

Income/Franchise:

Minnesota: New Law Conforms to Some Federal Changes and Provides Passthrough Entity-Level Taxation

H.F. 9, signed by gov. 7/1/21. Recently enacted omnibus tax legislation includes provisions addressing the state corporate franchise (income) and individual income tax treatment of certain federal law changes enacted under the federal Further Consolidated Appropriations Act, 2020 (i.e., P.L. 116-94), federal Coronavirus Aid, Relief, and Economic Security (CARES) Act (i.e., P.L. 116-136), federal Consolidated Appropriations Act, 2021 (i.e., P.L. 116-260), and federal American Rescue Plan Act (i.e., P.L. 117-2) [see Minnesota Department of Revenue's subsequently issued "Tax Law Changes" guidance for more details on Minnesota's conformity and nonconformity to select federal income tax provisions], as well as clarifies Minnesota's conformity to some provisions under Internal Revenue Code section 179. Other provisions in the legislation address state reporting of federal audit adjustments (RARs), including how and when some partnerships must report federal tax adjustments to the Minnesota Department of Revenue in response to changes in the federal partnership audit and adjustment process under the federal 2015 Bipartisan Budget Act.

URL: <https://www.revisor.mn.gov/bills/bill.php?b=house&f=hf9&ssn=1&y=2021>

URL: <https://www.revenue.state.mn.us/tax-law-changes>

The legislation also provides an annual irrevocable election for some qualifying pass-through entities to pay tax at the entity-level, which must be made on or before the due date for filing the applicable income tax return, including extensions; correspondingly, owners of such entities may claim a credit for their share of the taxes paid [see recently issued Multistate Tax Alert for more details on the pass-through entity-level tax provisions]. Please contact us with any questions.

URL: <https://www2.deloitte.com/content/dam/Deloitte/us/Documents/Tax/us-tax-mta-minnesota-enacts-pass-through-entity-tax-election.pdf>

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