

For 2020 Tax Filing – MN Conformity or Not

Since December 31, 2018 there have been eight federal tax bills enacted. Minnesota is not in conformity with any provisions in these bills.

This includes both individual and business income tax returns. You may see the new nonconformity schedules in your tax returns this year.

Below highlights a few of the differences:

Charitable Contribution Deduction:

If you take a federal deduction for the \$300 allowed without itemizing, add this back to Minnesota income.

IRA Distributions related to Coronavirus allowed to be repaid over extended time:

The difference between that income included on your federal and the amount that would have been used if the CARES Act were not allowed is added back to Minnesota income.

Certain Retirement Account Withdrawals:

Specific withdrawals related to qualified disaster areas excluded from federal income are adjusted for Minnesota income.

Paycheck Protection Program:

If you claimed loan forgiveness on your federal return, the amount excluded is added back to Minnesota income.

Refundable Credit Equal to 50% COVID Wages:

If you were not allowed to deduct wages due to claiming the refundable payroll tax credit on your federal return, you may be able to include the amount as a reduction to Minnesota income.

Retroactive NOL Carrybacks and Suspension of 80% Limitation:

If you carried back NOLs and/or fully offset your income using the NOLs, calculate the difference as to what was allowed prior to the CARES Act and add this back to your Minnesota income.

Family Leave and Medical Leave Credits:

The wages not allowed for federal will be adjusted on Minnesota.

Depreciation:

Numerous and specific depreciation differences will affect Minnesota income.

This list does not include all the adjustments, but several of the more common adjustments needed. As we have seen in the last few years, this may change before the season is over. We will continue to monitor and keep you aware of changes as they become effective.

If you have any questions feel free to contact us, we look forward to assisting you in your tax and financial needs.