

Income/Franchise:

Minnesota DOR Explains Implementation of New Elective Pass-through Entity Tax

Law Change FAQs for Tax Year 2021: Pass-Through Entity Tax, Minn. Dept. of Rev. (9/14/21). The Minnesota Department of Revenue issued implementation guidance covering recently enacted state legislation [see H.F. 9 (2021) for more details on this new law] that creates an annual election for some qualifying pass-through entities (PTEs) to pay Minnesota income tax at the entity-level [see previously issued Multistate Tax Alert for more details on Minnesota's new elective pass-through entity tax], available for tax years beginning after December 31, 2020. Minnesota's PTE tax allows an entity to pay tax on behalf of their partners, members, or shareholders where qualifying partnerships, limited liability companies, and S corporations may elect to pay the PTE tax if owners who collectively control more than 50% of the entity decide to do so. The guidance addresses which entities are qualified to make the PTE tax election; how and when to make the PTE tax election; how to calculate the PTE tax and underlying estimated payments; and which forms to file in the process. Please contact us with any questions.

URL: <https://www.revenue.state.mn.us/law-change-faqs-tax-year-2021>

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

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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