



U of M Short Course Minnesota Revenue Annual Update

Mark Krause | Tax Professional Outreach Coordinator | Income Tax and Withholding Division

October 26, 2022 – January 11, 2023

Disclaimer

This presentation is for educational purposes only and does not provide tax advice. It is meant to accompany an oral presentation and not to be used as a standalone document.

This presentation is based on the facts and circumstances being discussed, and on the laws in effect when it is presented. It does not supersede or alter any provisions of Minnesota laws, administrative rules, court cases, or revenue notices.

If you have any questions, contact us at 651-556-6606 or taxpro.outreach@state.mn.us.

Greetings!



Mark Krause
Tax Professional Outreach Coordinator

10/17/2022

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Today's Topics

- Department Updates
- Conformity Updates
- Individual Income Tax Updates
- Business Income Tax Updates
- Withholding Tax Updates

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Department Updates



Department Updates

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Tax Due Date Calendar

- Launched June 2022
- Created based on tax pro feedback
- List of major tax due dates in one place
- Take our survey

Department Updates

mi DEPARTMENT OF REVENUE

Search

Individuals Businesses Tax Professionals Governments Policy & Research Fraud

Tax Due Dates

2022 Calendar Year

Below are the 2022 tax due dates. **Note:** If you file by fiscal year, due dates may vary. For specific information, visit the [tax table](#).

Opinions Wanted
What do you think of this page? [Take our brief survey!](#)

January	[+]
February	[+]
March	[+]
April	[+]

Contact Info

EMAIL
Contact form

PHONE (+)
651-296-3781
e-Services: contact the tax type

HOURS (+)

ADDRESS (+)

Last Updated
June 22, 2022

Department Updates

August	[+]
September	[+]

DUE DATE	TAX TYPE
September 12	<ul style="list-style-type: none"> Alcohol Importer Report Monthly C Corporation return and payment Annually Individual Income Tax estimated payment Quarterly MinnesotaCare Hospital and Surgical Center Taxes payment Monthly
September 15	<ul style="list-style-type: none"> S Corporation, Partnership, Fiduciary Taxes estimated payment Quarterly S Corporation, Partnership Taxes extended return Quarterly

Department Updates

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Print Page Functionality

- Easy-to-read layout
- Look for the gray print page icon



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Income Tax and Withholding Tax Fact Sheets

- Converted from PDF to webpages in mid-September 2022
- Allows full searchability on our website
- Can still print and save as PDFs via Print Page function

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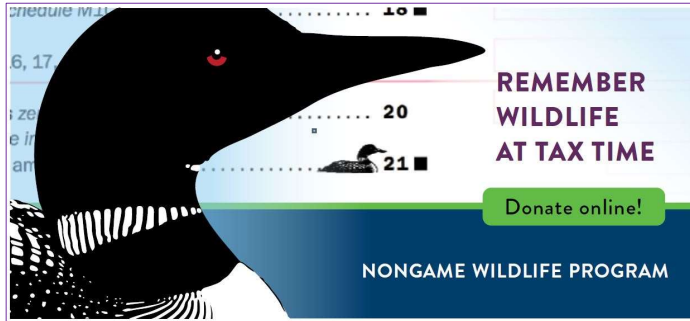
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Department Updates

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Non-Game Wildlife Fund

- 1,000+ increase in returns with donations
- \$4,000 increase in donations on professionally-prepared returns.



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Follow me on Twitter - @MNRevenue, #MNTaxProOutreach



A screenshot of the Twitter profile for Minnesota Revenue (@MNRevenue). The profile picture shows a large, modern building with a red roof. The bio includes the website "revenue.state.mn.us" and the date "Joined July 2009". It shows "281 Following" and "2,571 Followers". A note at the bottom says "Followed by Gwen Waiz, Lt. Governor Peggy Flanagan, and 19 others you follow".



Department Updates

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Electronic Appeals

- Now available in Online Services; need Letter ID to use
- Preparers may submit them with valid Power of Attorney
- Must include name in signature field
- Enter email address to send confirmation

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Signature

Information provided to create and submit an administrative appeal is private under state law. Providing this in is used to administer tax and non-tax laws and may be shared with other government entities.

By checking the box and entering your name in the signature block, you acknowledge it constitutes a valid sign Minnesota Department of Revenue.

