim information to the states. Most states require that the state attorney general be notified of data breaches. The notification process may involve multiple offices.
- **Call the Minnesota Department of Revenue** at 651-296-3781 or 1-800-652-9094. We will connect you with a fraud coordinator who can assist with determining whether you are a victim and which clients' or

tax professionals' information was accessed. We can take steps to block fraudulent returns in your clients' names.

- **Submit an identity theft affidavit for businesses and other entities.** Federal [Form 14039-B](#) makes it easier for businesses, estates, trusts, and tax-exempt organizations to report identity theft to the IRS. Submitting this form will quickly let the IRS help entities who are victims of identity theft. To access the form, see [Report Identify Theft for a Business](#) on the IRS website.

Find [Data Theft Information for Tax Professionals](#) on the IRS website.

Stay Vigilant

Stay ahead of the thieves by taking certain actions daily or weekly to ensure your clients and your business remain safe:

- **Track your daily e-file acknowledgements.** If there are more acknowledgements than returns you know you filed, dig deeper.
- **Track your weekly Electronic Filing Identification Number (EFIN) usage.** The IRS posts the number of returns filed with your EFIN weekly.
 - Access your [IRS e-Services account](#) and your EFIN application.
 - Select “EFIN Status” from the application.
 - Contact the IRS e-Help Desk if your return totals exceed your number of returns filed.
 - Keep your EFIN application up to date with all phone, address, or personnel changes.
- **Track your weekly Preparer Tax Identification Number (PTIN) usage.** If you file 50 or more returns as an attorney, Certified Public Accountant (CPA), enrolled agent (EA), or [Annual Filing Season Program participant](#), you can check your PTIN account for a weekly report:
 - Access your [online PTIN account](#).
 - Select “View Returns Filed Per PTIN.”
 - Complete federal [Form 14157](#) to report excessive use or misuse of your PTIN.
- **If you have a Centralized Authorization File (CAF) Number**, keep your authorizations up to date. [Use a Freedom of Information Act \(FOIA\) request to secure your CAF 77 client listing](#). Review the list to ensure it is accurate. Remove authorizations for clients you no longer work with and for any taxpayers who have never been your clients (a possible ID theft indicator). For more information, see [IRS Publication 947](#).
- **Create your IRS online accounts using the multi-factor Secure Access authentication** to help prevent account takeovers. For details, see the [IRS's Secure Access page](#).

Recognize Phishing Scams

Cybercriminals commonly steal data through phishing scams. Phishing often occurs through unsolicited emails or websites luring unsuspecting victims to provide personal information.

The thief may pose as your tax software provider, your data storage provider, your bank, the IRS, or even a prospective client. Thieves may even pose as colleagues whose email accounts were compromised. For tips on defending yourself from phishing scams, see [Report Phishing and Online Scams](#) from the IRS.

Educate all employees in your office on the dangers of phishing scams. These scams can result in cybercriminals taking over your computer or accounts to steal client data.

- Thieves may hijack your email account to send spam emails under your name, tricking your colleagues and clients into disclosing information.
- An even more successful tactic is spear-phishing, where a thief specifically targets you or your firm, perhaps from seeing your email address online.
- Generally, phishing or spear-phishing emails have an urgent subject line such as “Update Your Account Now,” enticing you to open a link or attachment.
 - **Link:** The link may take you to a fake webpage designed to look like a familiar website such as IRS e-Services. There may also be a call to action, such as “Click Here Now.” You may be asked to enter your username and password for an account, but you are actually disclosing your credentials to thieves.
 - **Attachment:** Attachments may contain software that can infect your computer and network systems (malware). A common malware is keystroke tracking, which allows the criminal to see the words you type on your device, including your username and password to various accounts. This malware gives them access to your tax software, bank, or encrypted client files.
- A legitimate business should never request personal or sensitive information be sent to them via email, unless it’s through a secured mail service.

