
Individual and Business Income Tax

Short Course Manual

Tax Year 2022

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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 coordinator.

Email: taxpro.outreach@state.mn.us

Phone: 651-556-6606



This manual is available online in the [Other Short Course Resources](#) section of the University of Minnesota [Income Tax Short Course](#) page.

Department of Revenue Contact Information

Address: 600 N. Robert St.
St. Paul, MN 55101

General Phone: 651-556-3000 or 1-800-657-3666

Website: www.revenue.state.mn.us

Division	Phone Number	Email Address
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

Hello! My name is Sarah Bronson and I am an assistant commissioner at the Minnesota Department of Revenue. I want to welcome you to the start of the 2023 tax filing season and thank you for all the work you do to assist Minnesota taxpayers.

At Revenue, change is a fact of life. State and federal law changes – along with leadership transitions, advancing technology, and Minnesota’s evolving economy, population, and workforce – keep the work interesting.

There have been several changes at the Department of Revenue in 2022. One of the most exciting changes has been the development of our Office of Public Engagement. The new office aims to meaningfully engage with the public - especially those most impacted by tax policy and least often involved - around their values, experiences, expertise, and priorities to create or modify policies and practices that advance equity within the tax system and tax code.

Our goal in this engagement work is to do more than share information with our partners. We aim to work collaboratively to solve problems and implement improvements in the tax system that will benefit all Minnesotans.

Additionally, as we prepare for the upcoming filing season, federal conformity is an early focus. Currently, Minnesota does not conform to several federal provisions that may affect your clients returns for tax year 2022 and earlier. If a conformity bill is passed, we will provide updates and guidance through our website and email bulletins.

Our mission at the department 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,



Sarah Bronson
Assistant Commissioner

Chapter 1. Department Updates

Tax Due Date Calendar

The [tax due date calendar](#) was created based on your response to our survey during last year's Short Course. The calendar has a list of all major due dates for each tax type administered, all in one place. When you navigate to the calendar, the current month is automatically expanded for your convenience. We would like to hear your opinion after you have had a chance to use this page. [Please provide us with your feedback.](#)

Print Page Website Functionality

Printing a webpage from our website has been improved with our new Print Page icon. You can now print a page with all sections expanded in an easy-to-read layout. Look for the gray Print Page icon on any webpage, then print it or download it as a PDF to share information with your clients easily.



Income Tax and Withholding Tax Fact Sheets

The [income tax](#) and [withholding tax](#) fact sheets, previously available as PDFs, are now converted to webpages. This will allow the content to be available in a more searchable format on our website. You can still print these fact sheets as PDFs by using the Print Page function on the webpage.

New Software Requirements for Nongame Wildlife Fund

To create more awareness around the Nongame Wildlife Fund contribution line, we worked with tax software developers to include a pop-up window asking for a contribution amount when preparing Minnesota tax returns. This change is effective with the 2022 tax year.

The pop-up window will show up for these returns:

- Form M1, Individual Income Tax
- Form M1PR, Homestead Credit Refund (for Homeowners) and Renter's Property Tax Refund
- Form M4, Corporation Franchise Tax Return
- Form M8, S Corporation Return

Follow the Tax Professional Outreach Coordinators on Twitter

The Income Tax and Withholding Division's outreach coordinators are now on Twitter. [Follow the Minnesota Department of Revenue](#) and look for #MNTaxProOutreach on social media posts that are relevant and timely for you as a tax professional. You can:

- Stay up to date on topics you care about
- Learn about trainings and outreach events we're involved in
- Provide us with real-time feedback by commenting on our posts

Electronic Appeals for Tax Orders

Based on your suggestions and feedback, the Minnesota Department of Revenue now offers an electronic appeal option for some letters. Instructions for appealing electronically will be included with any eligible letter. We will add this option to more letters in the near future.

When completing the online appeal, you must have an eligible POA on file. You will need to use your name in the signature field and enter the email address where you want the confirmation sent.

For more information on appeals, [see Appeals Information on our website](#).

Power of Attorney Information in e-Services for Businesses

Power of attorney (POA) information is now available to view for business customers in e-Services. Your clients can find POA information online by logging into e-Services, then on the “I want to” tab, select View Power of attorneys under Customer Contacts. Your clients can find:

- Appointees with current access to their tax information
- Name and contact of appointees
- Authorized tax types and periods (if available)

Commissioner Organizational Chart

There have been a number of changes to the Senior Management Team at the Minnesota Department of Revenue. See the Appendix for our most current organization chart for your reference.

We added two new assistant commissioner positions in 2022 to provide deeper support to divisions and have a stronger focus on strategy and governance.

We also had recent hires to oversee diversity, equity, inclusion, and engagement areas:

- Vikki Getchell – Assistant Commissioner overseeing Diversity and Inclusion
- Dawn Blanchard – Tribal Liaison
- Audel Shokohzadeh – Director for Public Engagement

The Office of Public Engagement

The Minnesota Department of Revenue announced the establishment of an Office of Public Engagement in July. The new office will focus on building relationships with community leaders with an emphasis on reaching underrepresented populations. Led by new Public Engagement Director Audel Shokohzadeh, the office will enhance the department’s ability and capacity to listen, learn from, and demonstrate responsiveness to communities most impacted and rarely engaged around tax policy.

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

This chapter covers the updates to individual, fiduciary, and business taxpayers for tax year 2022.