I have read the statement above and agree to these terms.*

First Name* <i>Required</i>	Last Name* <i>Required</i>
Email Address* <i>Required</i>	Confirm Email Address* <i>Required</i>

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Power of Attorney Information in e-Services

- Business customers can find:
 - Appointees with current access to your tax information
 - Name and contact of appointees
 - Authorized tax types
 - Authorized periods (if available)

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Department Updates

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REVENUE SENIOR MANAGEMENT TEAM



Lee Ho
Deputy Commissioner



Dale Dorschner
Deputy Assistant
Commissioner



Cory Stubbendick
Chief Business
Technology Officer



Vikki Getchell
Assistant Commissioner



Shane Delaney
Communications
Director



Martha Burton
Assistant Commissioner



Justin Nieman
Assistant Commissioner



Sarah Bronson
Assistant Commissioner



Jon Klockziem
Assistant Commissioner

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Department Updates

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Office of Public Engagement

- Audel Shokohzadeh, Director
- Build relationships with community leaders
- Emphasis on reaching underrepresented populations
- Demonstrate responsiveness to communities most impacted and rarely engaged with around tax policy
- Advance equity within the tax system and tax code



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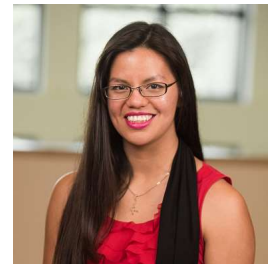
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Department Updates

New Tax Professional Outreach Coordinator

- Mena Duarte, ITW Outreach and Communications Unit
- Position will focus on non-credentialed tax professionals
- 651-556-6606 or taxpro.outreach@state.mn.us
- mena.duarte@state.mn.us

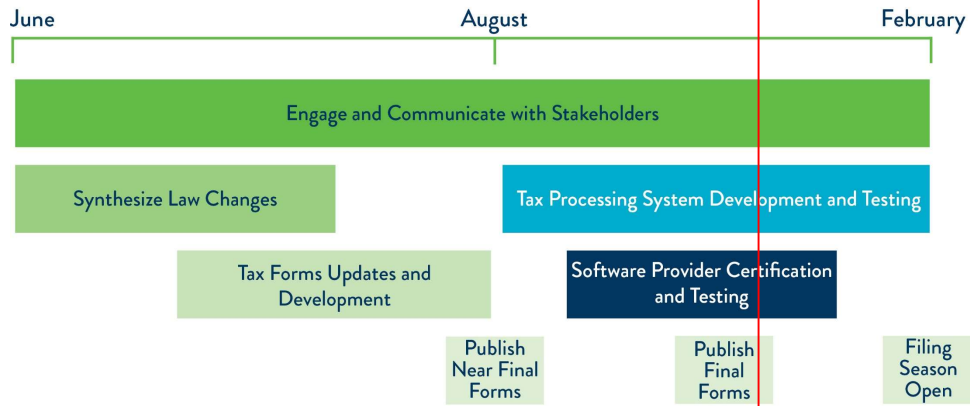


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Department Updates



Department Updates

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- Newsroom
- Tax Law Changes**
- Other Languages
- Taxpayer Rights

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Department Updates

Tax Law Changes Webpage

- Conference call and webinar scripts
- Summary of forms and schedule changes for tax year 2022
- FAQs from previous years
- Email questions to TaxLawChanges@state.mn.us

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Department Updates

Expired and Invalid Preparer Tax Identification Numbers (PTINs)

- 2021: 39,000 returns
- 2022: 43,000 returns
- Renew PTINs early and update software control files
- Help spread the word to all your colleagues

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Department Updates

Fraud trends

- Countrywide data breaches
 - 2021 – 1,862
 - 2022 third quarter – up 15% over second quarter 2022
- Top causes: Phishing and ransomware
- Minnesota preparer breaches
 - 2021 – 3
 - 2022 – 5 so far

Department Updates

Common issues from all tax professionals:

- Not filing client returns on time
- Not filing returns with a PTIN
- Not filing personal tax returns
- Deducting personal living expenses

Department Updates

Common issues from all tax professionals (cont.):

- “Hiding” certain expenses
- Not requiring mileage logs from clients
- Taking numbers off tax organizer without verifying deductibility and substantiation

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Department Updates

Common issues from non-credentialed tax professionals:

- Not asking appropriate questions to identify needed areas of education and due diligence
- Not providing an itemized statement of charges to clients
- Adding expenses to returns when the client cannot substantiate them
- Deducting vehicle expenses in multiple places
- Estimating deduction amounts
- Selecting the most beneficial filing status for clients, regardless of accuracy

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Other Expenses	
Description	Amount
COMCAST (INTERNET AND PHONE)	1,300.00
RAMSEY COUNTY (DHS) PAYMENTS	700.00
BUSINESS AUTO PURCHASE	14,000.00
STAR SERVICES - CONSULTANCY	1,200.00
OFFICE EQUIPMENT (LAPTOPS, PRINTER, ETC.)	1,850.00
STATIONERY	765.00
OFFICE FURNITURE	850.00
BUSINESS AUTO FUEL - GAS	2,080.00
8 Rows	

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Common issues from representatives:

- Not filing personal tax returns
- Delay tactics, such as:
 - Requesting extensions when clients have no documents for an audit
 - Repeatedly canceling and rescheduling appointments
 - Not returning Revenue phone calls
- Providing Revenue with incomplete or false documents
- Not contacting clients about Revenue requests

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Department Updates

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See something? Say something.