[Guard Against Phishing, Spear-phishing, and Whaling Emails](#)

Educated employees are the key to avoiding phishing and related scams, but these simple steps can also help protect you:

- Use separate personal and business email accounts protected with strong passwords and [multi-factor authentication](#).
- Install an anti-phishing toolbar, which may be included in security software products, to help identify known phishing sites.
- Use security software to help protect systems from malware and scan emails for viruses.
- Never open or download attachments from unknown senders, including potential clients. Try calling them first to confirm they sent you something.
- If you must email files with clients, send only encrypted and password-protected documents.
- Do not respond to suspicious or unknown emails. If suspicious emails are IRS-related, forward them to phishing@irs.gov.

Be Safe on the Internet

Data security requires ongoing awareness about the threats posed from a variety of sources, including browsing the internet. Here are some general steps for staying safe online.

- Keep your web browser software up to date so it has the latest security features.
- Scan files using your security software before downloading them.
- Delete web browser cache, temporary internet files, cookies, and browsing history regularly.
- When possible, only use web addresses that start with “HTTPS” (<https://www.irs.gov>).

- Avoid accessing business emails or information from public Wi-Fi connections.
- Disable stored password features offered by some operating systems.
- Enable your browser's pop-up blocker, and do not call numbers listed on pop-ups.
- Do not download files, software, or applications from unknown websites.
- Note instances where your browser's home page changes. This could be a sign of malware or intrusion.
- Use a Virtual Private Network (VPN) - a secure, encrypted network to transmit data between a remote user and the company.

Stay Connected

We alert tax professionals as quickly as possible when we learn of new scams, which are especially common during the filing season. [Subscribe to our Tax Scam and Fraud Alerts email lists](#) so you can stay informed of the latest alerts and tax administration issues.

[Encourage clients to obtain Identity Protection PINs \(IP PINs\)](#)

The IP PIN Opt-In Program can protect clients from tax-related identity theft and is available to anyone who can verify their identity. While the program is free, we need your help letting clients know about it. For details, see [Get An Identity Protection PIN](#) on the IRS website or [IRS Publication 5367](#).

For security reasons, you cannot obtain an IP PIN on behalf of clients. They must obtain their own IP PIN.

State Forms to Help Report ID Theft

These forms help [manage the reporting of identity theft](#) to Revenue and allow your clients to request copies of fraudulently-filed returns.

If your client believes they are a victim of identity theft, they should call us at 651-296-3781 or 1-800-652-9094. Then, they should complete and submit [Form M1ID, Identity Theft Affidavit](#). This will alert us to the issue and help us detect any potential fraud on their account. We will notify your client if a fraudulent return was filed or not.

If your client receives a letter informing them a Minnesota return was fraudulently filed under their name, they can contact us for a copy of the return.

- If your client wants a copy of the fraudulent return for their records, they should complete [Form REV189, Request for Copy of Return Related to Identity Theft](#).
- If your client wants to send a copy of the fraudulent return to a specific law enforcement agency, they should complete [Form REV190, Authorization to Release Return Related to Identity Theft](#).

For reference, we included samples of these forms on these pages:

Chapter 6. Power of Attorney

Access to Information

Your clients have the right to receive and inspect their own private or nonpublic return information. They can also authorize other people (appointees) to obtain their return information from the Minnesota Department of Revenue.

Your clients may grant you [power of attorney](#) (POA) authorization by submitting one of these forms:

- [REV184i, Individual or Sole Proprietor Power of Attorney](#)
- [REV184b, Business Power of Attorney](#)
- [REV185i, Authorization to Release Individual or Sole Proprietor Tax Information](#)
- [REV185b, Authorization to Release Business Tax Information](#)
- [Federal Form 2848](#), if it specifies a Minnesota tax type and tax year
- Any legally sufficient form (e.g., [Minnesota Statutory Short Form Power of Attorney](#))

Your clients' verbal approval is sufficient to disclose return information over the phone, but only if we follow appropriate identity verification procedures and you are on the call with your client.

