

MINNESOTA • REVENUE

2009 Nonresidents/Part-Year Residents

Schedule M1NR
Sequence #7

Your last name _____	Social Security number _____	Your residency status in 2009: <input type="checkbox"/> Nonresident of Minnesota; Resident of _____ (state)	<input type="checkbox"/> Minnesota resident from _____ to _____ (mm/dd/yyyy)
Spouse's last name _____	Spouse's Social Security number _____	Spouse's 2009 residency status: <input type="checkbox"/> Nonresident of Minnesota; Resident of _____ (state)	<input type="checkbox"/> Minnesota resident from _____ to _____ (mm/dd/yyyy)

Read the instructions for this schedule, which are on a separate sheet. Before you can complete this schedule, you must complete lines 1 through 13 of Form M1.

		A. Total amount	B. Minnesota portion (see instructions)
Income	1 Wages, salaries, tips, etc. (from line 7 of federal Form 1040 or 1040A or line 1 of Form 1040EZ)	1 _____	_____
	2 Taxable interest and ordinary dividend income (add lines 8a and 9a of Form 1040 or 1040A or from line 2 of Form 1040EZ)	2 _____	_____
	3 Business income or loss (from line 12 of Form 1040)	3 _____	_____
	4 Capital gain or loss (from line 13 of Form 1040 or line 10 of Form 1040A)	4 _____	_____
	5 IRA distributions and pensions and annuities (add lines 15b and 16b of Form 1040, or lines 11b and 12b of Form 1040A)	5 _____	_____
	6 Net income from rents, royalties, partnerships, S corporations, estates and trusts (from line 17 of Form 1040)	6 _____	_____
	7 Farm income or loss (from line 18 of Form 1040)	7 _____	_____
	8 Other income (add lines 10, 11, 14, 19, 20b and 21 of Form 1040, or lines 13 and 14b of Form 1040A, or from line 3 of 1040EZ)	8 _____	_____
	9 Interest and dividends from non-Minnesota state or municipal bonds (add lines 1 and 2 of Schedule M1M)	9 _____	_____
	10 Other additions required by Minnesota (add lines 3, 4, 7-9, 12 and 13 of Schedule M1M)	10 _____	_____
	11 Add lines 1 through 10 for each column	11 _____	_____
If your Minnesota gross income is below the minimum filing requirement, see the instructions under "Who must file" on how to complete the rest of this schedule.			
Deductions and subtractions	12 Certain business expenses (from line 24 of Form 1040)	12 _____	_____
	13 Self-employed SEP, SIMPLE and qualified plans and IRA deduction (add lines 28 and 32 of Form 1040, or from line 17 of Form 1040A)	13 _____	_____
	14 Health savings account and Archer MSA deductions (add line 25 of Form 1040 and the Archer MSA amount included on line 36 of Form 1040)	14 _____	_____
	15 Moving expenses (from line 26 of Form 1040)	15 _____	_____
	16 One-half of self-employment tax and self-employed health insurance (add lines 27 and 29 of Form 1040)	16 _____	_____
	17 Deductions for alimony paid and student loan interest (add lines 31a and 33 of Form 1040 or from line 18 of Form 1040A)	17 _____	_____
	18 Penalty on early withdrawal of savings (from line 30 of Form 1040)	18 _____	_____
	19 Other subtractions required by Minnesota (from lines 18 and 19 of Schedule M1M).	19 _____	_____
	20 Net U.S. bond interest (from line 6 of Form M1) and active military pay received while a nonresident (from line 26 of Schedule M1M)	20 _____	_____
	21 Job Opportunity Building Zone (JOBZ) business and investment income exemptions (from line 29 of Schedule M1M)	21 _____	_____
22 Add lines 12 through 21 for each column	22 _____	_____	
Tax calculation	23 Subtract line 22, column B, from line 11, column B. Enter here and on line 14a of Form M1. If you're below the filing requirement or the result is a negative amount, enter 0	23 _____	_____
	24 Subtract line 22, column A, from line 11, column A. Enter the result here and on line 14b of Form M1	24 _____	_____
	25 Divide line 23 by line 24, and enter the result as a decimal (carry to five decimal places). If line 23 is more than line 24, enter 1.0. If line 23 is zero, enter 0	25 _____	_____
	26 Amount from line 13 of Form M1	26 _____	_____
	27 Multiply line 25 by line 26. Enter the result here and on line 14 of Form M1	27 _____	_____

Stock No. 1009080

You must include this schedule with Form M1. Also enter amounts from lines 23 and 24 of this schedule on lines 14a and 14b of Form M1.

2009 Schedule M1NR Instructions

Nonresidents/Part-Year Residents

What's New?