- Notice similar and inaccurate deductions, credits or other discrepancies on returns from other preparers?
- Find a pattern among returns that appears to be fraudulent activity?
- Discover a reoccurring code of conduct violation with a specific preparer?
- Email taxpro.review@state.mn.us or call 651-556-6626. Include:
 - Preparer/representative name, PTIN and business name and address
 - Description of issue or concern
 - Taxpayer name and ID number
 - Information that supports the claim or violation

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Questions

Conformity Updates



Federal Tax Laws

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Minnesota tax law generally conforms to the Internal Revenue Code as amended through **December 31, 2018**.

Federal Tax Laws Enacted After December 31, 2018	Date Enacted
Taxpayer Certainty and Disaster Tax Relief (TCDTR) Act of 2019	12/20/2019
Setting Every Community Up for Retirement Enhancement (SECURE) Act	12/20/2019
Families First Coronavirus Response (FFCR) Act	3/18/2020
Coronavirus Aid, Relief, and Economic Security (CARES) Act	3/27/2020
Taxpayer Certainty and Disaster Tax Relief Act of 2020 (TCDTR20)	12/27/2020
COVID-related Tax Relief (COVIDTR) Act of 2020	12/27/2020
American Rescue Plan Act (ARPA)	3/11/2021
Infrastructure Investment and Jobs Act (IIJA) of 2021	11/15/2021

Federal Tax Laws (cont.)

Manual Page 8

Minnesota tax law generally conforms to the Internal Revenue Code as amended through **December 31, 2018**.

Federal Tax Laws Enacted After December 31, 2018	Date Enacted
Creating Helpful Incentives to Produce Semiconductors for American Act (CHIPS)	8/9/2022
Inflation Reduction Act of 2022	8/16/2022

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Conformity Updates

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Federal Relief Programs Addback

- Targeted Economic Injury Loan Advances
- Restaurant Revitalization Grants
- Small Business Administration forgivable loan assistance
- Shuttered Venue Operators Grant
- Student Loan Forgiveness (up to \$10,000; \$20,000 for Pell Grants)

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Individual Income Tax Updates



2022 Individual Income Tax Updates

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Frontline Worker Pay

- Approved taxpayers received \$487.45 each
- Taxable for federal returns
- Nontaxable for Minnesota returns
- Not included in household income calculation
- Include on line 8 of federal Form 1040
- Make adjustment on line 29 of Minnesota Schedule M1M



2022 Individual Income Tax Updates

Volunteer Driver Reimbursement Subtraction

- Applies to reimbursements that:
 - Were included in FAGI
 - Exceeded \$0.14 per mile up to the standard mileage rates
- 2022 standard mileage rates:
 - 58.5 cents per mile January 1 to June 30
 - 62.5 cents per mile July 1 to December 31

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2022 Individual Income Tax Updates

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Filing Status	Standard Deduction Amount
Married Filing Jointly Qualifying Widow(er)	\$25,800 (Fed \$25,900) + \$1,350 for each spouse blind (Fed \$1,400) + \$1,350 for each spouse 65 or older(Fed \$1,750)
Head of Household	\$19,400 (Fed \$19,400) + \$1,700 if blind + \$1,700 if 65 or older
Single Married Filing Separately (MFS)	\$12,900 (Fed \$12,950) + \$1,700 if blind (\$1,350 MFS) + \$1,700 if 65 or older (\$1,350 MFS)
Dependent on another return (Defined in IRC, sections 151 and 152)	Larger of \$1,150 or Earned Income + \$350, up to \$12,900

Standard deduction limited when FAGI exceeds \$206,050 (\$103,025 for MFS)

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2022 Individual Income Tax Updates

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Dependent Exemptions

- Exemption amount allowed for eligible dependents
 - \$4,450 per dependent
 - Must meet qualifications defined in Internal Revenue Code, sections 151 and 152
- Amount phases out based on income and filing status

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2022 Individual Income Tax Updates

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Form TPD – Tax Position Disclosure

- Formal way to provide an explanation of items or state a position on these individual returns:
 - Form M1, Individual Income Tax
 - Form M706, Estate Tax Return

m DEPARTMENT OF REVENUE NEAR FINAL DRAFT 10/17/22
2022 Form TPD, Tax Position Disclosure
 Read instructions before completing this form.
 Complete form to disclose a tax position relating to a Minnesota tax item.

taxpayer Name _____ SSN _____ Social Security Number of the
 STREET ADDRESS _____ Apt or Suite _____
 City _____ State _____ ZIP Code _____
 E-mail address _____ Phone _____

Part I: General Information (see instructions)

1	2	3	4	5	6
Item	IRS Code, Section, Reg., Revenue Ruling, etc.	Step in issue of law	Statutory description of item	Form or Schedule	Line Number
1					
2					
3					
4					
5					
6					

Part II: Detailed Explanation (see instructions)

1 _____
 2 _____
 3 _____
 4 _____
 5 _____
 6 _____

I declare that the information on this request is correct and complete to the best of my knowledge and belief.