Verification procedures include, but are not limited to, asking for your clients' personal information:

- Name
- Address
- Social Security or identification number
- Filing status on the return
- Date of birth

Your clients' verbal approval is valid for a one-time release of information and must be obtained again if the call ends or is disconnected.

Mail Correspondence

In the **Additional Powers** section, your clients can elect to have most of their mail from revenue sent to you. The authority states, "Receive all mail except refunds." You will not receive your clients' refunds and some refund correspondence, including:

- Notice of Refund
- Notice of State Tax Refund
- Refund Offset letter
- Refund Warrant Inquiry
- Tribal Agreement Refund
- Unclaimed Property

We will send all other correspondence to the appointees.

Revision Dates

We accept Form REV184 with a revision date of 12/2014 or 01/2017 or Forms REV184i and REV184b with any revision date.

We reject old forms with a revision date of 10/2012 or earlier.

Email Authorization

When communicating with the department through email, we will always send encrypted emails. If you or your client want to receive unencrypted emails, submit [Form REV187, Email Authorization](#).

Note: Form REV187 does not grant us authority to release private and nonpublic data. You still need a POA on file to release that information.

There is another form for email communication, the [REV188, State Assessed Property Email Authorization](#). Form REV188 is used strictly to allow the department to email state assessed property tax related orders, certifications, and notices to the identified recipient that are otherwise required to be sent by first class mail. This form is not the same as the REV187 and they cannot be used interchangeably.

Barred or Suspended Professionals

We review POA forms to identify [professionals who have been barred or suspended](#) from practicing before the department because they failed to follow the required standards of ethics and conduct. We cannot process POA forms for these individuals and will reject the form until they have been removed from the ineligible list.

Appointees

You and your clients may only list individuals as appointees. For additional appointees, fill out page two of Form REV184i and Form REV184b.

We reject forms that name a firm or company.

Limited Power of Attorney

We offer several ways for your clients to grant you limited access to their tax information.

Forms

- Complete Form REV184i or REV184b, check the box granting limited authority, and fill in the tax type or issue and periods
- Complete Form REV185i, REV185b, or REV185 for a one-time release of information

Minnesota Returns

Check the box on the bottom of certain Minnesota tax returns to allow disclosure to preparers and associates of the preparer about information from that year's return only.

If you are the third-party designee identified on the federal return and know the federal PIN, we may disclose Minnesota return information.

We will not disclose information about post-processing audits of returns.

Disclosure is limited to:

- Information in and about the return
- Issues or adjustments we made while processing the return
- Refund information, including the date and amount of the refund and if there was an offset (except for collection details such as offset amount or which debts the offset paid)
- Balance due information
- Documents provided relating to return processing

Limited authority expires:

- Original returns: One year after the due date or one year from when it was received, whichever is later.
- Amended returns: One year from the date the form was submitted.

We will contact tax preparers to discuss issues involved with processing the return, such as clarifying an entry or requesting more information. If you are the designated appointee on your clients' return, we will contact you first to resolve return-related issues. If you do not return our call within three days, we will contact your clients directly.

If your client authorizes, we will send you all correspondence regarding their return. If we send a letter requesting information or action and you are unresponsive, we will send the letter to your clients.

Third-Party Authorization Limited (Tiered Power of Attorney)

If you are the client's appointee, you may not appoint others to act for them or access their records unless your client provides explicit permission to do so. Your client must document this permission in one of these forms:

- Minnesota forms REV184i or REV184b
 - Check the box for adding addition appointees in the **Additional Powers** section
- Minnesota Statutory Short Form Power of Attorney
- Federal Form 2848, Section 5
 - Check the box for substitute or add representatives

Note: Any authority you grant to third parties cannot exceed your authority granted on the original power of attorney form.

Remove Power of Attorney

You or your client can submit a signed written request or complete [Form REV184r, Revocation of Power of Attorney](#) to remove you as an appointee. Form REV184r specifically states what is needed to remove the authority.