Pass-Through Entity Tax

During the first special session of 2021, the Minnesota legislature adopted a pass-through entity (PTE) tax election. The most recent guidance regarding the PTE tax can be found on the [Pass-Through Entity \(PTE\) Tax](#) page on our website.

We offer free webinars that provide basic information on the PTE tax election, walk through an example, and allow time for questions. The webinars currently being offered can be found on the [Business Income Tax Webinars](#) page on our website.

Nexus for Telecommuting Due to Covid-19 Pandemic

During the COVID-19 pandemic, some businesses had workers telecommuting from Minnesota rather than working in their regular offices outside of Minnesota. To help businesses and taxpayers impacted by the pandemic, the Minnesota Department of Revenue provided nexus relief from business income tax and sales and use tax specifically related to telecommuting due to the COVID-19 pandemic.

From March 13, 2020, to June 30, 2022, Minnesota will not seek to establish nexus for business income tax or sales and use tax solely because an employee is temporarily telecommuting due to the COVID-19 pandemic. We updated this guidance as businesses are reopening their offices and workers are returning to their regular work locations.

Federal Nonconformity

Definitions used to determine Minnesota taxable income are based on the Internal Revenue Code as amended through December 31, 2018, with certain exceptions. Since that date, Congress enacted these significant acts:

- Taxpayer Certainty and Disaster Tax Relief (TCDTR) Act of 2019
- Setting Every Community Up for Retirement Enhancement (SECURE) Act of 2019
- Families First Coronavirus Response Act (FFCRA) of 2020
- Coronavirus Aid, Relief, and Economic Security (CARES) Act of 2020
- Taxpayer Certainty and Disaster Tax Relief (TCDTR20) Act of 2020
- COVID-related Tax Relief Act (COVIDTRA) of 2020
- American Rescue Plan Act (ARPA) of 2021
- Infrastructure Investment and Jobs Act (IIJA) of 2021
- CHIPS for America Act (CHIPS ACT) of 2022
- Inflation Reduction Act (IRA) of 2022

The Minnesota first special session of 2021, bill H.F. 9, conformed the state tax code to certain provisions from these federal acts. Minnesota has not adopted all federal changes, so tax return adjustments are needed to

correctly determine Minnesota taxable income.

Disclaimer: The information in this chapter is based on Minnesota laws enacted through the state legislature's 2022 regular session and federal laws enacted through the CHIPS Act and the IRA.

Minnesota Tax Law Changes

Federal Student Loan Forgiveness

Under current Minnesota law, federal student loan forgiveness is considered taxable income on Minnesota returns. Minnesota taxpayers who have their student debt discharged will have to add back this amount for Minnesota income tax purposes. Subscribe to our Tax Law Changes email subscription list to stay up to date on potential changes to this between now and tax filing season next year.

Frontline Worker Pay

Minnesota law makers signed Frontline Worker Payments into law April 29, 2022, enabling those workers to apply for Frontline Worker Pay. For more information about Frontline Worker Payments, see the [Minnesota Department of Labor and Industry's Frontline Worker Pay Outreach Toolkit](#).

Frontline worker payments of \$487.45 per taxpayer are included in federal adjusted gross income and are taxed on a federal tax return. Frontline worker payments are not taxable on a Minnesota tax return and are subtracted from federal adjusted gross income on the 2022 Schedule M1M, Income Additions and Subtractions.

The frontline worker payment is not included in income for either the Minnesota property tax refund or K-12 Education Credit.

Substantial Understatement Penalty

A substantial understatement penalty is assessed if you understate a substantial amount of tax on your return. The penalty is 20% of the underpayment attributable to understatement.

An understatement is the difference between the amount of tax required under law and the amount of tax reported on the return.

The penalty is assessed differently for C corporations and mining companies than other qualifying taxpayers.

C Corporations and Mining Companies

The penalty is assessed if the understatement is at least:

- \$10,000 and
 - 10% of the corrected tax liability
- or
- The assessment is over \$10 million

Other Taxpayers

The penalty is assessed if the understatement is either:

- 10% of the corrected tax liability
- \$5,000

Reduction of Understatement Penalty

The understatement penalty may be reduced if there is either:

- Substantial authority to report the tax as shown on the return
- A reasonable basis for the understatement disclosed on [Form TPD, Tax Position Disclosure](#)

These reductions are subject to exceptions as defined in [Minnesota Statute 289A.60, subdivision 4](#).

2022 Tax Forms

Form PFF

[Schedule PFF, Preparer's Paper-Filing Fee](#), is completed for tax professionals who file more than 10 Minnesota tax returns by paper with the department.

If you expect to file more than 10 state tax returns by paper, you must file these returns electronically. Otherwise, we will assess a \$5 fee for each return you filed by paper. This fee does not apply to returns that we or the IRS required you to file by mail.

Form TPD

Form TPD, Tax Position Disclosure, may be filed with your return to provide explanation of items or positions of question. This form is filed to further explain certain tax positions, which may reduce the substantial understatement of liability penalty if your position has reasonable basis.

Form TPD may be filed with these forms by certain taxpayers:

Businesses and Fiduciaries

- Form M2, Income Tax Return for Estates and Trusts
- Form M3, Partnership Return
- Form M4, Corporation Franchise Tax Return
- Form M4NP, Unrelated Business Income Tax Return
- Form M8, S Corporation Return
- Form M30, Occupation Tax Return
- Form PS2000, Application to Title/Register a Vehicle
- SW-1, Metropolitan Solid Waste Landfill Fee Monthly Report

Individuals

- Form M706, Estate Tax Return
- Form M1, Individual Income Tax

If you have questions about using Form TPD, you can contact us by phone or email.