Individual Signature _____ Date _____ Day _____ Month _____ Year _____



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Business Income Tax Updates



2022 Business Income Tax Updates

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Form TPD – Tax Position Disclosure

- Formal way to provide an explanation of items or state a position on these business returns:
 - Form M2, Income Tax Return for Estates and Trusts
 - Form M3, Partnership Return
 - Form M4, Corporation Franchise Tax Return
 - Form M8, S Corporation Return
 - Form M30, Occupation Tax Return
 - Form M4NP, Unrelated Business Income Tax Return
 - Form PS2000, Application to Title/Register a Vehicle
 - SW-1, Metropolitan Solid Waste Landfill Fee Monthly Report



2022 Business Income Tax Updates

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FAQs for Pass-Through Entity (PTE) Tax

- See the Pass-Through Entity Tax webpage for common questions
- Webinars are available

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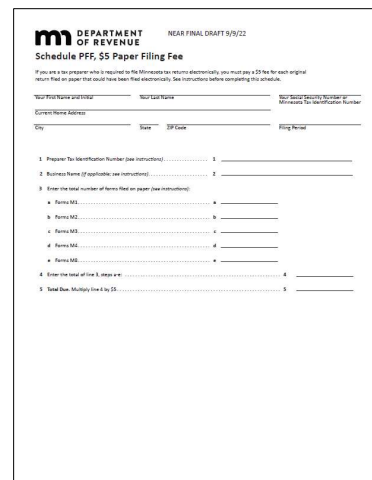
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2022 Individual & Business Income Tax Updates

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Form PFF – Paper Filing Fee

- Formalized way to submit \$5 fee for each paper-filed M1, M2, M3, M4, and M8 that could have been e-filed
- Applies to any preparer that completes more than 10 Minnesota returns per year
- Complete and mail form (fillable); include check or submit payment online
- Income Tax Fact Sheet 17



m DEPARTMENT OF REVENUE NEAR FINAL DRAFT 9/9/22
Schedule PFF, \$5 Paper Filing Fee

If you are a preparer who is required to file Minnesota returns electronically, you must pay a \$5 fee for each original return filed on paper that could have been filed electronically. See instructions before completing this schedule.

YOUR TAXPAYER IDENTIFICATION NUMBER: _____ YOUR CLIENT NUMBER: _____ YOUR FEDERAL EMPLOYER IDENTIFICATION NUMBER: _____
 CLIENT/TAXPAYER ADDRESS: _____ CITY: _____ STATE: _____ ZIP CODE: _____ FILING METHOD: _____

1. Preparer Tax Identification Number (see instructions) 1 _____
 2. Business Name (if applicable) (see instructions) 2 _____
 3. Enter the total number of forms filed on paper (see instructions):
 a. Forms M1 a _____
 b. Forms M2 b _____
 c. Forms M3 c _____
 d. Forms M4 d _____
 e. Forms M8 e _____
 4. Enter the total of line 3, items a-e 4 _____
 5. Total Due. Multiply line 4 by \$5 5 _____



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Withholding Tax Updates



2022 Withholding Tax Updates

Form W-4MNP

- Unless a taxpayer opts out, financial institutions must withhold income tax on deferred compensation paid as:
 - Periodic payments (opt out once)
 - Nonperiodic distributions (opt out for each distribution)
- Effective January 1, 2022
- Do **not** withhold at the backup withholding rate

2022 Withholding Tax Updates

Telecommuting and incorrect W-2 wage allocation

- Try to obtain federal Form W-2c from the employer
- If no W-2c, allocate wages properly, complete return, and include an explanation
- Report any employer who refuses to issue Form W-2c
 - 651-282-9999 or 1-800-657-3594
 - withholding.tax@state.mn.us
 - You may report anonymously

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Questions

Contact Us

Income Tax Questions

- Email: individual.incometax@state.mn.us
- Phone: 651-296-3781 or 1-800-652-9094

Withholding Tax Questions

- Email: withholding.tax@state.mn.us
- Phone: 651-282-9999 or 1-800-657-3594

Business Tax Questions

- Email: businessincome.tax@state.mn.us
- Phone: 651-556-3075 or 1-800-657-3666

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Thank you!

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