Personal Representative

After your client passes away, there may be outstanding returns to file, payments due, and refunds available. If you had a power of attorney on file with the department, it expires upon their death. To get access to your client's private or nonpublic information, a new power of attorney must be submitted and signed by the Personal Representative.

To prove personal representative authority:

If the deceased's estate is in probate:

YOU NEED:	AND ONE OF THE FOLLOWING:
<ul style="list-style-type: none">• Death Certificate• Representative's driver's license or other ID	<ul style="list-style-type: none">• Letter Testamentary• Letter of General Administration

If the deceased's estate is not in probate, there are two options:

OPTION	YOU NEED:	AND ONE OF THE FOLLOWING:
1	<ul style="list-style-type: none">• Death Certificate• Representative's driver's license or other ID	<ul style="list-style-type: none">• Will• Original trust document signed by taxpayer (Certificate of Trust is not sufficient)
2	<ul style="list-style-type: none">• Death Certificate• Representative's driver's license or other ID• Signed fiduciary letter or <u>Affidavit for Collection (Form PRO202)</u>	<ul style="list-style-type: none">• POA form, signed prior to death, appointing the personal representative as a POA Appointee• Proof of relationship (for example, birth certificate)

e-Services

If your business clients want to see who has access to their private or nonpublic information, they can now find that information in e-Services. Your clients can see their POA information in e-Services by selecting the **I Want To...** tab and then **View power of attorneys** under Customer Contacts. Your clients will be able to see:

- Who was appointed
- What firm they work for if available
- What authority they received
- Appointee's phone number.

This information is view only. If your client wants to remove or add an appointee, they must send in a POA form. Check out the department [webpage](#) for more information.

Chapter 7. Collection Process

The Minnesota Department of Revenue collects past due tax and other state agency debt for the state of Minnesota. To find information about [collection topics](#), go to www.revenue.state.mn.us and enter **collections** into the Search box.

How does the department notify my clients about debts?

We send written notices (bills) to your clients' last known address. These bills request payment and contain information on:

- Amount due
- Reason for the debt
- Breakdown of the debt
- Date the payment is due
- Taxpayer's rights
- Actions we can take to resolve the debt

How can my clients make a payment?

Businesses and individuals can make payment through any of these methods:

- Electronic bank transfer
- Credit card or debit card
- ACH credit
- Check and voucher
- Money order and voucher
- Cash (in-person only)
- Bank wire transfer

For more information on [payment options](#), go to www.revenue.state.mn.us and enter **payment options** into the Search box. You may also call us at 651-556-3003 or 1-800-657-3909.

What if my clients cannot pay in full with one payment?

They may request a payment agreement, which allows them to pay in installments. We review each case individually and base our decision on your clients' financial situation. When deciding to accept or deny, we consider:

- Ability to pay in full and employment condition
- Total amount owed and amount offered per payment
- Length of the agreement and frequency of payments (monthly, biweekly, or weekly)
- Total household income and expenses, which may require a completed financial statement

Note: If your client has an active liquor license, they are not allowed to have a payment agreement.

We reserve the right to deny payment agreement requests.

If we accept the proposal:

- Your client will make payments by electronic funds transfer (EFT) directly from a bank account
- We may revoke a business' sales tax permit if they do not meet the terms of the payment agreement

For more information about [payment agreements](#), go to www.revenue.state.mn.us and enter **payment agreement** into the Search box.

If your client needs additional assistance with their debt, we will work with them. They may call us at 651-556-3003 or 1-800-657-3909.

What happens if my clients do not respond to bills?

If your clients do not respond by the due date on the bill, we may:

- Levy (take) up to 25% of their disposable earnings (wages)
- Levy (take funds from) their bank account
- Seize (take) their property and sell it to pay their debt
- Revoke or deny renewal of their business or professional license
- Offset (take) any vendor payment owed to them by a state agency

We may also file a lien at any time.