Tax Type	Phone	Email
Corporate Franchise Tax	651-556-3075 or 800-657-3666	businessincome.tax@state.mn.us
Estate Tax	651-556-3075 or 800-657-3666	businessincome.tax@state.mn.us
Environmental	651-282-5770	environmental.tax@state.mn.us
Individual Income Tax	651-296-3781	individual.incometax@state.mn.us
Mining	218-744-7424	
S corporations or Partnership Tax	651-556-3075 or 800-657-3666	businessincome.tax@state.mn.us
Sales and Use Tax		salesuse.tech@state.mn.us
Unrelated Business Income (UBI) Tax		ubi.taxes@state.mn.us

Resources

- [Form TPD, Tax Position Disclosure](#)
- Treasury Regulation, section 1.6662(d)(3)

Schedule M2NM

[Schedule M2NM, Non-Minnesota Source Income and Relating Expenses](#), is a new fiduciary income tax supplemental schedule for tax year 2022. This schedule must be completed to include amounts on lines 2 and 7 of Forms M2 or M2X, or Lines 2 and 6 of Form M2SB.

The schedule reports the non-Minnesota source income and relating expenses of estates and trusts. It provides for the allocation of federal income and deductions, and Minnesota additions and subtractions, similar to Schedule M1NR.

For more information, see the Schedule M2NM instructions.

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 2019 income tax return, you must file a 2019 Form M1X by October 18, 2023.

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 will 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 2022 [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 2022 returns, use your client’s Statement of Property Taxes Payable in 2023.

- 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.

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 as 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 Preparer Oversight

What's new in Tax Professional Enforcement?

We have created the new Schedule PFF, \$5 Paper Filing Fee, for preparers to complete when they are required to self-assess the preparer's paper filing fee. This will give the Minnesota Department of Revenue more information to appropriately credit this payment to the preparers who have submitted this fee.

We will also begin notifying preparers who are filing with invalid Preparer Tax Identification Numbers (PTINs) and will provide instructions on how to update their PTINs.

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](#).)

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

Taxpayer representatives are also held to high standards when representing taxpayers before the department. [Minnesota Rule 8052.0300](#) and [Minnesota Rule 8052.0400](#) discusses those standards and ramifications for violating those standards including, and up to, being barred from representing taxpayers before the department. Representative rules regulate attorneys, accountants, agents, or preparers who make representations on behalf of taxpayers to the department.

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
- Promptly complete a client's tax return
- Sign a client's tax return when the transaction is complete
- Return all original documents to clients
- Give a client a copy of any document requiring the client's signature
- Retain a copy of individual 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 that affects the client's rights and interests
- Give a client an itemized statement of charges

Tax preparers must not:

- Get a client's signature on an incomplete form
- Be dishonest in any aspect of tax preparation
- Require a client to agree to 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 that may be retained by the client
- 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 this section or a release of any obligation required to be performed on the part of the tax preparer
 - A waiver of the right to injunctive, declaratory, or other equitable relief or relief on a class basis

Representative Standards of Conduct

The following standards of conduct apply to taxpayer representatives practicing before the department under [Minnesota Rule 8052.0300](#).

Representatives must be authorized by the taxpayer through a valid, written power of attorney on file with the department. A written power of attorney is not required if the taxpayer is present during representations to the department. Certain people are not eligible to represent taxpayers. 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 Minnesota
- Barred or suspended from practice before the IRS
- A former Department of Revenue employee within one year employment has terminated

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

Representatives cannot attempt to interfere with lawful efforts by the department to obtain information in a matter before the department. They may, however, require a subpoena.

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

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

A representative may be barred or suspended from practice before the department for incompetent or disreputable conduct which includes, in part:

- Not demonstrating a familiarity with state tax laws and forms sufficient to provide adequate services
- Conviction of any criminal offense under state or federal statute
- 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 the department in any proceeding
- Misappropriation of funds received from a client intended for the purpose of paying taxes due to the state of Minnesota

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

Disciplinary actions against a representative for violating the 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:** Permanent suspension

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

Tax Preparer Penalties

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 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 and 5, or Minnesota Statute 270C.4451, we can assess a penalty of up to \$1,000 per violation.

For more information on tax preparer penalties, see Chapter 11 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.

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 returns we require you to file by 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

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

Oversight of Return Preparers - 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

Within 30 days after we issue the order, you may send a written request for a hearing to review the order. If you do not request a hearing within 30 days, the order becomes final.

If you request a hearing on time, the hearing must begin within 10 days after we receive your request. An administrative law judge has 10 days to issue a report detailing findings of fact, conclusions of law, and a recommended order. You then have five days to submit arguments to us.

Within 15 days of receiving the administrative law judge's report, we must either vacate, modify, or finalize the administrative order. An order issued through this process is in effect until we or an appellate court modify or vacate it. The deadlines and time limits for review of a cease-and-desist order can be lengthened if you and the department agree to do so.

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 the state. A court may assess up to a \$10,000 penalty for each violation of the cease-and-desist order.

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

- Had a professional license suspended or revoked for cause

- Were convicted or any crime of dishonesty or breach of trust
- Were censured, suspended, disbarred under U.S. Treasury Department Circular 230
- Were 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 of these
 - A required annual return for two of the three preceding tax periods
 - A required return for three of the six preceding tax periods

Publication of Names

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

- Convicted for identity theft for a return filed with the commissioner, the IRS, or another state
- Assessed a penalty exceeding \$1,000 related to reckless disregard of laws and rules or a willful attempt to understate liability for tax
- Assessed a penalty exceeding \$1,000 related to violating the standards of conduct
- Subject to a finalized cease-and-desist order
- Assessed a penalty for violating a cease-and-desist order

We mail 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 refunds into a single bank account. This includes five income tax refunds and five property 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 clients a letter if we make this change to their refund.