The individual income tax reciprocity agreement between Minnesota and Wisconsin is terminated, effective January 1, 2010.

Beginning with tax year 2010, for a Wisconsin resident working in Minnesota, Minnesota will tax the personal service income earned in Minnesota, and a credit will be allowed on the Wisconsin return for taxes paid to Minnesota. This change does not affect your 2009 income tax return.

Who must file

If you were a nonresident or part-year Minnesota resident in 2009, you may reduce your Minnesota tax by completing Schedule M1NR. To determine if you are a full-year resident, part-year resident or nonresident for tax purposes, see Fact Sheet 1, *Residency*.

You must file a Minnesota Form M1 and Schedule M1NR if you and your spouse received **gross income** assignable to Minnesota of \$9,350 or more, including income passed through to you from all fiduciaries (line 19 of Schedule KF), partnerships (line 18 of Schedule KPI), and S corporations (line 18 of Schedule KS).

Gross income is income before any deductions and expenses. Gross income does not include military pay to the extent that you can subtract it.

If you are married and one spouse is a Minnesota resident, you must file a joint Minnesota return if you are filing a joint federal return. Be sure to include Schedule M1NR when you file your return.

If your Minnesota gross income is below the minimum filing requirement (less than \$9,350), and you had tax withheld or paid estimated tax, follow the steps below to complete your Schedule M1NR:

- 1 Complete lines 1–11 of Schedule M1NR.
- 2 Skip lines 12–22.
- 3 Enter a zero on line 23.
- 4 Enter the amount from line 11, column A, on line 24.
- 5 Then complete the rest of the schedule.

Be sure to enter the appropriate amounts from your Schedule M1NR on lines 14a, 14b and 14 of Form M1 and include the schedule when you file your return.

If you were a resident of Michigan, North Dakota or Wisconsin for all of 2009, do not complete this schedule if your only Minnesota source income is exempt due to reciprocity (see page 5 of the M1 instructions). Complete Schedule M1NR only if you received income from sources in Minnesota that does not qualify under reciprocity. (Income that qualifies for reciprocity includes wages, salaries, tips, commissions, bonuses, fees and similar compensation for work performed in Minnesota.)

Column A instructions

Round amounts to the nearest whole dollar.

Enter the appropriate amount from your 2009 federal or Minnesota income tax return, as instructed for each line.

Column B instructions

Round amounts to the nearest whole dollar.

Assign income or expenses to Minnesota according to the following instructions. However, if you are a partner, shareholder or beneficiary, enter the amounts from the Schedule KPI, KS or KF and follow the instructions with that schedule.

Line 1, column B

Wages, salaries, tips, etc.

Include wages, salaries and tips, commissions and bonuses received while a Minnesota resident. For nonresidents, include the amounts received from work performed in Minnesota while a nonresident, including amounts earned in a prior year but received in 2009.

Also include in Minnesota source income any wages received for work performed while a Minnesota resident but deferred to a year when you were a nonresident.

Do not include on line 1, column B:

- Minnesota income earned while a resident of Michigan, Wisconsin or North Dakota that is covered under a reciprocity agreement, or
- military pay received while a *nonresident* (from line 26 of Schedule M1M).

Line 2, column B

Interest and ordinary dividend income

Include the interest and dividends you earned (or credited to your account) while you were a Minnesota resident.

Do not include any interest or mutual fund dividends you received from U.S. bonds.

Line 3, column B

Business income (loss)

Include net business income or loss incurred while a Minnesota resident, and amounts from Minnesota sources earned while a nonresident. Be sure to include income you received from operating a qualified business in a Job Opportunity Building Zone (JOBZ) in Minnesota.

Do not include income from personal or professional service performed in Minnesota while a resident of Michigan, North Dakota or Wisconsin.

Line 4, column B

Capital gain (loss)

Include net capital gain or loss received while a Minnesota resident, and net capital gain or loss from Minnesota sources received while a nonresident. Also include gains you received from the sale or exchange of real or tangible personal property used by a qualified business located in a JOBZ zone.

Nonresidents: If you sold a partnership interest and the gain was taxable to Minnesota and to your home state, see Schedule M1CRN.

Line 5, column B

IRA distributions and pensions and annuities

Include IRA distributions and pension and annuity payments received while a Minnesota resident.

Line 6, column B

Net income from rents, royalties, partnerships, S corporations, estates and trusts

Include income or loss reported on federal Schedule E from rents, royalties, partnerships, S corporations, estates and trusts recognized while a Minnesota resident, and amounts from Minnesota sources recognized while a nonresident.

Line 7, column B

Farm income (loss)

Include net farm income or loss incurred while a resident, and amounts from a Minnesota farm while a nonresident.