What if my client cannot pay the entire amount?

Your clients have the option to request a compromise, a written agreement to settle unpaid tax debt for less than the full amount. When considering a request, we review your clients' long-term ability to pay the debt.

If your clients would like to request a compromise, they may:

- Contact us at 651-556-3003 or 1-800-657-3909
- Fill out the online application and return to us via email, mail, or fax
- Apply online

We apply different factors than the IRS when considering compromise offers and may not accept the same situations as the IRS does for compromises.

For more information on [requesting a compromise](#), go to www.revenue.state.mn.us and enter **requesting a compromise** into the Search box.

Chapter 8. Taxpayer Rights Advocate

History and Purpose

Established in 1990, the [Taxpayer Rights Advocate Office](#) is a place for your clients to have an independent review of their tax situation while promoting and upholding the Minnesota Department of Revenue's fair and equitable application of tax laws. The Advocate Office also reviews policy and procedure issues affecting your clients.

If your client has a problem resolving a tax issue with the department and has exhausted all other administrative options, the Taxpayer Rights Advocate may be able to help.

Contact the Taxpayer Rights Advocate Office:

Phone: 651-556-6013 or 1-855-452-0767

Email: dor.tra@state.mn.us

Mail: Minnesota Revenue
Mail Station 7102

600 N. Robert St.
St. Paul, MN 55145-7102

Fax: 651-556-5211

The advocate can:

- Help ensure fair and consistent application of Minnesota tax law and department policies
- Promote taxpayer issues and concerns to department policymakers and state legislators
- Provide a fresh look at individual tax situations when all other administrative options are exhausted
- Help provide options to solve taxpayer issues, problems, and concerns
- Provide an alternative point of contact if standard lines of communication within the department did not answer all your questions
- Advocate for individual taxpayer concerns when significant financial hardship occurs
- Intervene if department actions create or will create an unjust and inequitable result for your client

The advocate cannot:

- Change Minnesota tax law for individual situations
- Interfere with normal processing unless a documented hardship exists
- Change time limits for filing, payment, or refunds
- Act as legal counsel
- Help with federal income tax or tax paid to other states

Acting as Case Reviewer

Minnesota Statutes, section 16D.10 assigns the Taxpayer Rights Advocate the duties of a case reviewer for the collection of nontax debts. The advocate may issue debtor assistance orders if they determine the way the state debt collection laws are administered will create an unjust and inequitable result for your client.

Assisting with Significant Financial Hardship

A significant financial hardship is the imminent inability for your client to pay for basic necessities. Examples include the inability to:

- Secure or maintain appropriate shelter
- Pay for utilities in the home
- Buy essential medication
- Get critical medical treatment for the client or the client's immediate family member

If your client is experiencing a significant financial hardship, and a collection action is about to take place, your client may ask for a prompt review of your situation by the Taxpayer Rights Advocate Office.

Enforcement actions by the department, such as deducting money from wages or bank accounts, do not necessarily create a significant financial hardship. This is true even if these actions might prevent your client from paying bills they consider as important as the tax bill.

Generally, assistance for a significant financial hardship is limited to once per lifetime for your client.

Compromise and Installment Agreement Reconsideration

Minnesota Statutes, section 270C.52 provides that a taxpayer may request administrative review of a written rejection of a proposed compromise or installment agreement. If your client's compromise or installment agreement application was denied, they may request reconsideration by the Taxpayer Rights Advocate Office. Requests for reconsideration are reviewed in the order they are received.

Chapter 9. How the Department Protects Your Clients' Information

Generally, state tax returns and return information, including information received from the IRS, are classified as private data on individuals or as nonpublic data (or what is considered “confidential” under federal law). This means that the Minnesota Department of Revenue can only disclose information to your clients, to individuals your clients authorize, or as allowed by law.

Data Classifications

All government data are public unless statute or other applicable law classifies them otherwise.