We made this change to prevent criminals from stealing state tax refunds and 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 visiting www.revenue.state.mn.us and selecting **Where’s My Refund?** under Top Tasks.

Note: As a tax professional, you may not deposit refunds into bank accounts your clients do not own.

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 clients' returns
- Include a line for displaying contributions

Requirement to give Itemized Statement of Charges

As a paid tax preparer, you must provide clients an itemized statement of charges made for preparing their tax returns.

Reporting Tax Professional Misconduct

If you suspect a tax professional of breaking state tax laws, contact us.

- **Phone:** 651-556-6626
- **Email:** taxpro.review@state.mn.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
- What records you can access that would show a violation occurred
- The names of anyone else who might be able to provide information
- Other information about the tax professional, including licensing status and Tax Preparer Identification Number (PTIN)

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 of 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:

- [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 is "[Protect Your Clients; Protect Yourself — Summer 2022](#)" to urge tax professionals to watch out for vulnerabilities when using cloud-based services and to create a plan for data safety. As part of this campaign, the Security Summit partners recently released a document called [Written Information Security Plan \(WISP\)](#) 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 (16 CFR 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 taxpayer 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 for business on creating and implementing a plan for safeguarding personal information.

- [NIST’s Small Business Information Security – The Fundamentals \(NISTIR 7621, Revision 1\)](#) provides small businesses 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 clues to data theft:

- Your clients’ e-filed tax returns begin to be rejected because returns with their Social Security Numbers were already filed
- The number of returns filed for a taxable year with your firm’s Electronic Filing Identification Number (EFIN) exceeds 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 (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 the 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 through a secured mail service

Guard Against Phishing Emails

Educated employees are the key to avoiding phishing 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
- 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 takes an 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 from 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 tunnel to transmit data between a remote user and the company network

Stay Connected

We alert tax professionals as quickly as possible when we learn of new scams, which are especially common during the filing season. Sign up for our email updates so you can stay informed of the latest alerts and tax administration issues:

1. Go to www.revenue.state.mn.us and select the gray envelope on the bottom right
2. Enter your email address
3. Check the “Tax Scam and Fraud Alerts” box under Tax Professionals
4. Select Submit

Encourage clients to obtain Identity Protection PINs (IP PINs)

The IP PIN Opt-In Program can protect taxpayers against tax-related identity theft and is available to anyone who can verify their identity. The program is a free way for taxpayers to protect themselves, but we need your help to inform them of it. For details, see [Get An Identity Protection PIN](#) on the IRS website or see [IRS Publication 5367](#).

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

New State Forms to Help Report ID Theft

In an effort to better support identity theft victims, we released new forms in 2021. 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 of the issue and help in detection of 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 have included samples of these forms on the following pages.



Form M1ID, Identity Theft Affidavit

This form allows you to inform the Minnesota Department of Revenue that your tax return may be impacted by identity theft.

Section A — Name and Contact Information of Taxpayer

Taxpayer Name		Social Security Number or ITIN	
Street Address or PO Box	Apartment or Suite	Minnesota or Federal Employer Identification Number (FEIN) (Sole Proprietors)	
City	State	ZIP Code	Primary Language
Phone Number		Email Address (Optional)	

Attach the following documentation to Form M1ID:

- A copy of one document to verify your identity, such as a driver's license, U.S. passport, US Military ID card, or other valid ID issued by state or federal government.
- A copy of one or more documents showing your address for the affected tax years, such as a utility bill, lease agreement, or bank statement. If not applicable, provide proof of your current address.
- A copy of all wage and tax statements issued to you during the affected tax years.
- A copy, if any, of a police report regarding the identity theft.

Section B — Identity Theft Victim Details

Check the following boxes in this section that apply to the specific situation you are reporting:

- I am submitting this form for myself.
- I am submitting this form in response to a Letter received from the Minnesota Department of Revenue.
Please provide any relevant Letter ID numbers: _____
- I am submitting this form on behalf of my dependent child or dependent relative.
- I am submitting this form as the appointed conservator or due to being awarded power of attorney.
- I am submitting this form on behalf of a deceased taxpayer. (If yes, include a copy of the death certificate.)

Section C — Reason for Filing this Form

- Someone used my information to file taxes
- I do not know if someone used my information to file taxes, but I am a victim of identity theft.

Section D — Identity Theft Details

How did you learn of the identity theft? (Explain your identity theft issue, how you became aware of it, and provide relevant dates.)

What tax years are you claiming your identity was stolen? _____

Were you a Minnesota resident during the years your identity was stolen?

Yes

No

Were you required to file a Minnesota individual income tax return?

Yes

No

Were you incarcerated during the tax years in question?

Yes

No

Date of incarceration: _____ to _____

Location of incarceration (name of location, city, state): _____

Continued

Form M1ID, Identity Theft Affidavit, page 2

Section E — Employer or Preparer Data Breach

Was your identity compromised because of an employer or preparer data breach? Yes No

If yes, include a copy of the notification letter or an email provided by your employer or preparer.

What is the name of your employer or preparer?

What is the best contact number for your employer or preparer?

If known, when and how did the data breach occur?

