

P+P 2024 TAX TIP: MINNESOTA ONE-TIME REBATE PAYMENTS

Overview: Minnesota One-Time Rebate payments

In December of 2023, the IRS determined that Minnesota one-time rebate payments issued in 2023 are federally taxable. However, the payments are not taxable income on the Minnesota income tax return and are not household income on the property tax refund form.

Who received payments? Minnesotans who filed a 2021 income tax return or property tax return in calendar year 2022. Their AGI must have been below \$150,000 if married filing jointly or \$75,000 if using any other filing status.

How much were the payments? The maximum payment was \$1,300. Households received:

- \$260 for a taxpayer not filing jointly
- \$520 for taxpayers who are married filing joint
- \$260 per dependent (for up to three dependents)

When did payments come? Payments were sent Aug 16, 2023 to Sept 27, 2023. They were reissued in Nov 2023 if a previously issued check was uncashed.

Identifying rebate payments

Taxpayers should receive a Form 1099-MISC showing the amount they received as a one-time rebate. If the taxpayer does not have a form, use the interview questions on the next page.

Sample Form 1099-MISC

PAYER'S name, street address, city or town, state or province, country, ZIP or foreign postal code, and telephone no.		1 Rents		OMB No. 1545-0115		Miscellaneous Information
State of Minnesota 600 Robert Street St. Paul, MN 55146-4100		\$		Form 1099-MISC (Rev. January 2024)		
		2 Royalties		For calendar year 2023		
PAYER'S TIN 41-6007162		3 Other income \$ 260.00		4 Federal income tax withheld \$ 0.00		Copy B For Recipient
RECIPIENT'S TIN *** - ** - 1234		5 Fishing boat proceeds \$		6 Medical and health care payments \$		
RECIPIENT'S name Charlie Sample		7 Payer made direct sales totaling \$5,000 or more of consumer products to recipient for resale <input type="checkbox"/>		8 Substitute payments in lieu of dividends or interest \$		
Street address (including apt. no.) 123 Lexington Parkway S		9 Crop insurance proceeds \$		10 Gross proceeds paid to an attorney \$		
City or town, state or province, country, and ZIP or foreign postal code St. Paul, MN 55105		11 Fish purchased for resale \$		12 Section 409A deferrals \$		
Account number (see instructions)		13 FATCA filing requirement <input type="checkbox"/>		14 Excess golden parachute payments \$		This is important tax information and is being furnished to the IRS. If you are required to file a return, a negligence penalty or other sanction may be imposed on you if this income is taxable and the IRS determines that it has not been reported.
		15 Nonqualified deferred compensation \$		16 State tax withheld \$ 0.00		
		17 State/Payer's state no. 9000001		18 State income \$ 0.00		

Taxpayer interview

If a taxpayer received Form 1099-MISC, but did not receive a payment, tax preparers should still report the income. The taxpayer must contact the MNDOR to check on payment status.

If someone does not have Form 1099-MISC, tax preparers must ask additional questions. Most P+P customers received a payment (if they filed a 2021 return in time). It's likely that taxpayers who received one but do not report the income will have their tax return adjusted by the IRS.

Tax preparers should try to determine if a payment was received and the amount even if the taxpayer does not provide Form 1099-MISC. Some suggested interview questions:

Did you receive a payment from MN in Aug or Sept of 2023?	If yes, confirm it was the one-time rebate payment (property tax refunds come around the same time). Taxpayers may be able to look up direct deposits in their online banking if they are unsure.
Do you usually file your taxes on time? Did you file a 2021 tax return?	If yes, it is extremely likely that the taxpayer received a payment. Take steps to determine the amount, like asking who was on the 2021 return and verifying if the 2021 return is available to review.
Do you usually file taxes at Prepare + Prosper?	If yes, a manager can get access to the 2021 return to determine the number of people on the return and the payment amount.

Reporting rebate payments as federal income

Ensure the payment is documented on the IRS intake sheet (Form 13614-C). Answer yes to question 15 in part III. If there is not 1099-MISC make notes about the amount of the payment.

In TaxSlayer, enter payments as income in the Federal Section by clicking on the 1099-MISC menu. State information from boxes 16, 17, and 18 does not need to be entered. If a taxpayer does not have a 1099-MISC, but the amount received was accurately determined, use the sample form on the previous page to correctly enter the Payer Information.

Subtracting rebate payments from MN income

Payments must be entered as a subtraction on the Minnesota return. One entry will subtract the amount from state income and from household income on Form M1PR.

In TaxSlayer, in the State Section, click the pencil icon to edit the MN return. Open the Subtractions From Income menu and scroll to the bottom of the page.

Enter the full payment amount on the line labeled "Subtraction for One-time rebates for tax year 2021 included in Federal AGI". Then click Continue.

More resources

For more information, review the details on the Minnesota Department of Revenue website: www.revenue.state.mn.us/direct-tax-rebate-2021

Minnesota Return

Subtractions From Income

BACK
CONTINUE

We have automatically carried over certain subtractions from income to your Minnesota return; however, Minnesota does not tax certain items of income that are taxed by the Federal Government. Enter the amounts to be subtracted to the extent they were included as income on your Federal tax return.

K-12 Education Expense Subtraction BEGIN

Deduction for Age 65 or Older/Disabled (Sch M1R) BEGIN

↓ ↓ Scroll Down!!

Subtraction for Nursing Facility Workforce Incentive Grants

\$

Subtraction for discharge of indebtedness of educational loans

\$

Subtraction for One-time rebates for tax year 2021 included in Federal AGI

\$ ←

Itemized Deductions - Amount of mortgage interest reported on the Federal Schedule A that is from equity loan interest.

\$