Data related to these taxes are private (for individuals) or nonpublic (for businesses):

- Individual Income
- Withholding
- Corporate Franchise
- Property Tax Refund
- Sales and Use
- MinnesotaCare
- Estate and Fiduciary
- Solid Waste Management
- Motor Vehicle Sales
- Dry Cleaning
- Political Contribution Refunds
- Video Display Device Manufacturer’s Registration Fee (eWaste)
- Prepaid Wireless E911 and Prepaid Telecommunications Access Minnesota Fees

Data related to these taxes are restricted:

- Sports Bookmaking
- Marijuana and Controlled Substances

These taxes are reported and paid anonymously. Information is available only to department employees with specific business reasons for access. We cannot use this information for criminal prosecution or other purposes except for cases involving nonpayment of the tax.

Most data related to these taxes are public:

- Lawful Gambling
- Petroleum and Other Fuels
- Cigarettes and Tobacco
- Liquor
- Real and Personal Property
- Deed and Mortgage Registry
- Insurance

- Hazardous Waste Generator
- Metropolitan Solid Waste and Landfill Fee
- Minerals
- Sustainable Forest Incentive

Note: Certain limitations or exceptions apply to data related to Metropolitan Solid Waste and Landfill Fee, Sustainable Forest Incentive, and Mineral taxes. See Minnesota Statutes for more details.

Access to Information

Your clients, and anyone they authorize, have the right to receive and inspect their tax return information. They may authorize you or another person to obtain information for them. To learn how your client can authorize you to receive information, see **Chapter 6. Power of Attorney** in this manual.

Taxpayer Rights Notifications

We must prepare and distribute statements explaining the following:

- The rights and obligations of your clients and the department during an audit
- Administrative and judicial appeal procedures
- The process for filing refund claims and complaints
- Our enforcement procedures, including assessment, jeopardy assessment, levy and distraint, and liens

We must provide the notice to all taxpayers we contact about the determination or collection of a tax. Failure to receive these statements, however, does not change our time limit to assess or collect taxes or your clients' time limit for filing refund claims.

For details on taxpayer rights notifications, see [Minnesota Statute 270C.28](#).

Chapter 10. Recent Court Cases

Below is a summary of recent court cases related to Minnesota taxes.

Beavers, Minnesota Tax Court, 9563-R, February 21, 2023

The Minnesota Tax Court dismissed as untimely the taxpayer's appeal of the Commissioner of Revenue's Notice of Determination dated August 30, 2022. The taxpayer filed his appeal with the Tax Court on December 5, 2022, which was 97 days after the notice date of the Commissioner's order. Not having been filed within the maximum statutory window of 60 days (or 90 days with a 30-day extension), the Tax Court ruled it did not have jurisdiction to hear the appeal under Minnesota Statutes section 271.06, subdivision. 2. The taxpayer claimed his failure to timely file his appeal was due to the court's alleged failure to provide him with sufficient guidance or assistance regarding filing. The Tax Court pointed to the information in its form for filing an appeal and the taxpayer's lengthy delay in filing in dismissing the taxpayer's appeal and affirming the Commissioner's order noticing a change in tax and interest.

Tyler, U.S. Supreme Court, 598 U.S. 631, May 25, 2023

The United States Supreme Court decided that Hennepin County's retention of the money remaining after a tax forfeiture sale of the taxpayer's condominium was plausibly a taking for which taxpayer had standing to sue for just compensation. The taxpayer did not constructively abandon her condominium by failing to pay property taxes.

Chapter 11. Penalties under Minnesota Law

Tax Preparer Penalties

Penalty for Failure to Provide Federal ID

If you prepare Minnesota income tax returns, property tax refund claims, Forms M99, or claims for refund, you must provide the same Preparer Tax Identification Number (PTIN) as on federal returns. If you do not, the Minnesota Department of Revenue can assess a \$50 penalty for each failure.