Section F — Additional Steps Recommended After Submission

1. Contact the Internal Revenue Service (IRS). Include a copy of the Federal Form 14039 (Identity Theft Affidavit), if required by the IRS. Visit www.identitytheft.gov for more information.
2. File a police report with your local police department. Obtain a copy of the police report for your own records.
3. Contact the following governmental entities to notify them that your identity was stolen:
 - a. Federal Trade Commission: www.ftc.gov or call 1-877-438-4338
 - b. Social Security Administration: www.socialsecurity.gov or call 1-800-772-1213
4. Contact the following credit bureaus to notify them that your identity was stolen:
 - a. Equifax: www.equifax.com or call 1-800-525-6285
 - b. Experian: www.experian.com or call 1-888-397-3742
 - c. TransUnion: www.transunion.com or call 1-800-680-7289

Section G — Penalty of Perjury Statement and Signature

I hereby state that the above information on this Form M1ID is true and correct, and that all relevant information has been included.

Parent, Guardian, Conservator: I certify that I have the legal authority to sign this form.

Signature	Date	Address, if Different from Taxpayer		
Print Name and Title	Phone Number	City	State	ZIP Code

Mail: Minnesota Department of Revenue, PO Box 64598, St. Paul, MN 55164-0598

Fax: 651-556-5144 (Attn: ID Theft)

Form M1ID Instructions

Purpose of This Form

By signing Form M1ID, you authorize the Minnesota Department of Revenue to indicate that your tax returns may be impacted by identity theft.

How to Complete this Form

The way you complete this form depends on whether you have a Minnesota Individual Income Tax filing requirement. To determine if you have a filing requirement, go to www.revenue.state.mn.us and enter who must file into the Search box.

Allow us at least 60 days to review your response upon receipt. If you fail to provide all the required documents in this affidavit, your claim may be delayed or deemed unsubstantiated.

Victims with a filing requirement

File a paper Minnesota Income Tax return (Form M1, *Individual Income Tax*) and mail to the appropriate address listed on the return. Attach to your return all income source documents (such as employer-issued W-2s and 1099s) and any applicable schedules.

Once you have your return, complete Form M1ID and mail or fax it to the address or fax number listed on the form. Include your return (with all attachments) and a completed copy of federal Form 14039. You may also attach a police report you filed for the identity theft.

Keep copies of your return and documents for your records.

Victims without a filing requirement

Mail or fax a fully completed Form M1ID, to the address or fax number listed on the form. You may also attach a police report you filed for the identity theft. Keep copies of all documents for your records.

Your Signature

This affidavit is not valid unless it is signed and dated by someone with legal authority to sign it. For most people, this is the taxpayer whose data is being shared.

If granting authority for a joint return, only one spouse needs to sign. Parents or legal guardians must sign for minors. For legal guardians, conservators, personal representatives, and others signing on the taxpayer's behalf, we require documents and a photo ID to confirm legal authority.

We may request additional information as needed.

Questions?

For details about how identity theft and how the Minnesota Department of Revenue protect you from it, visit our website and enter **identity theft** into the Search box.

You may also contact us.

Income Tax and Withholding Division
Phone: 651-297-5195 or 1-800-657-3500
Email: individual.incometax@state.mn.us

This information is available in alternative formats.



Form REV189, Request for Copy of Return Related to Identity Theft

To authorize the department to the release a copy of a return related to identity theft to a designated recipient at a law enforcement agency use Form REV190, *Authorization to Release Return Related to Identity Theft*.

Taxpayer/Victim	Taxpayer Name		Social Security Number or ITIN		
	Street Address or PO Box	Apt. or Suite	Phone Number	Fax Number	
	City	State	ZIP Code	Email Address (Optional)	

Type of Tax Return	Type of Tax Return You are Requesting	Tax Form Name or Number	Tax Year or Period

This form is not valid until signed and dated by the taxpayer.
Parent, Guardian, Conservator: I certify that I have the legal authority to sign this form.

Signature	Signature	Date	Address, if Different from Taxpayer		
	Print Name and Title, if Applicable	Phone Number	City	State	ZIP Code

Send a signed copy of this form to the department:

Mail: Minnesota Department of Revenue
P.O. Box 64598
St. Paul, MN 55164-0598

Fax: 651-556-5144 (Attn: ID Theft)

Form REV189 Instructions

Purpose of This Form

By signing this form, you request that the Minnesota Department of Revenue provide you a copy of one or more tax returns listed above that used your name and/or Social Security number filed by a third-party without your consent (identity theft) with the department. For any such return, this is your private data.

Your Signature

This authorization is not valid until it is signed and dated by someone with legal authority to sign it. For most people, this is the taxpayer whose data is being shared.

If granting authority for a joint return, only one spouse needs to sign. Parents or legal guardians must sign for minors. For legal guardians, conservators, personal representatives, and others signing on behalf of the taxpayer, we require documents and a photo ID to confirm your legal authority.

We reserve the right to request additional information as needed.

Questions?

Website: www.revenue.state.mn.us

Phone: 651-297-5195 or 800-657-3500



Form REV190, Authorization to Release Return Related to Identity Theft

To authorize the department to the release a copy of a return related to identity theft for yourself use Form REV189, *Request for Copy of Return Related to Identity Theft*.

