

## Income/Franchise:

### Minnesota DOR Clarifies NOL Treatment for Unrelated Business Income Tax Purposes

*Revenue Notice No. 21-01*, Minn. Dept. of Rev. (4/26/21). The Minnesota Department of Revenue (Department) issued a notice (Revenue Notice No. 21-01) clarifying that pursuant to legislation enacted in 2019, Minnesota's unrelated business income tax (UBIT) is aligned with Minnesota's corporate franchise (income) tax treatment of net operating loss (NOL) deductions. Accordingly, the Department explains that UBIT taxpayers must add back any amount of NOLs claimed under Internal Revenue Code (IRC) section 172, and then must calculate and deduct Minnesota NOLs consistent with the state corporate tax treatment of NOLs. As a result, the Department announces that a portion of its earlier Revenue Notice No. 17-04 "is in direct conflict with Minnesota Statutes, section 290.05, subdivision 3(d)" and is "hereby revoked in part" and replaced with this Revenue Notice No. 21-01.

**URL:** [https://mn.gov/admin/assets/SR45\\_43%20-%20Accessible\\_tcm36-477474.pdf](https://mn.gov/admin/assets/SR45_43%20-%20Accessible_tcm36-477474.pdf)

Revenue Notice No. 21-01 also explains that exempt entities that are subject to Minnesota UBIT are required to use the attribute calculation and timing provisions provided for in IRC section 172 in determining their income under Minn. Stat. section 290.05, subdivision 3(a)(3). Please contact us with any questions.

— Ray Goertz (Minneapolis)  
Managing Director  
Deloitte Tax LLP  
rgoertz@deloitte.com

Robert Waldow (Minneapolis)  
Principal  
Deloitte Tax LLP  
rwaldow@deloitte.com

Mark Sanders (Minneapolis)  
Manager  
Deloitte Tax LLP  
msanders@deloitte.com

Sara Clear (Minneapolis)  
Manager  
Deloitte Tax LLP  
sclear@deloitte.com

This document contains general information only and Deloitte is not, by means of this document, rendering accounting, business, financial, investment, legal, tax, or other professional advice or services. This document is not a substitute for such professional advice or services, nor should it be used as a basis for any decision or action that may affect your business. Before making any decision or taking any action that may affect your business, you should consult a qualified professional advisor. Deloitte shall not be responsible for any loss sustained by any person who relies on this document.

**About Deloitte**

Deloitte refers to one or more of Deloitte Touche Tohmatsu Limited, a UK private company limited by guarantee (“DTTL”), its network of member firms, and their related entities. DTTL and each of its member firms are legally separate and independent entities. DTTL (also referred to as “Deloitte Global”) does not provide services to clients. In the United States, Deloitte refers to one or more of the US member firms of DTTL, their related entities that operate using the “Deloitte” name in the United States and their respective affiliates. Certain services may not be available to attest clients under the rules and regulations of public accounting. Please see [www.deloitte.com/about](http://www.deloitte.com/about) to learn more about our global network of member firms.