If you are required to have a PTIN but do not get one, we may assess a \$500 penalty each time you do not include a PTIN on a return you filed. (See [Minnesota Statute 289A.60, subdivision 28.](#))

Reckless Disregard

If you prepare returns with reckless disregard of laws and rules, or willfully attempt to understate tax liabilities or overstate refund claims, we can assess a \$500 penalty per return. We may apply this penalty to income tax or property tax refund filings. (See [Minnesota Statute 289A.60, subdivision 13.](#))

Violation of Standards of Conduct

If you violate the standards of conduct outlined in [Minnesota Rule 8052.0300](#), we may assess a penalty of up to \$1,000 per violation.

Individual Income Tax Penalties

For a list of the most common individual income tax penalties, see [Penalties and Interest for Individuals](#) on our website.

Business Income Tax Penalties

For a list of the most common business income tax penalties, see [Penalties and Interest for Businesses](#) on our website.

Property Tax Refund Penalties

There are several property tax refund penalties that may apply to preparers or property managers.

- If a claim for a property tax refund is excessive and the return was negligently prepared, we can assess a 10% penalty based on the amount disallowed. We can assess this even if we reduce the refund to zero.
- If landlords fail to give a Certificate of Rent Paid (CRP) to a renter without reasonable cause, we can assess a penalty of \$100 for each failure.
- If owners or managing agents knowingly give CRPs exaggerating the rent amount, we can assess a penalty of \$100 or 50% of the excess amount reported, whichever is greater. We presume these individuals knowingly exaggerated the rent paid if the overstatement is 10% or more of actual rent paid.

For more information, see [Minnesota Statute 289A.60, subdivision 12](#).

Abatement of Penalty and Interest

An abatement is a reduction or cancellation of penalty or interest. Examples of penalties you can ask us to abate may include penalties for:

- Filing tax returns late
- Paying tax debts late
- Failing to make estimated deposits as required
- Failing to file or pay by electronic funds transfer

We generally abate penalties for reasonable cause. Reasonable cause is considered circumstances beyond your clients' control preventing them from filing or paying tax on time.

You must submit abatement requests in writing and postmark them within 60 days of our first written notice of penalty. Include an explanation of the specific events or circumstances preventing your clients from filing or paying on time. (See [Minnesota Statute 270C.34](#).)

You may request an abatement after we notify you of a penalty. For more information, see [Penalty Abatement for Individuals](#) or [Penalty Abatement for Businesses](#) on our website.

Regardless of whether or not we approve an abatement, clients need to pay their tax by the due date or contact us to set up a payment agreement.

Appendix. Individual Income Tax Resources

Minnesota Department of Revenue Organizational Chart

Commissioner Paul Marquart began serving as Revenue Commissioner on January 2, 2023. Our website has the most up to date [Minnesota Department of Revenue organizational chart](#).

Fact Sheet Webpages

Previously, the Minnesota Department of Revenue published [Individual Income Tax fact sheets](#) on our website. We have converted all fact sheets to webpages for improved searchability on our website. We update these pages annually.

You can still print a fact sheet as a PDF by using the Print Page icon on the webpage.

Income Tax Webpage Title	Fact Sheet Number
Aliens	16
Credit for Parents of Stillborn Children	24
Filing on Behalf of a Deceased Taxpayer	9
Filing Past-Due Returns	12
K-12 Education Subtraction and Credit	8
Military Personnel – Residency	5
Military Personnel – Subtractions, Credits, and Extensions	5a
Municipal Bond Payment Reporting Information	19
Nonresidents	3
Part-Year Residents	2
Preparer’s Paper Filing Fee	17
Qualifying Home School Expenses for K-12 Education Subtraction and Credit	8a
Reciprocity	4
Residency	1
Seniors	6
Taxpayers with Disabilities	20
U.S. Government Interest	13

Other Webpages

- [Assigning Employee Income to Minnesota \(Withholding Fact Sheet 19\)](#)
- [Household Employees \(Withholding Fact Sheet 7\)](#)

New Tax Law Handouts Toolkit

We have prepared new materials for you and your clients covering many new or revised individual income tax benefits and credits passed during this year's legislative session. You'll find all of these materials on our website.