Taxpayer/Victim	Taxpayer Name			Social Security Number or ITIN		
	Street Address or PO Box			Minnesota or Federal Employer Identification Number (FEIN)(Sole Proprietors)		
	Apt. or Suite			Phone Number	Fax Number	
	City	State	ZIP Code	Email Address		
Type of Tax Return	Type of Tax Return You are Requesting		Tax Form Name or Number		Tax Year or Period	
Recipient	I authorize the Minnesota Department of Revenue to disclose to the designated recipient at the law enforcement agency listed below to receive information related to the tax return(s) listed above.					
	Name of Law Enforcement Agency			Recipient Official's Name and Title		
	Street Address or PO Box			Phone Number		
	Suite			Fax Number		
	City	State	ZIP Code	Email Address		
Signature	I understand that this includes information related to the purported return that was filed by a third party using my name and/or Social Security Number without my knowledge or consent, for the tax year or period listed above. This information includes a copy of the return, any attachments to the return, and transmission data tied to the return (if filed electronically). This information would not include the identity of, or any investigatory information regarding, the third party who filed the purported return.					
	I also understand that the law enforcement agency designated above may use this information to investigate and/or prosecute any person(s) who may have been involved in the filing of the purported return or other crimes related to the use of my identifying information. In addition, I further understand that the law enforcement agency designated above may share this information with other law enforcement agencies directly involved in this or other investigations and/or prosecutions of crimes related to the use of my identifying information by these persons.					
	Do not sign this form if it is blank or incomplete. I certify that I am the taxpayer whose name and/or Social Security number was used to file my purported return. Parent, Guardian, Conservator: I certify that I have the legal authority to sign this form.					
	Signature		Date	Address, if Different from Taxpayer		
	Print Name and Title		Phone Number	City	State	ZIP Code

Send a signed copy of this form to the department:
 Mail: Minnesota Department of Revenue, Mail Station 6590, 600 Robert Street North, St. Paul, MN 55146
 Fax: 651-556-5210

Form REV190 Instructions

Purpose of This Form

By signing this form, you authorize the Minnesota Department of Revenue to release your private data from one or more tax returns listed above related to identity theft to the designated recipient at the law enforcement agency named above.

The designated recipient above may inspect and receive your private data but may not act on your behalf.

Your Signature

This authorization is not valid until it is signed and dated by someone with legal authority to sign it. For most people, this is the taxpayer whose data is being shared.

If granting authority for a joint return, only one spouse needs to sign. Parents or legal guardians must sign for minors. For legal guardians, conservators, personal representatives, and others signing on behalf of the taxpayer, we require documents and a photo ID to confirm your legal authority.

We reserve the right to request additional information as needed.

Expiration

This authorization expires once the data is released.

Questions?

Website: www.revenue.state.mn.us
 Phone: 651-297-5195 or 800-657-3500

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 Affidavit for Collection (Form PRO202) 	<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 will add a one-time \$50 nonrefundable fee if the payment agreement includes tax debt
- 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 an offer, we review your clients' long-term ability to pay the debt.

If your clients would like to request a compromise, they must contact us at 651-556-3003 or 1-800-657-3909 to request a compromise application. 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

Under the Rainbow Early Educ. Ctr. v. Cnty. of Goodhue, No. A21-1349, 2022 WL 3641789, at *6 (Minn. Aug. 24, 2022)

Formed in 2003, Under the Rainbow Child Care Center of Goodhue County, now named Under the Rainbow Early Childhood Education Center, first pursued property tax exemption as an institution of purely public charity under Article X, section 1 of the Minnesota Constitution and Minnesota Statute 272.02, subdivision 7.

After the landmark decision denying their petition in *Under the Rainbow Child Care Center v. Goodhue County*, 741 N.W.2d 880 (Minn. 2007), there was a legislative study regarding assessment practices that ultimately led to substantive legislative changes to the property tax charitable exemption in 2009. The Study Report can be found [here](#). Under the Rainbow then reorganized and renamed itself as an early childhood education center and was found to qualify for property tax exemption as a seminary of learning by the state Supreme Court in this case.

In its unanimous decision, the Court clarified that unlike other exemptions, the exemption for seminaries of learning is not strictly construed in accord with constitutional policy favoring educational opportunities. The case also reiterated that the standard first outlined in *State v. Northwestern Preparatory School*, 249 Minn. 552, 83 N.W.2d 242 (1957) still controls. That standard requires an education organization to meet three elements to qualify for exemption as a seminary of learning. The organization must be: (1) educational in nature, (2) teach a general curriculum, and (3) must be thorough and comprehensive in its educational work.

Chapter 11. Penalties under Minnesota Law

Tax Preparer Penalties

Penalty for Failure to Provide Federal ID

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

If you are required to have a PTIN but do not get one, we can 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 in [Minnesota Statute 270C.445, subdivision 6](#), we can assess a penalty of up to \$1,000 per violation.

Individual Income Tax Penalties

Penalty for Fraudulent Claim of a Refundable Credit

If your clients file a false or fraudulent return claiming a refund, we can assess a penalty based on the refund attributable to fraud. We can also assess a penalty if they filed a return with the intent to evade or defeat a tax or payment of tax.

The penalty is 50% of the claimed refund attributable to the fraud, plus 50% of any understated tax. This penalty applies to both income tax and property tax refund returns, including refunds based on refundable credits. (See [Minnesota Statute 289A.60, subdivision 6.](#))

The penalty for filing a false or fraudulent return with the intent to evade or defeat a tax or payment of tax is 50% of the tax due for the return.