Line 8, column B

Other income

Include *other* income you received while a Minnesota resident and amounts from lines 14

Continued

and 21 of Form 1040 you received from Minnesota sources while a nonresident. (Include all Minnesota gambling winnings.)

Line 9, column B

Interest and dividends from non-Minnesota state or municipal bonds

Include the interest and dividends you earned from non-Minnesota state or municipal bonds while a Minnesota resident.

Line 10, column B

Other additions required by Minnesota

Include on line 10:

- the additions from lines 3, 4, 7-9, 12 and 13 of your Schedule M1M that are attributable to income not taxable to Minnesota earned while a Minnesota resident or from Minnesota sources earned while a nonresident.
- any educator expenses paid while a Minnesota resident and the expenses for materials purchased when teaching in Minnesota while a nonresident that are included on line 8 of Schedule M1M, and
- any tuition and fees paid while a Minnesota resident that is included on line 8 of Schedule M1M.

Line 12, column B

Certain business expenses

Include any business expenses paid while a Minnesota resident and from income earned as a performing artist or fee-basis government official that you earned in Minnesota while a nonresident.

If you are a member of the Reserves or National Guard, include any travel expenses paid while a resident and for meetings in Minnesota while a nonresident.

Line 13, column B

Pension plans

To determine your:

- *Minnesota Keogh deduction:* Multiply your federal Keogh deduction by the percentage you determined in step 1 of the worksheet for line 16.
- *Minnesota IRA, SEP or SIMPLE plan deduction:* Multiply your federal deduction by the percentage your Minnesota earned income is to your federal earned income (without lowering your wages by self-employment losses). For purposes of this deduction only, earned income includes wages, self-employment income and all other earned income, plus all taxable alimony received. Subtract deductible Keogh contributions and self-employment tax deductions (Schedule SE) from that total.

If your spouse also worked, determine the spousal deduction in the same way. Use only your spouse's earned income plus your spouse's federal IRA, SEP or SIMPLE plan deduction.

Line 14, column B

Health savings account and Archer MSA deductions

Add your health savings account deduction from line 25 of Form 1040 and the Archer MSA deduction included on line 36 of Form 1040. Multiply the result by the percentage your Minnesota earned income is to your federal earned income.

For purposes of this deduction only, earned income includes wages, self-employment income and all other earned income, plus all taxable alimony received.

Line 15, column B

Moving expenses

Include moving expenses paid while a Minnesota resident or that were attributable to a move into Minnesota.

Line 16, column B

Self-employment tax and self-employed health insurance

Complete the worksheet for line 16, column B, below.

Line 17, column B

Deductions for alimony paid and student loan interest

Part-year residents: Add the following items and enter the same total on line 17, column A and column B:

- alimony paid while a Minnesota resident included on line 31a of Form 1040, and

- the portion of federal student loan interest deduction (from line 33 of Form 1040 or line 18 of Form 1040A) that represents interest paid while a Minnesota resident.

Nonresidents: Enter zero on line 17, column A and column B.

Line 18, column B

Penalty on early withdrawal of savings

Enter the penalty on early withdrawal you paid while a Minnesota resident.

Line 19, column B

Other subtractions required by Minnesota

If you added back bonus depreciation or Section 179 expensing on your Minnesota return in prior years, you are allowed a subtraction over the succeeding five years for the amount added back. If the addback was included on Schedule M1NR lines 10A or 10B, the subtraction is taken based on 20 percent of these amounts.

Line 20, column B

Net U.S. bond interest and active duty military pay received by a nonresident

The net amount of U.S. bond interest and active duty military pay received as a nonresident are not included in column B of lines 1 or 2. Therefore, there is no need for you to subtract these amounts on line 20, column B.

Line 21

JOBZ income subtractions

Enter the JOBZ zone income you were able to subtract on your Form M1 in both columns A and B.

Line 25

The result on line 25 is the percentage of Minnesota income to federal income.

Worksheet for line 16, column B, Self-employment tax and self-employed health insurance

- 1 Multiply line 27 of Form 1040 by the percentage that your Minnesota self-employment income is to your total self-employment income. (Total self-employment income is the sum of lines 1a, 1b and 2 of federal Schedule SE.) The result is your Minnesota self-employment tax deduction.
- 2 Determine the amount you received from self-employment in Minnesota that is included on line 2 of the worksheet for line 29 of Form 1040 (or line 13 of the worksheet found in Publication 535).
- 3 Divide step 2 by line 2 of the worksheet (or line 13 of the worksheet found in Publication 535).
- 4 Multiply line 29 of Form 1040 by step 3. The result is your Minnesota self-employed health insurance deduction
- 5 Add step 1 and step 4.

Enter the result from step 5 on line 16, column B.