Informational Handouts Available in Other Languages

We have many other handouts [available in Spanish, Hmong, and Somali](#) on our website:

- Working Family Credit ... Get Credit for Working!
- I owe the Minnesota Department of Revenue. Now What?
- How do I make a payment?
- What are my rights as a taxpayer?
- Minnesota Revenue is auditing (reviewing) my tax return. Now what?
- Choosing a Tax Preparer
- Free Tax Preparation Sites
- What should I bring with me?
- Penalty and interest
- K-12 Education Subtraction and Credit
- Direct Deposit (New)
- W-4MN Instructions (New)
- Personal Financial Statement (New)

To access the handouts, select your preferred language under Tax Information.

Revenue Notices

Revenue Notices are policy statements we publish to provide interpretation, details, or supplementary information concerning Minnesota tax laws or rules. We publish them for the information and guidance of taxpayers, local government officials, and others concerned.

A [list of current revenue notices](#) is available on our website. The first two digits of each revenue notice indicate the year we issued the notice. You can sort these notices by title, tax type, and Revenue Notice type.

If you have ideas for Revenue Notice topics, call us at 651-556-6606 or email taxpro.outreach@state.mn.us.

Legislative Bulletins

We post [legislative bulletins](#) on our website to summarize and highlight significant tax-related law changes enacted during legislative sessions. If you have questions about the impact of a particular law change, consult the [Minnesota Statutes](#).

Interest Rates, Tax Rates, Dependent Exemption Amounts, and Standard Deduction Amounts

2023 Interest Rate

The interest rate for 2023 is 5%.

Interest Paid and Received

We assess and pay interest in some circumstances.

- We pay interest on income tax refunds of original returns starting 90 days after the due date. If your clients file a return late, we pay interest starting 90 days after the return is filed.
- If your clients owe delinquent taxes, they must pay interest on both the amount of penalty owed and the amount of tax owed. We calculate interest from the date the tax is due. The income tax due date for most individuals is April 15.

Prior-Year Interest Rates

Calendar Year	Interest Rate
2021-2022	3%
2020-2019	5%
2018-2017	4%
2016-2010	3%

2023 Individual Income Tax Rates

This table shows the tax rate applied based on your filing status and income range.

Tax Rates	5.35%	6.80%	7.85%	9.85%
Single	\$0 - \$30,070	\$30,071 - \$98,760	\$98,761 - \$183,340	\$183,341 +
Head of Household	\$0 - \$37,010	\$37,011 - \$148,730	\$148,731 - \$243,720	\$243,721 +
Married Filing Jointly or Qualifying Surviving Spouse	\$0 - \$43,950	\$43,951 - \$174,610	\$175,611 - \$304,970	\$304,971 +
Married Filing Separately	\$0 - \$21,975	\$21,976 - \$87,305	\$87,306 - \$152,485	\$152,486 +

Dependent Exemption Amounts

The dependent exemption for 2023 is \$4,800 for each qualifying dependent, up \$350 from the 2022 amount.

2023 Standard Deduction

This table shows the Minnesota standard deduction amount, which may differ from federal standard deduction amounts.

Filing Status	Amount
Single	\$13,825 (Up \$925 from 2022)
Head of Household	\$20,800 (Up \$1,400 from 2022)
Married Filing Jointly or Qualifying Surviving Spouse	\$27,650 (Up \$1,850 from 2022)
Married Filing Separately	\$13,825 (Up \$925 from 2022)
Additional amount for blind	\$1,450 (Up \$100 from 2022)
Additional amount for age 65 and older	\$1,850 (Up \$150 from 2022)

Other Inflation Adjusted Amounts

You can view a full list of [inflation-adjusted amounts for tax year 2023](#) on our website.