Frivolous Return Penalty

This penalty applies if your clients file what purports to be a return or claim for refund and any of these are true:

- There is not enough information to determine if the return or claim is substantially correct
- The return or claim has information that shows it is substantially incorrect
- The return or claim was filed due to a position that is frivolous or due to an apparent desire to delay or impede Minnesota tax law administration

The penalty is \$1,000 or 25% of the amount of tax required to be shown on the return, whichever is greater. (See [Minnesota Statute 289A.60, subdivision 7.](#))

Late Payment Penalty

If your clients pay all or part of their Individual Income Tax after the due date (April 15, 2022, for individuals filing returns annually), we can assess a penalty of 4% of the unpaid tax. We will not assess a late payment penalty if your Individual Income Tax clients do both of these:

- Pay at least 90% of their tax liability (after credits other than withholding and estimated payments) on or before the due date
- File their return and pay any remaining balance due by October 15

For more information, see [Minnesota Statute 289A.60, subdivision 1\(c\).](#)

Late Payment for Tax Assessments Penalty

We assess a penalty equal to 4% of unpaid tax if either of these apply:

- The tax is not paid within 60 days after the mailing of an order of assessment (tax order)
- A tax order is appealed and the tax is not paid within 60 days after final resolution of the appeal

For more information, see [Minnesota Statute 289A.60, subdivision 1\(d\).](#)

Late Filing Penalty

There is no late filing penalty if your clients file their tax returns within six months of the due date. If they do not file within six months, we can assess a late filing penalty equal to 5% of their unpaid tax. (See [Minnesota Statute 289A.60, subdivision 2.](#))

Extended Delinquency Penalty

For Individual Income Tax returns (including Commissioner Filed Returns), if your clients do not pay the tax due within 180 days after the date of filing the return, assessment date, or final resolution of an appeal, we can assess a 5% extended delinquency penalty.

We impose an additional penalty for failure to file a tax return within 30 days after providing your clients with written requests for missing returns. The penalty is \$100 or 5% of the tax not paid prior to our written request, whichever is greater. This penalty also applies to requests resulting in a refund. (See [Minnesota Statute 289A.60, subdivision 2, paragraph \(a\).](#))

Underpayment Penalty

If your clients do not make required payments on time (through estimated tax or withholding), they must pay an underpayment penalty or Additional Tax Charge (ATC).

Calculate this penalty by applying our interest rate for that tax year to the amount underpaid for each payment period. Complete [Schedule M15, Underpayment of Estimated Income Tax](#), and file it with the income tax return. We do not charge penalties or interest on the unpaid ATC. (See [Minnesota Statute 289A.25, subdivision 2.](#))

Your clients are not subject to the underpayment penalty if any of the these apply:

- Tax due with the income tax return is less than \$500 (after subtracting withholding and credits).
- Withholding, refundable credits, and required estimated tax payments equal:
 - At least 90% of their current-year tax liability.
 - 100% of their prior-year tax liability (or 110%, if last year’s AGI was greater than \$150,000).
 - Part-year residents and nonresidents must have had at least \$1 in Minnesota tax liability on their prior-year return to use this clause.
- For Minnesota residents, their prior-year tax liability was zero and last year included all 12 months.
- They meet the IRS exceptions to the penalty. In this case, attach a copy of federal request to Form M1, Individual Income Tax, and do not file Schedule M15, Underpayment of Estimated Income Tax.

We consider one-fourth of your clients’ withholding and refundable credits to be paid on each of the payment due dates, regardless of when the amounts were withheld. Your clients may establish the dates these amounts were actually withheld if they choose to do so. (See [Minnesota Statute 289A.25, subdivision 8.](#))

If your clients receive income unevenly or skewed toward the latter half of the year, they should use the annualized income installment worksheet on Schedule M15. Completing this worksheet may reduce or eliminate the penalty if your clients made larger estimated tax payments in later payment periods. We assume your client received their income evenly throughout the year unless they file this worksheet to show otherwise.

Substantial Understatement of Liability Penalty

If your Individual Income Tax clients understate their tax by at least \$5,000 or 10% of the tax they must show on their returns, we can assess a 20% penalty on the amount of any underpayment attributable to the understated amount.

If your clients show that they acted in good faith and had reasonable cause for the understatement, we may reduce or cancel (abate) all or part of the penalty. (See [Minnesota Statute 289A.60, subdivision 4.](#))

Intentional Disregard of Law or Rules Penalty

If all or part of an additional tax assessment is due to negligence or intentional disregard of the tax law or rules without intent to defraud, we can assess a 10% penalty on the additional tax. (See [Minnesota Statute 289A.60, subdivision 5.](#))

Failure to Provide Correct Identification Number

We can assess a penalty if both of these apply:

- The commissioner notifies a partnership or S corporation that an identification number is incorrect
- The partnership or S corporation provides an incorrect Social Security Number on an information return

The penalty is \$50 for each incorrect identification number. (See [Minnesota Statute 289A.60, subdivision 8\(b\).](#))

Penalty for Filing Nuisance Claims Against Minnesota Department of Revenue Employees

We can assess this penalty when your clients file “nuisance” liens or documents against Minnesota Department of Revenue employees. Examples of nuisance documents would be fictitious documents filed outside normal channels that are not recognized as an official court order and made to look like official legal documents.

The penalty is \$1,000 per document filed. Clients must file official court records when filing a lien against a department employee for damages resulting from their duties. (See [Minnesota Statute 270C.26.](#))

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

- 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 penalty even if we reduce the refund to zero.
- If landlords fail to give a Certificate of Rent Paid to a renter (without reasonable cause), we can assess a penalty of \$100 for each failure.
- If owners or managing agents knowingly give Certificates of Rent Paid exaggerating the amount of rent, we can assess a penalty of \$100 or 50% of the excess amount reported, whichever is greater. We presume that these individuals knowingly exaggerated the rent paid if the overstatement is 10% or more of the 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 a 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.

