

P+P TAX TIP: MINNESOTA NEWBORN CREDIT

Overview

Minnesota has special rules for the state Child and Dependent Care Credit that allow taxpayers to claim the credit for babies born in the tax year even if the taxpayer did not pay for child care expenses. This newborn credit is calculated based on the taxpayer's income and \$3,000 of expenses for one child or \$6,000 of expenses for two children born in the tax year. The taxpayer (or spouse) must have some earned income to qualify. In tax years prior to 2023, taxpayers must have been filing jointly to claim this credit using the special rules for newborns.

To claim the credit for newborns, extra TaxSlayer data entry is needed!

TaxSlayer data entry

When the taxpayer has child care expenses, the details for the Minnesota Child and Dependent Care Credit will automatically transfer from data entry in the Federal section of TaxSlayer. However, to claim the newborn credit when the taxpayer did not have actual expenses, special data entry is needed in the State section. Follow these steps and use screenshots and notes below as guidance.

1. Navigate to the State section.
2. Click on the Credits section.
3. Click on the Child and Dependent Care Credit section.
4. Select Yes to the question about a child born in the tax year.
5. Click on the worksheet for a child born in the tax year.
6. Calculate and enter the Earned Income amount for the taxpayer (and spouse if filing jointly).
 - To calculate Earned Income, add together total wages (Form W2, box 1) and net-self employment income.
7. Click Continue several times and then click Exit Minnesota Return. The credit will calculate automatically on Schedule M1CD based on the earned income entries and the taxpayer's total income.

Child And Dependent Care Credit If Eligible

BACK CONTINUE

Required information from your federal return is automatically carried to your state return. Below is additional information needed to determine household income and calculate this credit.

Do you have any children that were born in 2023 that you are claiming dependent care expenses for? Please refer to the instructions for qualifications. A worksheet will be completed if you meet all of the following requirements: • You had a child (or children) born in 2023; • You had less than \$3,000 in child care expenses OR you or your spouse earned less than \$3,000; and • Neither you nor your spouse participated in a pre-tax dependent care assistance program.

Yes
 No

Are you American Indians Living on a Reservation?
 Yes
 No

Amount of American Indians Living on a Reservation that is taxable to M
\$

Worksheet for Child Born in 2023 and you were not required to file a Federal 2441. EDIT

Worksheet For Child Born In Tax Year And You Were Not Required To File A Federal 2441 OR You Did Not Have Actual Expenses For Child Born In Tax Year

BACK CONTINUE

Only complete the section below if you were not required to file a Federal 2441!

Taxpayer Earned Income
\$

Spouse Earned Income
\$ 24000

Calculate and enter Earned Income for the taxpayer and spouse. At least one spouse must have Earned Income.