By the due date, clients should either pay their tax or contact us to set up a payment agreement.

Appendix. Individual Income Tax Resources

Fact Sheets

This is a [list of Individual Income Tax fact sheets](#) available on the Minnesota Department of Revenue website. We update these fact sheets annually. All Fact Sheets have been converted from PDFs to webpages for improved searchability on our website. You can still print a fact sheet as a PDF by using the Print Page icon on the webpage.

Income Tax Fact Sheet 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 Fact Sheets

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

Informational Handouts Available in Other Languages

These handouts [are 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

To access the handouts, click the language you prefer 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. (See [Minnesota Statute 270C.07](#).) We publish them for the information and guidance of taxpayers, local government officials, the department, and others concerned.

For a [list of current revenue notices](#), go to our website and enter **Revenue Notice** into the Search box. 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, contact us at 651-556-6606 or 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](#).

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

2022 Interest Rate

The interest rate for 2022 is 3%.

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, 2023.

Prior-Year Interest Rates

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

2022 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 - \$28,080	\$28,081 - \$92,230	\$92,231 - \$171,220	\$171,221 +
Head of Household	\$0 - \$34,570	\$34,571 - \$138,890	\$138,891 - \$227,600	\$227,601 +
Married Filing Jointly or Qualifying Widow(er)	\$0 - \$41,050	\$41,051 - \$163,060	\$163,061 - \$284,810	\$284,811 +
Married Filing Separately	\$0 - \$20,525	\$20,526 - \$81,530	\$81,531 - \$142,405	\$142,406 +

2022 Standard Deduction

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

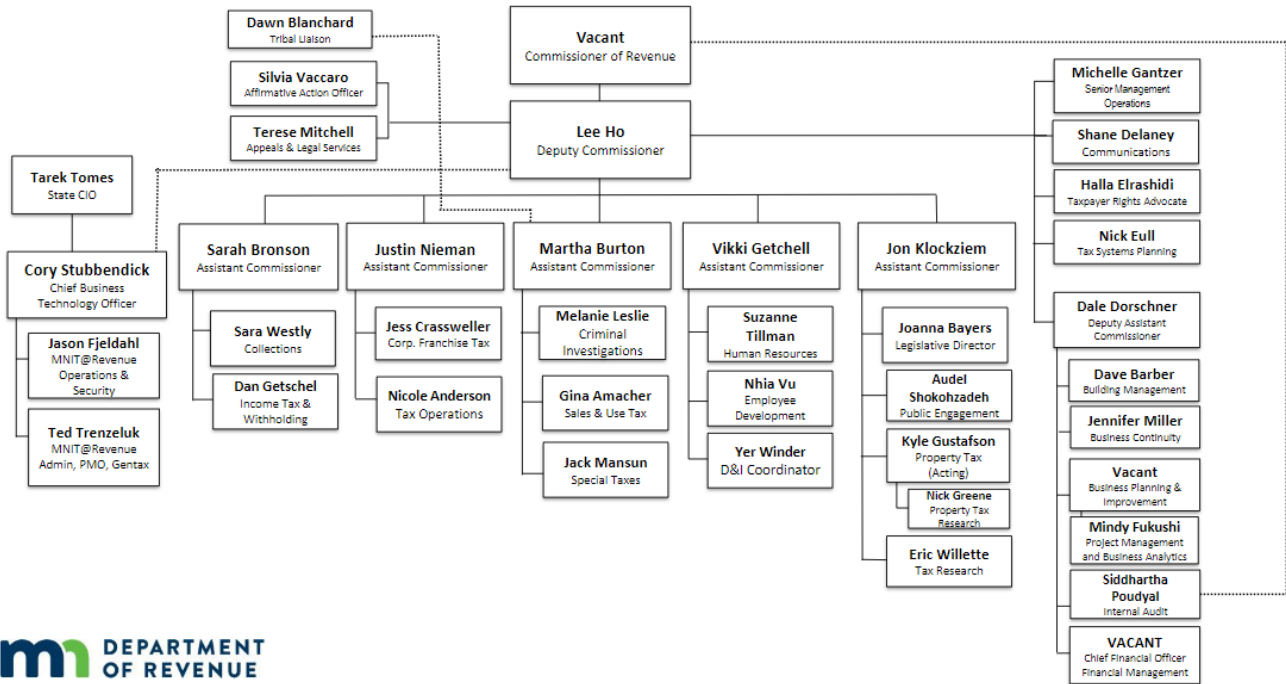
Filing Status	Amount
Single	\$12,900 (Up \$375 from 2021)
Head of Household	\$19,400 (Up \$600 from 2021)
Married Filing Jointly or Qualifying Widow(er)	\$25,800 (Up \$750 from 2021)
Married Filing Separately	\$12,900 (Up \$375 from 2021)
Additional amount for blind	\$1,350 (Up \$50 from 2021)
Additional amount for age 65 and older	\$1,700 (Up \$50 from 2021)

Dependent Exemption Amounts

The dependent exemption for 2022 is \$4,450 for each qualifying dependent, up \$100 from 2021.

You can view a full list of [inflation-adjusted amounts for tax year 2022](#) on our website or by entering **inflation adjustments** into the Search box.

Minnesota Department of Revenue Organizational Chart



Organization Chart September 2022